



ANNUAL REPORT

2025

Breaking New Ground

LB  BW

Key figures

Income statement (EUR million)	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net interest income	2,730	2,631
Net fee and commission income	689	635
Net gains/losses on remeasurement and disposal	411	315
of which allowances for losses on loans and securities	– 332	– 360
Other operating income/expenses	89	81
<i>Total operating income/expenses</i>	<i>3,918</i>	<i>3,662</i>
Administrative expenses	– 2,538	– 2,388
Expenses for resolution fund and deposit guarantee system	– 77	– 52
Net income/expenses from restructuring	– 19	10
<i>Consolidated profit/loss before tax</i>	<i>1,284</i>	<i>1,232</i>
Income taxes	– 341	– 368
<i>Net consolidated profit/loss</i>	<i>942</i>	<i>864</i>
Key figures in %	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Return on equity (RoE)	7.8	7.8
Cost/income ratio (CIR)	62.0	60.4
Balance sheet figures (EUR billion)	31/12/2025	31/12/2024
Total assets	347.3	356.4
Equity	17.3	16.7
Ratios in accordance with CRR III (previous year CRR II)	31/12/2025	31/12/2024
Risk-weighted assets (EUR billion)	86.7	97.1
Common equity Tier 1 (CET 1) capital ratio (in %)	16.9	14.4
Total capital ratio (in %)	21.2	19.2
Employees	31/12/2025	31/12/2024
Group	10,821	10,777

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 Deposits	AA-	Long-term Deposits	A (high), stable
Senior Unsecured Bank Debt	Aa2, stable	Long-term Senior Preferred Debt	AA-	Long-term Senior Debt	A (high), stable
Junior Senior Unsecured Bank Debt	A2	Long-term Senior Non-Preferred Debt	A+	Senior Non-Preferred Debt	A, stable
					R-1 (middle), stable
Short-term Ratings	P-1	Short-term Issuer Default Rating	F1+	Short-term Ratings	
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 04 March 2026

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A low-angle, upward-looking photograph of a modern glass skyscraper. The building's facade is composed of large glass panels held together by a network of dark metal structural beams. The perspective creates a sense of height and scale, with the lines of the building converging towards the top of the frame. The sky is a clear, bright blue, providing a high-contrast background for the building's glass and metal. The overall image has a clean, architectural feel.

01



FOREWORD
AND REPORTS

Foreword by the Board of Managing Directors

Dear Readers,

2025 saw LBBW successfully continue on its tried and trusted course and demonstrate its sustainable level of performance with the second-best result in the company's history. Based on our balanced business model as a mittelstand-minded universal bank, we generated a profit before tax of almost EUR 1.3 billion, thus exceeding the previous year's value, in an environment characterized by great uncertainty. In a time of far-reaching political and economic upheaval, we continue to stand firmly by our customers' side – a reliable and strategic partner focused on creating solutions.

Despite the growth crisis in Germany, we increased our income to a new record figure of more than EUR 4.2 billion. In the Corporate Customers segment, our largest business area, we achieved the best result in the Group's history. Our customers rely on the comprehensive advice we provide covering traditional banking products, individual and innovative forms of financing and strategic sparring in issues such as capital structure and internationalization. Strong earnings growth, our involvement in numerous major transactions and our position as the clear market leader in Schuldschein loans underline the fact that we offer companies genuine added value with our solutions.

LBBW is also recording positive developments in its other business areas. In Real Estate Financing, we registered solid new business in a persistently difficult market environment. At the same time, we significantly increased our income in the growth area of Infrastructure Financing. As the leading capital market bank within the Sparkassen-Finanzgruppe, we provide the savings banks with the hedging products to cover price fluctuations in the interest, currency and commodity markets that are especially important in these volatile times, while on the investment side our certificates were again in strong demand. In the Private Customers segment and alongside our role as the savings bank of the state capital of Stuttgart, we are expanding wealth management nationwide as a corollary of our successful asset management. By bundling the business areas of Wealth Management, Private Banking and UHNWI (ultra-high-net-worth individuals) in a new unified unit, we have enhanced our organizational structure to provide even more extensive services to our customers.

We are making targeted investments in the Bank's future viability in order to further reinforce our strong position on the German market and beyond. One milestone we achieved was the successful integration of Berlin Hyp, which allowed us to create a leading Europe-wide competence center for commercial real estate financing under a single brand and to lay the foundation for substantial synergies. A visible sign of the integration is the "B-One" office building, the new shared location of LBBW and Berlin Hyp in the heart of the federal capital, which has been constructed to the most advanced sustainability standards.

The increase in costs is connected primarily to the expenses incurred in integrating Berlin Hyp. In addition to IT change implementations related to the migration, restructuring provisions and write-downs on IT systems also had an impact. Buildings of Berlin Hyp were also written down, while in addition to salary adjustments further investments in the Bank's future viability are also having an effect, in particular investments in the consistent digitalization and constant further development of our Bank as well as in the expansion of our workforce, primarily in our growth fields and with an eye on demographic change. At around 62 percent, our cost/income ratio, including the expenses for the Berlin Hyp migration, is nevertheless at a comfortable level.

Despite a challenging environment, the slight decline in the need for allowances for losses on loans and securities and the balanced sector mix demonstrate the resilience of our Bank. Our capital base also remains solid. The common equity Tier 1 capital ratio of 16.9 percent is far above the regulatory requirements and at the same time offers scope for further growth.

We will continue to pursue our middle ground approach with a carefully weighed balance of growth ambitions and resilience. The economic and geopolitical landscape is characterized by dramatic changes. The German economy is experiencing its largest transformation since the Second World War, the global economic order is changing rapidly and new technologies are demanding new business models. In addition to the risks, this also offers enormous opportunities for bold, innovative enterprises. We stand ready as a reliable partner to help shape the change – supporting our established customers, with whom we are often connected in a relationship that has matured over generations, as well as young, new companies. A task that is just as important for our state is the need to modernize its infrastructure. The renaming of the former Real Estate and Project Finance division to Real Estate and Infrastructure Financing demonstrates our readiness to actively take on responsibility here – for example with the "Financing the Future" platform as an innovative financing model for quasi-municipal enterprises

We rely in all of this on our outstanding and dedicated employees. Their high degree of loyalty to our bank is highlighted not least by the employee survey, which has once again produced very gratifying results. We would also like to thank our owners for the trust they place in us. We promise our valued customers that we will continue to serve them in the future with all of our expertise and the highest standards of support. We look forward to continuing to work successfully together with you all!

Sincerely,

The Board of Managing Directors



Rainer Neske
Chair



Anastasios Agathagelidis



Joachim Erdle



Andreas Götz



Dirk Kipp



Sascha Klaus



Stefanie Münz

Report of the Supervisory Board

Ladies and gentlemen,

During the past financial year, we advised the Board of Managing Directors on the management of the Company and regularly monitored the management of LBBW. The Board of Managing Directors provided us with regular, timely and comprehensive information concerning key developments at the Bank and the Group in 2025. The economic situation of the individual business units and the business situation of the LBBW Group were the subject of intense discussion. The Board of Managing Directors informed us about the risk, liquidity and capital management of the Bank as well as about transactions and events of considerable importance for the Bank and took advice from us on these matters. The Supervisory Board was involved in decisions of major importance for LBBW and, when required, granted its approval after extensive consultation and examination. We also exchanged ideas with the Board of Managing Directors on significant developments in domestic and European banking supervisory legislation while critically scrutinizing and monitoring LBBW's management and corporate planning. In my capacity as Chair of the Supervisory Board, I maintained close contact with the Chair of the Board of Managing Directors between the meetings.

Supervisory Board meetings

In the year under review, the Supervisory Board held six ordinary meetings, which were attended by representatives of the competent statutory and regulatory authorities. In all the Supervisory Board meetings, the Board of Managing Directors reported on the ongoing situation and particularly on the development of income, expenditure, risks and capital ratios. Questions from the Supervisory Board were answered promptly and to our satisfaction. When necessary, we examined matters relating to the Board of Managing Directors and legal issues. In addition, we continuously discussed the statutory, regulatory and supervisory law frameworks. The Supervisory Board continuously tackled the specific challenges of the financial year, focusing especially on the impacts of geopolitical, economic and regulatory conditions.

At our first regular meeting of the year on 24 February 2025, we reviewed the preliminary results for the 2024 financial year and addressed other ongoing matters. We also acknowledged the results of the 2025 risk-taker selection during the discussion. We also agreed the total variable remuneration for the Bank for the 2024 financial year and reviewed the remuneration of the Board of Managing Directors. The meeting held on 10 April 2025 focused on the 2024 annual financial statements, while the Managing Directors and the statutory auditor reported extensively on the previous financial year. After an assessment of the reports and an in-depth discussion, the Supervisory Board agreed with the Audit Committee's recommendation not to raise any objections against the annual or the consolidated financial statements. The Supervisory Board adopted and approved the annual financial statements as at 31 December 2024, as prepared by the Board of Managing Directors, and approved the consolidated financial statements for 2024. Additionally, we followed the proposal made by the Audit Committee and recommended to the annual general meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be appointed as statutory auditor and auditor in accordance with section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) for the 2025 financial year. We also examined the global economic and financial landscape, with a specific emphasis on the implications of the geopolitical changes for the Bank. On 7 July 2025, the Board of Managing Directors provided us with an assessment of economic developments and informed us about other topical issues. Our discussions primarily revolved around supervisory and organizational topics.

At the meeting on 29 September 2025, we discussed a report by the Board of Managing Directors on the status of the integration of Berlin Hyp AG. We also reviewed the remuneration structure report for the 2024 financial year and the remuneration control report for 2025. Another key agenda point was the report on the results of the annual evaluation of the Board of Managing Directors and Supervisory Board.

During the committee's strategy meeting on 29 September 2025, the business strategy for 2026 was presented and examined in depth. In addition, the Board of Managing Directors gave an update on the implementation of the company strategy, which was refined in 2025. We also assessed the progress of the 2025 IT strategy implementation and engaged in a thorough discussion of the IT strategy for the 2026 financial year.

On 12 December 2025, we approved the business plan for the 2026 financial year, the medium-term planning and the total amount allocated for variable remuneration. We also acknowledged the Group's targets for 2026. Another key focus of the meeting was the 2026 Group remuneration strategy. The 2026 training plan for the Supervisory Board and its committees was also adopted and other topical issues were discussed at the meeting.

Supervisory Board committees

The Supervisory Board has established a total of four committees from among its members: the Risk Committee, the Audit Committee, the Compensation Control Committee and the Executive Committee, with the latter assuming the statutory duties of the Nomination Committee. The current membership of the committees is printed on page 12 and 13 of this Annual Report.

The Executive Committee convened for four regular meetings and one extraordinary meeting during the reporting period. Its deliberations centered on preparing the meetings of the Supervisory Board, with a particular focus on personnel and legal issues. The Executive Committee also discussed the evaluation of the Board of Managing Directors and the Supervisory Board in 2025 in accordance with KWG and the assessment of management body members' suitability as per ESMA/EBA guidelines. Furthermore, the Executive Committee approved the mandates of the Board of Managing Directors and reviewed the Board of Managing Directors' principles for the appointment of senior management. Another major focus was the scheduled reconstitution of the Supervisory Board in May 2025. The Compensation Control Committee fulfilled its statutory responsibilities in four meetings in 2025. In particular, it reviewed LBBW's remuneration systems according to the requirements of the Remuneration Ordinance for Institutions. The Head of Human Resources provided extensive information on the Bank's remuneration structure. The Remuneration Officer participated regularly in the committee meetings and presented a comprehensive annual report on activities undertaken. Moreover, in fulfilling its primary responsibility the Compensation Control Committee deliberated on questions relating to the remuneration of the Board of Managing Directors and prepared decisions to be taken by the Supervisory Board.

The Audit Committee held a total of four meetings in 2025. It discussed the annual financial statements and the consolidated financial statements of LBBW as well as the audit reports of the statutory auditor. It requested the auditor's declaration of independence and prepared the Supervisory Board's recommendation to the annual general meeting concerning the appointment of Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the statutory auditor again. The Audit Committee also agreed on the main points of the audit and the statutory auditor's fee. The Audit Committee received regular reports on the current status and results of the audit of annual financial statements and monitored the implementation of the audit. It also discussed mandates for the statutory auditor within the scope of non-audit services. Furthermore, the Audit Committee discussed the half-yearly financial report with the Board of Managing Directors and the statutory auditor as well as the non-financial statement. As well as this, it satisfied itself of the efficacy of internal control, risk management, auditing and compliance systems and monitored the accounting process. The Committee also took note of the annual report by the Anti Money Laundering Officer and the annual report on the organization of the internal control system. In all meetings, the management of the Group Auditing department also reported on its work.

In 2025, the Risk Committee convened for ten ordinary meetings and one extraordinary meeting, in which it conducted an in-depth review of the Bank's risk profile, key risk categories, risk-bearing capacity and risk management as part of the Board of Managing Directors' routine risk reporting. It also granted its approval or took note of the Bank's exposure for which reporting duties apply in accordance with the law, the Articles of Association and the rules of procedure.

The committee discussed with the Board of Managing Directors the Group risk inventory and the Group's risk strategy derived from the business strategy, covering credit, market price, liquidity, real estate, development, investment, and NFR risk strategies. The developments in the material risk types were discussed on the basis of the monthly overall risk report. In addition, a separate quarterly report focusing on the development of the IT vulnerabilities, including the implementation status of the ongoing risk mitigation measures, and regular reports on the digital operational resilience that took into consideration geopolitical risks as well as the assessment of the risks for the subsidiaries affected by DORA were presented. Separate reports on ESG risks, including the sub-categories within this risk type and their consideration as interdisciplinary risk in other reports, were also provided.

The committee also reviewed the annual report on country limits and their utilization and examined the portfolios for the United Kingdom, the USA and the Mexico country exposure. It took note of updates to the recovery plan in line with MaSan, the stress test framework and the annual validation of BCBS 239. Reports on equity investments for the information of the Risk Committee or to obtain its approval were also presented.

The Risk Committee also regularly discussed other current topics and business areas. This also included periodic updates on the performance of the pension fund, the portfolio with secured financing, including the Weinberg and LCR portfolios, as well as real-time reports on major exposures and the loan portfolio, particularly in relation to credit and non-financial risks. Operational risks and current developments were also discussed here. In addition to the regular industry reports, specific portfolio reports covering commercial real estate financing (CRE) and the developments in the automotive and supplier industries from the perspective of, or on account of, changing (geo)political risks, such as the US tariff policy, were presented. The Board of Managing Directors continuously updated the Risk Committee about current developments in the market and competitive environment relevant for risk, such as the development of the allowances for losses on loans and securities and spreads, as well as new regulatory requirements, about the results of various ECB audits, with an explanation of the actions defined to remedy the findings, as well as the EBA stress test together with an accompanying assessment. The Risk Committee also examined whether the Bank's remuneration system took adequate account of the Bank's risk, capital and liquidity structure. The committee chairpersons regularly reported in detail on the work of the committees at the ordinary meetings of the full Supervisory Board.

With only a few exceptions, all members of the Supervisory Board attended the meetings of the Supervisory Board and the committees in 2025 (average attendance 95 percent).

Training and development measures

The members of the Supervisory Board assumed individual responsibility for taking part in the training and development measures that they required to perform their duties. They received appropriate support for this from LBBW. In addition to individual training sessions, the Supervisory Board also received training on IT and cyber security on 24 February 2025, on sustainability on 10 April 2025 and on compliance on 7 July 2025.

Annual and consolidated financial statements

The external auditor, Deloitte, audited the 2025 annual and consolidated financial statements including the management report and issued an unqualified auditor's report. The annual financial statements were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch - HGB) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The documentation relating to the financial statements and the principal auditor's reports were forwarded to all members of the Supervisory Board in good time. Furthermore, the members of the Audit Committee received all the relevant audit reports. The statutory auditor attended the committee meetings pertaining to the annual financial statements, elaborated on the main results of the audit and was available to answer any questions. During its balance sheet meeting on 27 March 2026, the Audit Committee conducted a thorough review of the financial statements with the Board of Managing Directors and the external auditor.

On 17 April 2026, after evaluating the reports and engaging in a comprehensive discussion, the Supervisory Board approved the annual financial statements as at 31 December 2025 as prepared by the Board of Managing Directors and approved the 2025 consolidated financial statements.

Conflicts of interest

The Risk Committee dealt with the credit approvals stipulated by section 15 of the German Banking Act (Kreditwesengesetz - KWG) and in accordance with its rules of procedure. Those members of the Supervisory Board who, at the time at which the resolutions were passed, were members of the decision-making bodies of the borrowers concerned, or were exposed to a possible conflict of interests for any other reasons, did not participate in the deliberations and voting. To that extent, the provisions governing the handling of conflicts of interest set out in the Municipal Code for Baden-Württemberg apply accordingly to the Supervisory Board.

Legal matters

The Supervisory Board and the individual committees continuously obtained detailed information on any significant legal matters. Where necessary, we consulted with external specialists.

Personnel changes in the Supervisory Board and the Board of Managing Directors

Thorsten Schönenberger stepped down from the Board of Managing Directors of LBBW on 30 July 2025. His successor as director for Real Estate and Infrastructure Financing, Sascha Klaus was previously chair of the Board of Management at Berlin Hyp and joined the board on 1 August 2025.

Furthermore, we decided in 2025 to extend the contract of Rainer Neske as chair of the Board of Managing Directors as well as the contracts of Stefanie Münz and Anastasios Agathagelidis as members of the board.

The Supervisory Board underwent a number of changes in its composition primarily in the course of its regular reconstitution in the past year. Bettina Kies-Hartmann, Dr. Jutta Stuible-Treder, Martin Peters and Dr. Florian Stegmann stepped down from Supervisory Board in 2025. Dr. Antje Conradi, who was elected to the Audit Committee at the same time, and Jörg Krauss, Christiane Milders and Angelika Trabold were newly appointed to the Supervisory Board.

There was also a change at the top of the Supervisory Board with effect from 1 April 2026. Gabriele Kellermann took over the function of chair from Christian Brand, who stepped down from the Supervisory Board on 31 March 2026. At the same time, Armin von Falkenhayn, former Country Executive Germany of Bank of America Europe DAC, was appointed to the Supervisory Board and also elected to the Audit Committee and the Risk Committee.

On behalf of the members of the Supervisory Board, we would like to thank the Board of Managing Directors as well as all members of staff for their great personal dedication and outstanding, successful performance under challenging conditions in the 2025 financial year.

For the Supervisory Board



Christian Brand
Chair (up to 31 March 2026)



Gabriele Kellermann
Chair (from 1 April 2026)

Supervisory Board of LBBW

Chair

Christian Brand
(up to 31 March 2026)

Former Chair of the Board of
Managing Directors of L-Bank

Deputy Chair

Dr. Danyal Bayaz

Minister of Finance of the State of
Baden-Württemberg

Members

Jörg Armbrorst

Employee representative of
Landesbank Baden-Württemberg

Jens Baumgarten

Employee representative of
Landesbank Baden-Württemberg

Dr. Antje Conradi
(from 12 May 2025)

Managing Partner of Bansbach
GmbH Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Christian Hirsch

Employee representative of
Landesbank Baden-Württemberg

Bernhard Ilg

Lord Mayor (retired)

Gabriele Kellermann
(Chair of the Supervisory Board from
1 April 2026)

Deputy Chair of the Board of
Managing Directors of BBBank eG

Marc Oliver Kiefer

Employee representative of
Landesbank Baden-Württemberg

Bettina Kies-Hartmann
(up to 12 May 2025)

Employee representative of
Landesbank Baden-Württemberg

Jörg Krauss
(from 12 May 2025)

State secretary at the Baden-
Württemberg State Ministry and
Head of the State Chancellery

Christiane Milders
(from 22 September 2025)

Member of the Executive Board
Schwarz Corporate Solutions KG

Dr. Matthias Neth

President of the Savings Banks
Association of Baden-Württemberg

Dr. Frank Nopper

Lord Mayor of the state capital of
Stuttgart

Dr. Fritz Oesterle

Attorney at law

Martin Peters
(up to 12 May 2025)

Managing Partner,
Chair of the Executive Board of
Eberspacher Gruppe GmbH & Co. KG

B. Jutta Schneider

Partner at Schneider und Peters
Consulting GbR

Wiebke Sommer

Employee representative of
Landesbank Baden-Württemberg

Dr. Florian Stegmann
(up to 12 May 2025)

State Secretary (retired)

Thomas Strobl

Minister of the Interior, Digitalization
and Local Government for the State
of Baden-Württemberg

Dr. Jutta Stuible-Treder
(up to 12 May 2025)

Attorney at law, German Public
Auditor

Angelika Trabold
(from 12 May 2025)

Employee representative of
Landesbank Baden-Württemberg

Armin von Falkenhayn
(from 1 April 2026)

Former Country Executive Germany
of Bank of America Europe DAC

Burkhard Wittmacher

Chair of the Board of Kreissparkasse
Esslingen-Nürtingen

Prof. Dr. Eckart Würzner

Lord Mayor of the
city of Heidelberg

Norbert Zipf

Employee representative of
Landesbank Baden-Württemberg

Executive Committee of LBBW

Chair

Christian Brand

(up to 31 March 2026)

Former Chair of the Board of
Managing Directors of L-Bank

Gabriele Kellermann

(from 1 April 2026)

Deputy Chair of the Board of
Managing Directors of BBBank eG

Deputy Chair

Dr. Danyal Bayaz

Minister of Finance of the State of
Baden-Württemberg

Members

Dr. Matthias Neth

President of the Savings Banks
Association of Baden-Württemberg

Dr. Frank Nopper

Lord Mayor of the state capital of
Stuttgart

Norbert Zipf

Employee representative of
Landesbank Baden-Württemberg

Compensation Control Committee of LBBW

Chair

Christian Brand

(up to 31 March 2026)

Former Chair of the Board of
Managing Directors of L-Bank

Gabriele Kellermann

(from 1 April 2026)

Deputy Chair of the Board of
Managing Directors of BBBank eG

Deputy Chair

Dr. Danyal Bayaz

Minister of Finance of the State of
Baden-Württemberg

Members

Bernhard Ilg

Lord Mayor (retired)

Dr. Matthias Neth

President of the Savings Banks
Association of Baden-Württemberg

Dr. Frank Nopper

Lord Mayor of the state capital of
Stuttgart

B. Jutta Schneider

Partner at Schneider und Peters
Consulting GbR

Norbert Zipf

Employee representative of
Landesbank Baden-Württemberg

Audit Committee of LBBW

Chair

Burkhard Wittmacher

Chair of the Board of Kreissparkasse
Esslingen-Nürtingen

Deputy Chair

Thomas Strobl

Minister of the Interior, Digitalization
and Local Government for the State
of Baden-Württemberg

Members

Jens Baumgarten

Employee representative of
Landesbank Baden-Württemberg

Dr. Antje Conradi (from 12 May 2025)

Managing Partner of Bansbach
GmbH Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Bernhard Ilg

Lord Mayor (retired)

Gabriele Kellermann (from 1 April 2026, guest)

Deputy Chair of the Board of
Managing Directors at BBBank eG

Dr. Matthias Neth

President of the Savings Banks
Association of
Baden-Württemberg

B. Jutta Schneider

Partner at Schneider und Peters
Consulting GbR

Dr. Jutta Stuible-Treder (up to 12 May 2025)

Attorney at law, German Public
Auditor

Armin von Falkenhayn (from 1 April 2026)

Former Country Executive Germany
of Bank of America Europe DAC

Guest

Christian Brand (up to 31 March 2026)

Former Chair of the Board of
Managing Directors of L-Bank

Risk Committee of LBBW

Chair

Dr. Matthias Neth

President of the Savings Banks
Association of Baden-Württemberg

Deputy Chair

Christian Brand (up to 31 March 2026)

Former Chair of the Board of
Managing Directors of L-Bank

Members

Christian Hirsch

Employee representative of
Landesbank Baden-Württemberg

Gabriele Kellermann (from 1 April 2026 Deputy Chair of the Risk Committee)

Deputy Chair of the Board of
Managing Directors of BBBank eG

Dr. Fritz Oesterle

Attorney at law

B. Jutta Schneider

Partner at Schneider und Peters
Consulting GbR

Armin von Falkenhayn (from 1 April 2026)

Former Country Executive Germany
of Bank of America Europe DAC

Burkhard Wittmacher

Chair of the Board of Kreissparkasse
Esslingen-Nürtingen

Prof. Dr. Eckart Würzner

Lord Mayor of the
city of Heidelberg

Corporate governance at LBBW

LBBW takes account of the fundamental aspects of the German Corporate Governance Code. This is a set of essential legal regulations governing the management and monitoring of German listed companies and contains nationally and internationally recognized standards for good and responsible corporate governance – including in the form of recommendations.

As the Code is geared towards listed joint-stock companies, not all points of it are applicable to Landesbank Baden-Württemberg, since LBBW is a non-listed credit institution incorporated under public law (Anstalt des öffentlichen Rechts). For this reason, several provisions of the German Corporate Governance Code can only be transferred analogously to Landesbank Baden-Württemberg. In terms of content, LBBW's corporate governance is oriented very closely to the spirit of the German Corporate Governance Code. For a large number of recommendations of the German Corporate Governance Code there are therefore special regulations in the legislation governing LBBW, the Articles of Association and the rules of procedure of the executive bodies and further committees. Furthermore, there are special provisions for corporate governance in the banking supervisory legislation that are not included in the Code, but do apply to LBBW.

At LBBW, management and supervisory rules applicable to corporations are practiced. For instance, the tasks of LBBW's annual general meeting and Supervisory Board are regulated as for a joint-stock company although this is not the legal form of LBBW. The members of the LBBW Board of Managing Directors make their decisions independently of any external instructions. At the same time, it is important to ensure that independent expertise is drawn on through the supervisory bodies, which is enshrined in the law and LBBW's Articles of Association.

Corporate governance, as practiced at LBBW, is presented below. The structure of the report is based on the standards of the German Corporate Governance Code, which is voluntary and not mandatory for LBBW on account of its legal form, as amended on 28 April 2022.

Management and monitoring

Business management responsibilities of the Board of Managing Directors

The Board of Managing Directors manages the business of LBBW under its own responsibility pursuant to the law and in the Company's interest, i.e. by taking the needs of the owners, its employees and other groups (stakeholders) affiliated to the Company into account, with the aim of achieving sustainable added value. In accordance with the legal principles of LBBW, it is responsible for any LBBW matters that do not fall within the remit of another authority based on the legislation governing Landesbank Baden-Württemberg or the Articles of Association of LBBW. In managing the business, the members of the Board of Managing Directors exercise the due diligence of a prudent and conscientious business manager. The Board of Managing Directors develops the strategic direction of the Company, agrees it with the Supervisory Board and ensures it is implemented. Furthermore, the Board of Managing Directors ensures compliance with the statutory regulations and the Company's internal rules and works toward ensuring that they are observed by LBBW Group companies. The Board of Managing Directors further ensures a reasonable risk management and risk controlling within the Group.

The Board of Managing Directors holds the highest authority over all employees of LBBW, including its branches, subsidiaries, trading offices and representative offices as well as BW-Bank and Berlin Hyp, which are legally dependent institutions incorporated under public law. The Board of Managing Directors strives for diversity and therefore a reasonable inclusion of women, in particular, when filling management positions within the Bank.

Supervisory Board's monitoring duties

It is the duty of the Supervisory Board to offer regular advice and oversee the Board of Managing Directors' management of LBBW. It is involved in decisions of key importance to the Company. It is responsible for appointing and dismissing the members of the Board of Managing Directors, including the Chair and any Deputy Chairs if applicable, and also determines the remuneration of the members of the Board of Managing Directors. The Supervisory Board is able to appoint deputy members of the Board of Managing Directors, who have the same rights and obligations as the members of the Board of Managing Directors. For business of fundamental importance, the Articles of Association or the Supervisory Board, the latter also in individual cases, stipulate that the consent of the Supervisory Board is required. Examples include decisions or measures that fundamentally change the Company's net assets, financial position or results of operations. The Board of Managing Directors agrees the strategic direction of the Company with the

Supervisory Board and they discuss the status of strategy implementation at regular intervals. It also submits the audited annual financial statements to the Supervisory Board for approval in line with LBBW's Articles of Association.

The Supervisory Board has a chair and a deputy chair. The chair and deputy chair of the Supervisory Board are elected from the Supervisory Board's own members on the basis of a proposal made by the annual general meeting.

The chair coordinates the work in the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board in dealings with outside parties.

Function of the annual general meeting

As an institution incorporated under public law, LBBW has not securitized any equities. The shareholders are therefore described as owners (Träger) and not as shareholders.

Landesbank Baden-Württemberg's owners are:

- Sparkassenverband Baden-Württemberg (SVBW) with a 40.534118% stake in the share capital,
- the State of Baden-Württemberg (state) with a 24.988379% stake in the share capital,
- the State Capital of Stuttgart (city) with a 18.931764% stake in the share capital,
- Landesbeteiligungen Baden-Württemberg GmbH (Landesbeteiligungen BW) with a 15.545739% stake in the share capital.

At the annual general meeting, the owners exercise their rights over the affairs of LBBW in the absence of any stipulations to the contrary in the legislation governing Landesbank Baden-Württemberg or the Articles of Association of LBBW. The owners are represented at the annual general meeting by one or several people. The voting rights of the owners are based on the size of their stake in the share capital, with each euro granting one vote.

The powers of the annual general meeting essentially encompass the typical tasks of an annual general meeting based on joint-stock companies legislation, for example, voting on the appropriation of net profit or granting discharge to the members of the Supervisory Board and the Board of Managing Directors. The annual general meeting also makes decisions about the content of the Articles of Association and any changes thereto and about key structural measures, such as corporate agreements, setting and changes to the share capital, the issue of profit participation rights and granting of silent partner contributions. The Supervisory Board decides whether to change the principles of business policy.

LBBW's share capital can be increased or decreased by a resolution passed at the annual general meeting. LBBW can accept capital generated from profit-participation rights, silent partner contributions, as well as subordinated guarantee capital and other forms of capital as provided for in the German Banking Act (Kreditwesengesetz - KWG) from its owners and third parties.

Each owner with a share in the share capital is entitled to a share in the new share capital based on their shareholding in the event of increases. If one owner fails to exercise their subscription right, this right will accrue to the other owners for a corresponding consideration in proportion to their share in the share capital, unless they have reached an agreement to the contrary among themselves.

The ordinary general meeting takes place within the first eight months of the year. Further general meetings are called if the good of LBBW so requires and also when the Supervisory Board or an owner makes an application detailing the agenda items. The internal regulations of the annual general meeting provide more details in this respect, particularly as regards the form and deadline for requests that a meeting be held and for the calling of a meeting.

In contrast to a joint-stock company, LBBW provides its owners with the documents required for the annual general meeting, such as the convocation documents for the annual general meeting, directly rather than via its website, in view of the small number of owners.

Members of the Board of Managing Directors

The Board of Managing Directors consists of several members. The members of the Board of Managing Directors, the chair and, where applicable, their deputy or deputies are determined and appointed by the Supervisory Board. In filling positions on the Board of Managing Directors, the Supervisory Board strives for diversity.

To ensure maximum flexibility, LBBW has refrained from fixing an allocation of competences for the members of the Board of Managing Directors in the rules of procedure. A schedule of responsibilities governs the departmental responsibilities of individual board members. The Supervisory Board makes decisions about the rules of procedure of the Board of Managing Directors and about the approval of the proposed allocation of responsibilities.

Members of the Supervisory Board

General requirements

The composition of the Supervisory Board is such that it integrates a wide range of qualities and skills (diversity) and its members collectively possess the requisite knowledge, skills and technical experience to assume their tasks in due form. Each Supervisory Board member takes care that they have sufficient time to fulfill their role.

Independence

To enable the Supervisory Board to provide independent advice and oversee the Board of Managing Directors independently, the Supervisory Board includes independent members, the number of which is set out in LBBW's rules and regulations. Supervisory Board members are seen as independent if they have no business or personal relationship with the Company, its Board of Managing Directors or the owners that could constitute the basis for a conflict of interests. There are no former members of the Board of Managing Directors on the Supervisory Board.

Supervisory Board elections

The members of the Supervisory Board are elected by the general meeting unless they are required to be elected as an employee representative and in the absence of any requirements to the contrary in the Landesbank Baden-Württemberg Act. Each owner has the right to submit proposals for election.

Supervisory Board's working method

Rules of procedure

The Supervisory Board has set itself its own rules of procedure. The chair of the Supervisory Board calls a meeting of the Supervisory Board as required, but no less than four times a year, and chairs its meetings. The rules of procedure for the Supervisory Board set out further details - in particular, the format and deadlines for the calling of meetings.

Collaboration on Supervisory Board and with the Board of Managing Directors

General requirements

The Board of Managing Directors and the Supervisory Board work closely together for the good of the Company. Based on LBBW's and its owners' understanding, good corporate governance requires open discussion between the Board of Managing Directors and the Supervisory Board and internally within the Board of Managing Directors and the Supervisory Board. Full and comprehensive confidentiality is of decisive importance. The members of the Supervisory Board and the Board of Managing Directors are therefore bound to secrecy. This obligation remains even after the end of their activity within the executive bodies of the Landesbank. All members of the executive bodies ensure that employees asked by them to provide support observe the same obligation to secrecy.

The Board of Managing Directors and the Supervisory Board observe the rules of proper corporate governance. Should they culpably breach the due diligence expected of a prudent and conscientious director or Supervisory Board member, they are liable for paying damages to LBBW. There is no breach of obligations for business decisions if the member of the Board of Managing Directors or Supervisory Board may reasonably have assumed that they were acting for the good of the Company on the basis of fair information (business judgment rule). Regarding the D&O insurance taken out for the Board of Managing Directors, a deductible was agreed of 10% of the loss up to 1.5 times the Board of Managing

Directors member's fixed annual remuneration. A corresponding deductible was also agreed when taking out D&O insurance for the members of the Supervisory Board.

Supervisory Board committees

Due to the specific circumstances of LBBW and the number of its members, the Supervisory Board has formed four well-qualified committees in the shape of the Executive Committee, the Compensation Control Committee, the Audit Committee and the Risk Committee. The chairs and members of the committees are published in LBBW's annual report. The respective committee chairpersons regularly report on the work of the committees to the Supervisory Board.

The Executive Committee performs the statutory duties of the Nomination Committee; in the absence of anything to the contrary in the Landesbank Baden-Württemberg Act, the proposals for the election of members of the Supervisory Board that are submitted to the annual general meeting are prepared solely by the representatives of the owners.

The Audit Committee deals, in particular, with the effectiveness of the internal control system and internal auditing as well as issues relating to accounting, risk management and compliance. It also monitors the audit of the annual and consolidated financial statements. The Audit Committee submits a substantiated proposal for a statutory auditor to the Supervisory Board. If a different auditor is recommended than the previous one, a selection of at least two candidates must be proposed. The Audit Committee monitors the independence of the statutory auditor and handles additional services provided by the auditor, issues the audit assignment to the auditor and determines focal areas of the audit and the auditor's fee. The chair of the Audit Committee has specific knowledge of and experience in the application of accounting standards and internal control procedures. The chair of the Audit Committee is not a former member of LBBW's Board of Managing Directors. The chair of the Supervisory Board takes part in the meetings of the Audit Committee as a permanent guest.

Decisions about granting loans to members of the Board of Managing Directors and the Supervisory Board and related parties are made by the Risk Committee in accordance with section 15 of the German Banking Act (Kreditwesengesetz - KWG). The fact that the Risk Committee is a Supervisory Board committee ensures that the Supervisory Board is involved in the aforesaid lending decisions.

Supplying information

Providing information to the Supervisory Board is the responsibility of the Board of Managing Directors. However, the Supervisory Board must also ensure that it is adequately informed. For this purpose, the Supervisory Board sets out the Board of Managing Director's duties of information and reporting in detail. The Board of Managing Directors provides the Supervisory Board with regular, prompt and comprehensive information about all relevant questions relating to planning, business performance, the risk situation, effectiveness of the internal control system, the internal auditing system and compliance. It examines deviations in the business development from the plans and targets drawn up and gives reasons for such deviations.

Reporting by the Board of Managing Directors to the Supervisory Board is generally carried out in written form. Documents required for a decision are generally forwarded to members of the Supervisory Board in good time before the meeting. The chair of the Board of Managing Directors informs the chair of the Supervisory Board and his Deputy about important events, including between the individual meeting dates.

The chair of the Supervisory Board is in regular contact with the Board of Managing Directors, in particular with its chair, and discusses with the latter the strategy, business development and risk management at LBBW. The chair of the Supervisory Board is informed immediately by the chair of the Board of Managing Directors about events that are of key importance in the assessment of the position and development of the Company and its management. The chair of the Supervisory Board then informs the Supervisory Board and, if necessary, convenes an extraordinary Supervisory Board meeting.

Meetings and resolutions

If a member of the Supervisory Board has attended half or fewer than half of the meetings of the Supervisory Board or the committees of which he or she is a member in the course of a financial year, a note to that effect is included in the Supervisory Board's report. Attendance is also deemed to include participation via a conference call or video link.

Collaboration with the statutory auditor

Prior to submitting the proposal to the annual general meeting for the appointment of the auditor, the Supervisory Board or the Audit Committee obtains a declaration from the proposed auditor stating whether any and, if applicable, which, business, financial and personal or other relationships exist between the auditor and its executive bodies and audit managers, on the one hand, and LBBW and the members of its executive bodies on the other, which may give reason to doubt the auditor's independence. The declaration also states the extent to which other services were provided for LBBW over the past financial year - in particular in terms of consultancy - and have been contractually agreed for the following financial year.

The Supervisory Board or its Audit Committee commissions the auditor and reaches an agreement with the latter about the fee.

The auditor notifies the chair of the Supervisory Board and/or the chair of the Audit Committee immediately of any grounds for disqualification or partiality that may emerge during the course of an audit unless they are rectified immediately.

The Supervisory Board has also stipulated that the auditor will immediately report on all events and findings of importance to the Supervisory Board's duties that may arise while carrying out the audit. The auditor takes part in the deliberations of the Supervisory Board and the Audit Committee relating to the annual financial statements and the consolidated financial statements and reports on the key results of its audit.

Training and development

The members of the Supervisory Board assume responsibility for taking part in the training and development measures which they require to perform their duties. They receive reasonable support for this from LBBW, e.g. through the designation of specific seminars and the availability of corresponding lectures and training sessions.

Self-assessment

The Supervisory Board regularly checks the efficiency of its activities and at least once a year evaluates its structure, size, composition and performance as well as the knowledge, skills and experience both of individual members and of the executive body and its committees as a whole.

Conflicts of interest

Members of the Board of Managing Directors are obliged to act in the interests of the Bank. Members of the Board must not pursue personal interests when making their decisions. They are bound by a comprehensive non-compete clause while working for LBBW and must not exploit business opportunities open to the Bank for their own ends. Members of the Board of Managing Directors and employees must not seek or accept undue advantages from third parties in connection with their activities, neither for themselves nor for other persons, or grant undue advantages to third parties.

Every member of the board should disclose any possible conflicts of interest to the Supervisory Board immediately and inform the other board members. All business between LBBW on the one hand and the members of the Board of Managing Directors or persons or enterprises closely associated with them on the other must satisfy industry standards. Important business requires the consent of the Supervisory Board.

Members of the Board of Managing Directors may only accept secondary activities, in particular appointments to supervisory boards outside the LBBW Group, with the consent of the Executive Committee. The Executive Committee consists of the chair of the Supervisory Board, the deputy chair and three members of the Supervisory Board. This ensures that the Supervisory Board is involved in the decision about secondary activities of the Board of Managing Directors.

In the event of a conflict of interests, the member concerned will not take part in the deliberations and voting on the item in question by the Board of Managing Directors. Section 18 paragraphs 1 - 3 and 5 of the Municipal Code for Baden-Württemberg applies accordingly to the members of the Board of Managing Directors in this regard.

Every member of the Supervisory Board is obliged to act in the interests of the Bank. They may not pursue any personal interests in their decisions or use any business opportunities open to the Company for their own advantage. Any conflicts of interest - in particular those that may arise because of an advisory or executive function exercised for customers, suppliers, lenders or other business partners - must be disclosed to the Supervisory Board. In the event of a conflict of interests, the member concerned does not participate in the deliberations and voting of the Supervisory Board on the issue in question. Section 18 paragraphs 1 - 3 and 5 of the Municipal Code for Baden-Württemberg applies accordingly to the members of the Supervisory Board in this regard.

Any material conflicts of interest of a non-temporary nature existing in the person of a Supervisory Board member will lead to a member's appointment being terminated. Furthermore, any consulting, other service or employment contracts of a Supervisory Board member with the Company require the Supervisory Board's approval.

Transparency and external reporting

LBBW deals with its owners equally and without distinction in matters of information.

The owners and third parties are provided with information primarily via the consolidated financial statements. They also receive information during the financial year through the half-yearly financial report. The consolidated financial statements and the abbreviated consolidated financial statements of the half-yearly financial report are compiled in accordance with the relevant international accounting standards.

The consolidated financial statements are compiled by the Board of Managing Directors and audited by the auditor and the Supervisory Board. The Audit Committee, as a Supervisory Board committee, discusses the half-yearly financial reports with the Board of Managing Directors. As a company not listed on the stock market, LBBW publishes its consolidated financial statements and its half-yearly financial reports within the timescale required by the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG). The annual report is published at the latest four months after the end of each financial year (section 114 WpHG) and the half-yearly financial report three months following the end of the reporting period at the latest (section 115 WpHG).

LBBW has been reporting on its corporate governance in a report on corporate governance forming part of the annual report since the 2010 financial year.

Remuneration for the Board of Managing Directors and the Supervisory Board

Details on the remuneration of the Board of Managing Directors and the Supervisory Board can be found in the remuneration report.

Remuneration report

Board of Managing Directors

Principles of the remuneration system

Responsibility

The Supervisory Board makes decisions on the remuneration system for the members of the Board of Managing Directors, fixes the remuneration payable to them and regularly reviews its appropriateness. The Compensation Control Committee plays an important advisory role and prepares the Supervisory Board's resolutions.

Principles of the remuneration system

The remuneration parameters that determine variable remuneration are geared toward achieving the targets derived from the Bank's strategy on a sustained basis and support it in reaching its strategic company targets.¹ In 2025, 50% of the performance-based variable remuneration of the Board of Managing Directors members was based on the Group's sustainable overall success over three years and 50% on the individual performance contributions of each Board of Managing Directors member during the reporting year. The individual performance contribution is tied to target achievement agreements based on the business strategy, the Group risk strategy, the business plan and the corporate culture. Final calculation of the variable performance-based remuneration is based on the overall target achievement as determined in a resolution passed by the Supervisory Board in the following year.

Alongside sustainability in the decision on performance, sustainability in the payout of the variable remuneration constitutes a key element for the remuneration for members of the Board of Managing Directors. Significant parts of the variable remuneration are based on sustained business success. For this reason, 60% of the variable remuneration granted for 2025, the year under review, will be deferred over a five-year period and paid out on a pro rata temporis basis (deferral); negative performance contributions can reduce the deferral, lead to its expiry (malus) or result in a clawback. 60% of the deferred proportion of the variable remuneration granted for 2025, the year under review, is subject to a blocking period of one year and guided by sustained performance (i.e. subject to an appreciation right). LBBW's sustained performance is measured by the change in the adjusted aggregate risk cover², taking into account the risk situation (risk protection). To this end, the aggregate risk cover performance in each respective payout year is determined in a comparison with the base year (awarding of variable performance-based remuneration). The current risk situation is assessed based on the risk evaluation in the overall risk report. Of the non-deferred portion (40%), 40% of the variable remuneration calculated is paid out immediately. 60% of the non-deferred portion of the variable remuneration is subject to a one-year vesting period and remains aligned with the sustainable value performance of the institution over this period.

Following the expiry of the deferral period, the malus/clawback is reviewed using the criteria set out in the Board remuneration model at Group level and at individual level prior to payment. In addition, a review is performed prior to payment to establish that the additional conditions (positive overall performance of the Group, no risk to appropriate capital backing, sufficient liquidity on the part of the Bank and compliance with the combined capital buffer requirements) have been satisfied.

The retirement benefits are designed as defined-contribution benefits. The bank grants one component each calendar year on the basis of a share of the eligible salary.

Remuneration 2025

In 2025, the remuneration of the Board of Managing Directors members consisted of a fixed, non-performance-based salary and performance-based variable remuneration. In addition to the contractually agreed fixed salary, the fixed remuneration includes payments into the company pension scheme and all other benefits (essentially the use of a company car).

During the 2025 financial year, the members of the Board of Managing Directors received fixed contractually agreed remuneration totaling EUR 6.0 million for their activities as Members of the Board of Managing Directors. The other

¹ "Growth and Relevance" with the strategic levers (Innovative Solutions, Enhanced Resilience, Sustainable Transformation, Inspire Employees, and Social Contribution).

² The basis for this is the "aggregate risk cover" metric incorporated into the Bank's risk management, adjusted for specific positions.

benefits amounted to EUR 0.1 million. In addition, variable performance-based remuneration totaling EUR 2.1 million was paid out (inflow). This amount includes percentages of deferred variable remuneration from previous years.

In 2025, EUR 2.2 million was transferred to the pension obligations for serving members of the Board of Managing Directors as an element of the fixed remuneration according to IFRS and recognized in the income statement. The pension obligations under IFRS for Board of Managing Directors members active as at the reporting date amounted to a total of EUR 8.9 million as at 31 December 2025.

Supervisory Board

Principles of remuneration for Supervisory Board members

The annual general meeting on 8 April 2022 determined the remuneration of Supervisory Board members as follows:

- The members of the Supervisory Board receive fixed remuneration of EUR 30,000 for the financial year in question. The chair of the Supervisory Board receives EUR 75,000 and the deputy chair EUR 50,000.
- Supervisory Board members who hold a seat on a committee in accordance with Article 17 (1) of the Articles of Association (Executive Committee, Compensation Control Committee, Audit Committee and Risk Committee) receive further fixed remuneration of EUR 12,500 per year per committee.
- The chair of a committee receives further fixed remuneration of EUR 30,000 per annum, with the deputy chair receiving EUR 20,000.
- The members, the deputy chair and the chair of the Executive Committee who are also a member, deputy chair or chair of the Compensation Control Committee do not receive remuneration for their work on the Compensation Control Committee.
- Each Supervisory Board member receives an attendance allowance of EUR 200 to attend a meeting of the Supervisory Board or one of its committees.
- In addition, Supervisory Board members are reimbursed for expenses incurred in connection with their duties as Supervisory Board members (e.g. travel costs, individual bank-related training, etc.).

Employee representatives on the Supervisory Board who are employed by LBBW also receive their employee remuneration.

The remuneration of Supervisory Board members who are not part of the Supervisory Board for a complete financial year is paid pro rata for their term in office.

Remuneration 2025

For the 2025 financial year, a total of EUR 1.05 million in remuneration and EUR 0.06 million in meeting fees were paid to the members of the Supervisory Board.

Other information

There is also pecuniary loss liability insurance for members of the Board of Managing Directors and Supervisory Board (D&O). The deductible is 10% of the loss up to a maximum of 1.5 times the fixed annual remuneration.

Landesbank Baden-Württemberg

The Supervisory Board

The Board of Managing Directors



02



COMBINED
MANAGEMENT
REPORT

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Group overview

This financial report of Landesbank Baden-Württemberg consists of the combined management report and the consolidated financial statements prepared in accordance with IFRS® accounting standards. The management report of LBBW (Bank) and the consolidated management report have been combined in accordance with section 340a(1) in conjunction with section 315(5) of the German Commercial Code (HGB). The report thus comprises both the Group disclosures and the notes on LBBW (Bank) as a single entity on the basis of the German Commercial Code. The annual financial statements of LBBW (Bank) in accordance with the German Commercial Code (HGB) and the combined management report are published simultaneously in the corporate register.

In accordance with sections 340a (1a) in conjunction with 289b and section 340i (5) in conjunction with 315b HGB, LBBW is required to prepare a non-financial (consolidated) statement for LBBW (Bank) and the LBBW Group, either within the (consolidated) management report or as a separate non-financial (consolidated) statement outside of the (consolidated) management report. As in the previous year, LBBW has decided to integrate the combined non-financial statement into the combined management report. In accordance with section 289d HGB and sections 315c(3) in conjunction with 289d HGB, the combined non-financial statement has been fully prepared using the first set of European Sustainability Reporting Standards (ESRS) as the reporting framework. Consequently, it is also referred to as the consolidated sustainability statement.

Structure and business model

Landesbank Baden-Württemberg (LBBW) is the leading state bank in Germany as measured by its total assets. The LBBW Group comprises the parent company Landesbank Baden-Württemberg (hereinafter referred to as LBBW (Bank)) and specialized subsidiaries. LBBW (Bank) is an institution incorporated under public law with its registered office in Germany and has four registered offices in Stuttgart, Karlsruhe, Mannheim and Mainz. Its owners are the state of Baden-Württemberg with 40.534%, Sparkassenverband Baden-Württemberg with 40.534% and the state capital Stuttgart with 18.932% of the share capital. The State of Baden-Württemberg holds its share directly and indirectly through Landesbeteiligungen Baden-Württemberg GmbH.

The Group's business model focuses on the customer business in the Corporate Customers, Real Estate and Infrastructure Financing, Capital Markets Business and Private Customers/Savings Banks segments. The LBBW Group is active throughout Germany, and primarily present in its regional core markets of Baden-Württemberg, Rhineland-Palatinate, and Saxony and in attractive metropolitan areas such as Berlin, Hamburg, Munich and Frankfurt, while it also leverages national and international growth opportunities in selected economic regions. To support this, a network of foreign branches and German centers provides customers with financial solutions and comprehensive advisory services related to their international activities, such as entering new foreign markets.

Since 1 August 2025, LBBW has bundled its activities in commercial real estate finance under the Berlin Hyp brand. The private customer segment, asset management and the business with SME corporate customers in Baden-Württemberg operate under the BW-Bank brand. Outside Baden-Württemberg, LBBW operates business with corporate customers under the LBBW brand. In addition, Group companies for special products (leasing, factoring, asset management, real estate and equity investment finance) supplement the LBBW Group's portfolio of services. LBBW's mittelstand-minded universal bank approach ensures broad diversification across the individual customer groups. Furthermore, multiple product areas – such as Corporate Finance, Asset Management and Global Trade & Payment – reinforce LBBW's customer focus by adopting a cross-segment approach. LBBW thus offers its customers a wide range of solutions and extensive product and market knowledge. Thanks to this, LBBW considers itself well-positioned in terms of the complex economic, social and environmental challenges.

Corporate Customers

In the Corporate Customers segment, the focus is on traditional SMEs, companies in the upper SME segment with capital market orientation and groups with a capital market focus in LBBW's regional core markets and other selected economic areas within Germany and abroad. The LBBW Group implements its universal bank approach with a broad range of products and services, extending from the financing business to various forms of international business, payments, hedging transactions and asset management. Corporate Finance offers individual consulting and financing solutions to corporate customers. In addition to structured financing products such as syndicated loans, bonds, Schuldschein loans and asset-backed securities (ABS), the expansion of the consulting business is also a key focus. Specialized subsidiaries, including SüdLeasing GmbH, MMV Bank GmbH, and SüdFactoring GmbH, expand the range

of financial services available to businesses. They offer solutions such as equipment leasing, hire purchase, factoring, and investment loans. Additionally, Süd Beteiligungen GmbH supports SMEs with equity solutions, rounding off LBBW's universal banking portfolio.

Real Estate and Infrastructure Financing

The Real Estate and Infrastructure Financing segment provides financing solutions for commercial real estate, infrastructure and transport projects, as well as renewable energies. Following the integration of Berlin Hyp in the Group as a whole with effect from 1 August 2025, LBBW now bundles its activities in commercial real estate finance under the Berlin Hyp brand. Berlin Hyp will continue as an organizationally independent unit within LBBW. Structurally, it functions as a legally dependent public law institution within LBBW, in which all commercial real estate financing activities, including international operations, are consolidated.

The Real Estate Financing business area focuses on high-volume commercial real estate. It serves institutional investors, real estate and housing companies as well as open and closed-end real estate funds. Types of use include residential, office, retail and logistics in the target markets of Germany, France, the UK, North America, Benelux and economically attractive markets in Eastern Europe. LBBW's syndication business focuses on structuring and arranging transactions. It also offers refinancing solutions as part of real estate lease transactions. LBBW is committed to steadily expanding its sustainable portfolio and supporting energy efficiency improvements.

In addition, the Berlin Hyp real estate business area is strengthened by LBBW Immobilien Management GmbH, a wholly owned subsidiary. With expertise in development, asset and investment management and real estate services business areas, it serves as both a project developer and asset manager for LBBW.

The Infrastructure and Transportation Finance business area comprises the financing of infrastructure and energy projects as well as transport financing. A particular focus is on financing digital infrastructure and projects aimed at generating renewable energies. Financing requires stable and predictable cash flows. Customers are project developers, investors and users in Germany, continental Europe, the UK and North America.

Capital Markets Business

The Capital Markets Business segment offers products and provides support for savings banks, institutional customers and banks as well as the public sector. The product range is customized to meet customer needs through a comprehensive relationship approach and includes capital market investments, (capital market) financing, risk management products, financial services (including custodial functions), and research. The product expertise in the Capital Markets Business segment is also provided for customers in other segments, in particular for corporate customers, as part of LBBW's holistic universal bank approach.

LBBW is the leading capital market bank within the Sparkassen-Finanzgruppe nationwide and also serves as the central bank for savings banks in its core markets of Baden-Württemberg, Saxony, and Rhineland-Palatinate. Together with its affiliated savings banks in these federal states, LBBW forms a reliable service network. Its range of services includes products and solutions for both the proprietary business of the savings banks and their market partner business. Services such as research, securities processing and securities administration are also offered for onward distribution to savings bank customers. The Bank also offers products and services to other savings banks beyond LBBW's core markets.

The asset management business, including the provision of alternative investments, is pooled within the subsidiary LBBW Asset Management Investmentgesellschaft mbH. Key areas of focus include managing special funds, direct investment mandates, and mutual funds.

Private Customers/Savings Banks

The Private Customers/Savings Banks segment includes the traditional private customer business, asset management, the provision of support for business customers as well as meta and development lending for savings banks and their customers. BW-Bank is the Savings Bank of the state capital, Stuttgart. It offers its full range of services, while its complete scope of financial and other services guarantees citizens the full array of basic banking services. The range of products and services extends from traditional checking accounts, credit card business and basic, commercial and individual financing to securities management, asset management and pension savings solutions for those with a considerable portfolio of assets and complex asset structures.

In addition to traditional private customer banking in Baden-Württemberg, the business model is focused on LBBW's wealth and asset management. LBBW offers a wide range of wealth management services with a presence in Baden-Württemberg and other key economic centers like Hamburg, Munich, Frankfurt, and Berlin. Beside high net-worth and ultra-high net-worth individuals, LBBW's wealth and asset management also serves foundations and family offices. BW-Bank has combined its services in financing and investment matters for business customers (health care practitioners, freelancers and tradespeople) into one area. Support for business customers follows a comprehensive advisory approach, enabling the close integration of private and business financial matters.

LBBW offers savings banks the opportunity, by way of joint credits, to share credit risk, helping provide development loans to savings bank customers.

Segment allocation and coordination

The customer-centric business model of the LBBW Group is reflected in its key operating segments described above: Corporate Customers, Real Estate and Infrastructure Financing, Capital Markets Business, and Private Customers/Savings Banks. In addition, the Corporate Items/Reconciliation/Consolidation segment comprises all the business activities that are not included in the operating segments. These include the financial investments and the management of the Bank's portfolio of buildings.

Further details on LBBW's segments and their development can be found in the report on the results of operations, net assets and financial position as well as in the notes in the segment report under IFRS.

Within this business model, integrated bank management at LBBW takes account of the long-term company targets set out in the business strategy (growth and relevance, long-term profitability, solid capitalization and enhanced efficiency). The key financial performance indicators for LBBW include: consolidated profit/loss before tax (in accordance with IFRS), return on equity before tax (RoE), the common equity Tier 1 (CET 1) capital ratio (in accordance with CRR III based on current status of implementation, previous year in accordance with CRR II/CRD V after full implementation) and the cost/income ratio (CIR). These are complemented by and monitored using additional relevant management parameters at both Group and segment levels as part of the strategic management. The information required for strategic managing the LBBW is provided through comprehensive, target-oriented and regular reports.

The information in the previous section also fulfills disclosure requirements in connection with the Group sustainability statement (ESRS 2 SBM-1 Art. 42).

LBBW Group strategy

The rapidly evolving banking environment and its complex requirements are placing high demands on the strategic positioning of banks. In an environment that remains volatile, the balanced universal banking approach, which has proven its worth, remains the foundation for LBBW's strategic direction aligned with the strategic goals of **Growth and Relevance**. The primary focus is on a clear growth strategy with continuous earnings growth, consistent risk management, and active cost controlling. At the same time, LBBW aims to occupy a relevant competitive position and to establish strong relationships with stakeholders so that it can act as a reliable partner to businesses and society, supporting and shaping complex transformation processes in the long term.

To implement and operationalize the Group strategy across its business segments, LBBW has defined five strategic levers:

- **Sustainable Transformation:** This strategic lever centers on addressing the highly complex transformation challenges faced by LBBW's customers. As a proficient and reliable partner in the transformation, LBBW takes these needs into consideration and develops suitable customer solutions. LBBW finances relevant transformation projects and promotes key technologies for the sustainable transformation. These include wind farms, photovoltaic systems, electricity grids, glass fiber and electromobility. LBBW also provides a sustainable offer of products and services. This also includes customized advisory services on sustainable business models, digital transformation and value chain optimization. LBBW also identifies its own ESG risks and actively works to mitigate these.
- **Innovative Solutions:** LBBW's aim as a holistic solutions provider is to offer its customers comprehensive banking expertise across the entire product portfolio of an innovative universal bank. To meet the diverse needs of its customer with a comprehensive financial offering, LBBW prioritizes cross-segment collaboration. Through the "Innovative Solutions" lever, LBBW also promotes the development of new products, production processes, and services across the Group and their further digital development. External innovations and digital trends are also systematically identified with the help of integrated market analyses, their relevance for LBBW is assessed and the conditions are created for the broader application of generative AI in particular.
- **Enhanced Resilience:** Ongoing challenging factors in the landscape, such as geopolitical risks and an existing volatile market environment, underscore the strategic importance of a resilient yet adaptable business model. In addition to the optimization of the business model and the further strategic development of risk management, this lever focuses on resource management for capital, liquidity, deposits and costs as well as operational resilience. In this context, the resilient positioning of LBBW's IT infrastructure plays a key role in ensuring that current cybersecurity requirements can be adequately considered.
- **Inspire Employees:** Skilled and dedicated employees are essential to ensuring that LBBW continues along its successful growth trajectory in the future. Demographic change and the resulting shortage of skilled workers and management personnel mean that recruiting and retaining highly-qualified top performers is vital. With the goal of boosting its appeal as an employer in the long term, LBBW is in the midst of a fundamental cultural change in its corporate identity. The "Inspire Employees" lever consolidates various measures aimed at fostering and developing employees, introduces new, innovative work and career models and thereby enhances long-term employee identification with LBBW.
- **Social Contribution:** As a bank with strong regional roots, social responsibility is a fundamental aspect of LBBW's corporate culture. Through corporate volunteering, LBBW supports charitable initiatives every year and encourages active employee participation. The Bank is also involved in donations and sponsorship efforts. For more than 40 years, the legally independent LBBW Foundation has been funding projects in the areas of arts and culture, nature and the environment as well as education, training and professional development. Furthermore, LBBW's art collection, containing over 3,000 works of art, is constantly being expanded and is mainly located in the core regional markets.

Business report for the Group

Overall economic development

Germany saw economic performance disappointment for a third year in a row in 2025. The country's GDP increased 0.2% year-on-year, with GDP growth at 0.3% when adjusted for a negative calendar effect. This growth was driven by private household and public sector consumer spending. Gross fixed capital formation declined on the other hand. Foreign trade weighed on the net profit/loss for 2025. While imports of goods and services increased, exports declined. The effects of this persistent economic weakness have ultimately also started to be felt on the labor market, although only to a slight extent so far. The increase in the number of employed people that has been seen over several years came to a halt in 2025, stagnating at 46.0 million. Unemployment was 6.2% at the end of 2025 compared with 6.0% at the end of the previous year.

Within the Eurozone, Germany remains one of the weakest-growing member states. Overall, GDP growth in the European Monetary Union was recorded at 1.5% in 2025. China achieved GDP growth of 5.0% in 2025 as a whole. GDP in the US is predicted to have risen by 2.0% in 2025, according to initial estimates for the closing quarter. The US economy has benefited here in particular from investments in artificial intelligence, i.e. in the IT sector.

Private household inflation fell slightly in 2025. In Germany, the inflation rate (national consumer price index, base year 2020) was 2.2%. Energy and food prices helped curb consumer price increases. Excluding these categories, the inflation rate stood at 2.8% in 2025. Prices for services experienced an above-average rise of 3.5%. Across the Eurozone, the annual inflation rate, as measured by the harmonized consumer price index, was 2.1%. In the US, inflation declined to 2.7% compared with 3.0% in the previous year.

The European Central Bank (ECB) continued to ease its monetary policy in the 2025 reporting year. The deposit rate was lowered in four stages over the course of the year, dropping from 3% to 2% by the middle of the year and then maintained there. The ECB Governing Council again emphasized that its interest rate decisions will also depend on the data in the future and that it is not following a predetermined interest rate path.

One reason for the ECB's caution is likely the policy of US President Donald Trump, who took office at the beginning of 2025. He translated into action in particular his stated intention to impose higher tariffs on imports of goods to the US in the future. Currently, goods imported from the EU to the US are generally subject to ad valorem tariff rates of 15%. There are also sector-specific tariffs, for example for steel and aluminum. These new import duties are roughly based on the US goods trade deficit with the country in question. The European Union enjoys or has enjoyed a considerable goods trade surplus with the US, and the tariff rates have been hiked accordingly. The exact repercussions of this measure on global trade are, together with some other decisions taken by the US president, uncertain, but the trend is expected to be generally negative. At any rate, Germany's exports to the US declined in the months from January to November by 9.4% compared to the same period the previous year.

The policies of the Chinese government, specifically the export restrictions on rare earths, have also created uncertainty in global trade. This measure is also likely to have an adverse impact on the manufacture of certain products.

Yields on 10-year government bonds rose throughout 2025. At the end of 2024, they stood at 2.36%, climbing to 2.82% by the end of 2025. In contrast, US Treasuries with matching maturities moved in the opposite direction, with yields starting the year at 4.57% and ending it at 4.14%.

On the stock market, the DAX trended upwards, rising from 19,909 at the end of 2024 to 24,490 at the end of 2025. The S&P 500, the US stock market index, rose from 5,881 to 6,845 over the course of the year. According to market reports, the stock market rally was supported not least by expectations of substantial capital investment in artificial intelligence.

On the currency market, the euro rose against the US dollar from over USD 1.04 to the euro at the start of the year to just below USD 1.17 by its end. The majority of this rate movement took place in the first half of the year and can likely be seen in connection with the adjustment on the markets to the new policy from the White House.

After two poor years, prices for residential property once more enjoyed notable rises in Germany in the course of 2025 and by the end of the third quarter were a good 3% higher than the previous year's value. Rents also rose, but only generally within the bounds of the increase in consumer prices. The market for commercial property in Germany stabilized in 2025. Values of office and retail properties again saw increases in the first three quarters that were partially higher than current inflation rates. Despite all this, vacancy rates for office properties continued to rise. Vacancies fell slightly in London. Vacancy rates also fell in the US in the third quarter of 2025 – for the first time in several years. The average vacancy rate nationwide there, however, remains at a very high level when viewed from the perspective of European conditions.

Lending business performance

Europe's banking industry was faced with a volatile environment that produced a very mixed scenario in 2025. On the one hand, the persistent geopolitical risks tended to have a negative impact on the macroeconomic landscape, for example in relation to rather weak growth in lending volume. On the other, the financial markets proved resilient regardless of the large fluctuations over the course of the year, in which equities rose and bond spreads tightened.

The last few months of the past year showed, however, that the risk focus of the market participants had begun to shift: The interconnections between the strictly regulated banking industry and the shadow banking sector and the consequences of rising national debt for the industry were more intensely discussed in the end. The topics of the US tariff policy and the subdued prospects for the global economy were consequently squeezed out to a certain extent. Operational risks for the banking sector have also remained high. This continues to be related to the global security situation, but also to the potential misuse of artificial intelligence. Looking forward, the range of AI's potential applications will increasingly filter through into the banking sector, where they could provide more efficient processes.

Nonetheless, the results of the EBA stress test, which were published in the summer, corroborated the resilience of the EU banking sector. But the fundamental data of the European banks is also robust apart from simulations such as this. One of the things the EBA banking regulator mentions in its Risk Assessment Report published at the end of 2025 is the banks' robust capital and liquidity. For example, EBA data shows that the average common equity Tier 1 capital ratio has reached a new all-time high despite the increase in risk-weighted assets. Solid profitability and stable asset quality are also highlighted. At the same time, however, the banking regulator also sounds a note of caution when looking at asset quality. Although non-performing loans remain at historically low levels, risk costs, which saw a slight rise over the year, and the increasing volume of loans and advances where the risk of default has increased will both need to be strictly monitored.

Business performance at the LBBW Group. Results of operations, net assets and financial position

Despite the challenging environment, LBBW was able to record the second-best result in the Group's history. At the same time, the Real Estate and Infrastructure Financing business segment was successfully integrated and viably positioned for the future through the bundling of the activities of LBBW and Berlin Hyp AG.

Business performance

LBBW demonstrated its resilience in the 2025 financial year, competing robustly in a challenging environment and increasing its income and net profit. Earnings growth, which was driven by all segments, offset the increases in expenses, which were marked to a large extent by the integration of Berlin Hyp AG. Supported by moderately lower allowances for losses on loans and securities, a consolidated profit before tax of EUR 1,284 million (previous year: EUR 1,232 million) was generated. All four operating segments made substantial contributions to net consolidated profit with triple-digit profit before tax.

Further strategic developments were implemented in all the segments in the 2025 financial year, reinforcing the universal banking portfolio. Most notable here was the legal integration of Berlin Hyp AG, completed in an extraordinarily short time, which saw the commercial real estate financing bundled in a joint competence center with the LBBW Group.

Despite the reluctance to invest and intense competition, earnings increased substantially in the **Corporate Customers business** thanks to double-digit income growth. One of the factors driving this positive performance was the growth in Corporate Finance and Cash Management. The Corporate Finance business again benefited here from the Bank's leading position in the Schuldschein market. With a market share of 24% and 46 deals in the 2025 financial year, LBBW claimed top spot in the bookrunner position league table. The majority of these transactions were processed here through the Group's own Debtvision platform, which has established itself as a technological instrument in the origination process. Thanks to its leading role, LBBW was named Best Overall Schuldschein Dealer and Best Covered Bond Bookrunner/Dealer by CMDportal – Capital Market Data Institute. The business involving syndicated loans and in the Debt Capital Markets division also made gains. For example, LBBW achieved its best origination result on the bond market to date with 20 corporate bond deals and a total volume of more than EUR 23 billion. In Cash Management, a double-digit growth rate in the deposit volume was one of the factors contributing to a significant increase in income. The high level of performance and resilience in the Corporate Customers segment was confirmed by the FINANCE magazine's bank survey. LBBW has held top position in the "Best Customer Service" category consistently since 2021. It won gold for "Best Sustainability Advisory" for the fourth time and silver in the "Leaders in the SME sector" category for the fifth time in a row. Moreover, LBBW responds to its customers' requirements in a targeted manner and systematically adapts its capabilities for corporate customers abroad in order to further increase its strategic relevance for core customers.

The **Real Estate and Infrastructure Financing** segment was characterized in the 2025 financial year in particular by the restructuring of commercial Real Estate Finance within the Group. The complete bundling of all CRE activities under the "Berlin Hyp" brand allowed LBBW to further expand its position in commercial real estate financing. This positioning was reinforced by a large number of high-volume customer transactions, which included financing for national and international investors in German, the United Kingdom, the Netherlands and Poland, in some cases with an underwriting and syndication volume in the hundreds of millions. In addition, more than 50% of the new business generated at Berlin Hyp was attributed to sustainable financing (in accordance with LBBW's Sustainable Finance Framework, which underlines the quality leadership aimed for in the segment and plays a noticeable part in the transformation of the real estate sector. Alongside this, the targeted expansion of infrastructure financing as a strategic growth field was also a key focus. For example, the 2025 financial year saw several large-volume financing projects implemented, including in the renewable energies and digital infrastructure sectors. The high level of deal activity increased the segment's market visibility, with LBBW rising to 4th place in the league table of German banks in this field. More than half of the new business here comes from sustainable and green or social infrastructure projects.

In the **Capital Markets Business**, LBBW was able to further expand its established market position in the certificate business as well as in the business with savings banks and associated companies, reinforcing its position as the capital markets bank of the Sparkassen-Finanzgruppe. Income in the savings banks and associates business have noticeably expanded especially in the equity markets business. The certificate business made a significant contribution here. The market share in the German certificate market increased to over 20% in the current financial year. This is underlined among other things by the presentation of numerous awards to LBBW for the Bank's certificate business. In addition, a positive earnings performance was recorded in the hedging business, in primary market issues and in the custody business. Alongside this, the Credit Markets business also registered a significant increase in its earnings level. A major

portion of this resulted from the expansion of the repo business in the current financial year. In addition to the associated bank business, supporting its customers in international markets will also continue to play an important role for LBBW. According to the London-based trade information service Trade & Export Finance (TXF), LBBW continues to be numbered among the world's leading banks for export finance. LBBW demonstrated its innovative strengths in this business field among other things with Germany's first nationwide receivables purchase with a forfaiting guarantee, thus playing a part in supporting the German export industry.

The **Private Customers/Savings Banks** segment scored significant successes in the key earnings and growth areas from LBBW's perspective in the current financial year. For example, investment volumes in both securities and asset management recorded double-digit growth rates. This underlines the increasing importance of this business area for LBBW in terms of income stability and customer retention. In addition, BW-Bank Wealth Management received Focus Money magazine's award for "Outstanding Wealth Management" for the ninth time in a row. Alongside the assets under management, the financing volume and the deposit volume also grew moderately in the financial year. Moreover, BW-Bank Foundation Management was again awarded the title of "Top Provider" by the jurors of the Fuchs | Richter Prüfinstanz.

Strategic direction

The successes in the operating customer business contribute to the long-term goal of **Growth and Relevance**, which was again put into operation in the 2025 financial year using the Bank's **five strategic levers**.

Financing in the Corporate Customers business focuses in particular on projects related to the **sustainable transformation** of the economy. In addition to large-volume financing packages in the sectors for renewable energies and digital infrastructure, LBBW also drove forward the financing of decarbonization technologies in the 2025 financial year. As the organizer of "KapInKon Zukunft Finanzieren 2025", the event that focuses on the transformation, LBBW also networked around 400 decision-makers from the worlds of economics, politics, the public sector economy and finance to jointly develop further possible ways to finance the transformation. In addition, in the real estate financing area more than 50% of Berlin Hyp's new business was attributed to sustainable financing (in accordance with LBBW's Sustainable Finance Framework). Moreover, Berlin Hyp won the "Best ESG Issuer" award at the GlobalCapital Covered Bond Awards

At the same time, LBBW attaches great importance to the **Innovative Solutions** lever. AI-based tools in particular are increasingly being integrated into LBBW's operating processes, including in risk management and intelligent market analyses. In addition, in 2025 LBBW further expanded its use of AI through the continued development of blue.gpt and the extension of the Core AI platform to provide operational support for the core business. In the customer business, LBBW was named one of the Top 100 Corporate Startup Stars (CSS) 2025 at the Corporate Startup Stars Awards 2025, the only German bank to achieve this, for its venture client approach and its cooperation with Bitpanda, with which LBBW is systematically integrating innovative technologies from start-ups. Furthermore, LBBW was named an innovation leader in the "Innovation in Financial Services" category at the KAIZEN Awards Deutschland 2025 in particular for its early and intensive commitment to generative AI in banking.

In addition to operational growth, LBBW also focuses on continually strengthening its **resilience**. To reduce risk, the existing credit risk insurance policies were further expanded and also supplemented by non-payment policies. In addition, credit risks were systematically reduced through further SRT transactions, thus releasing more capital. In addition, 2025 saw targeted investments made in the further development of LBBW's IT systems and its cyber defenses with a focus on strengthening secure and efficient IT systems and implementing regulatory requirements.

To **Inspire Employees**, LBBW offers a broad range of multi-stage learning formats and training to develop AI skills. In addition to inspiration, knowledge transfer and the implementation of this knowledge in AI use cases are a key focus here. LBBW also invests constantly in its young talent. LBBW was once again awarded the title of one of the best training companies by Germany's Chamber of Industry and Commerce. As part of the employer branding campaign, the range of the recruitment program was significantly expanded in social networks, with the number of views increasing by several multiples from previous year.

LBBW was also able to make a **Social Contribution** in 2025. As in the previous year, more than 1,000 LBBW staff got actively involved in the Social Days, part of the Bank's corporate volunteering program, where they gave their support to forest, educational and food save (reduction of food waste) projects, for example. Furthermore, the LBBW Foundation has promoted social cohesion for more than 40 years now and is currently focusing on regional projects while at the same time expanding its cooperation with other foundations, municipalities and organization with the aim of working together to achieve more.

Key performance indicators

The development of the key **performance indicators (most important financial performance indicators)** confirms LBBW's successful business performance in 2025.

With a **profit before tax** of EUR 1,284 million (previous year: EUR 1,232 million), LBBW once again improved on the previous year's result, posting a performance that exceeded expectations.

The **cost/income ratio (CIR)** recorded a marginal year-on-year increase from 60.4% to 62.0%. The main factors behind this were the impacts connected with the integration of Berlin Hyp AG resulting from the implementation of IT changes as well as write-downs on software that will no longer be used in the future and decommissioned systems as well as restructuring expenses. Salary adjustments for both pay-scale and non-pay-scale employees and a targeted expansion of capacity in growth areas also had an impact here. In addition, higher expenses were incurred for the deposit guarantee system of the German Savings Banks Finance Group (DSGV) as a result of the new contributions to be paid to the institutional protection fund. The increase in expenses was within the expected range here. Income recorded a better-than-expected performance, with the increase here playing its part in keeping the cost/income ratio (CIR) below the forecast level.

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.

At 7.8%, the **return on equity (RoE)** remained unchanged from the previous year. Higher expenses were more than compensated for here by the increase in income, while the average equity on the balance sheet increased slightly from the previous year. Driven by the increase in income, the ratio exceeded expectations.

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.

In accordance with the new regulations to be applied in 2025 arising from the transition from CRR II to CRR III, the LBBW Group's **common equity Tier 1 capital ratio**, based on the currently applicable supervisory law as at the end of the reporting period, was well in excess of the regulatory capital requirements. At a value of 16.9%, the ratio was significantly higher than the level at the end of the previous year (14.4%) and its development was thus also better than expected. The reason for the increase in the ratio can primarily be attributed to the decline in RWA resulted from the switch to CRR III.

Pillar 2 **capital requirements** are unchanged from the previous year at 1.87%, of which 1.05% must be backed by common equity Tier 1 as was also the case in the previous year. The German Federal Financial Supervisory Authority (BaFin) left the capital buffer for other systemically important institutions in accordance with section 10g of the 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 (CET 1) capital ratio of 8.80% of its total risk-weighted assets. It also is required to maintain CET 1 capital for two components of risk-weighted assets specified by the supervisory authority. These are firstly the countercyclical capital buffer determined in accordance with section 10d KWG, which was extended to domestic receivables in the amount of 0.75% with effect from 1 February 2023 by way of a general ruling issued by BaFin and additionally a share of international receivables. Secondly, another general ruling issued by BaFin relates to a systemic buffer that was reduced from 2.0% to 1.0% on 1 May 2025 and is limited to receivables that are secured by domestic residential property. The ECB's capital recommendation that goes beyond the mandatory requirement, which must also comprise CET 1 capital, still applies. In addition, a partial amount of CET 1 capital is held to meet the Tier 1 capital requirements that go beyond this.

Other LBBW Group financial indicators developed as follows:

As at year-end 2025, **risk weighted assets (RWA)** were EUR 86.7 billion and thus far below the previous year's level (31 December 2024: EUR 97.1 billion). The decline is mainly related to the change of regime from CRR II to CRR III at the beginning of the year. Offsetting this, the performance of the operating business and cyclical re-rating effects led a slight expansion of the RWA.

LBBW's **leverage ratio** improved to 4.7% as at the end of the reporting period (fully loaded in accordance with CRR III) and was thus higher than the previous year's level (4.4%). The current regulatory minimum of 3.0% was again significantly exceeded.

Results of operations

LBBW generated a robust **consolidated profit before tax** of EUR 1,284 million that exceeded the previous year's figure. That this was achieved despite ongoing geopolitical conflicts, a weak German economy, and the challenges posed by US tariff and trade policy can be seen as a sign of increased resilience. The increase was primarily based on the satisfying year-on-year rise in income by EUR 228 million or 6% to EUR 4,250 million, which was driven by a strong performance in all four customer segments.

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

	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	2,730	2,631	99	3.8
Net fee and commission income	689	635	53	8.4
Net gains/losses on remeasurement and disposal	411	315	96	30.4
of which allowances for losses on loans and securities	– 332	– 360	28	– 7.8
Other operating income/expenses	89	81	8	9.5
Total operating income/expenses	3,918	3,662	256	7.0
Administrative expenses	– 2,538	– 2,388	– 151	6.3
Expenses for resolution fund and deposit guarantee system	– 77	– 52	– 25	47.0
Net income/expenses from restructuring	– 19	10	– 29	-
Consolidated profit/loss before tax	1,284	1,232	52	4.2
Income taxes	– 341	– 368	27	– 7.3
Net consolidated profit/loss	942	864	78	9.1

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

Net interest income increased by EUR 99 million over the previous year's to EUR 2,730 million (previous year: EUR 2,631 million). The growth in net interest income can primarily be attributed to the positive performance in the Corporate Customers business. The drivers behind this included the growth in financing resulting from a higher volume, higher financing fees and an increase in commitment fees. In addition, a similar successful expansion of the volume in the infrastructure financing business field also contributed to the higher net interest income. Despite the slight decline in the interest rate level, a slight year-on-year increase in income from the deposit business was additionally generated. The continued growth in deposits and the measures to stabilize the net interest income over the long term more than offset the cuts to key interest rates initiated by the European Central Bank here. As a result of the reclassification effects between the items net interest income and net gains/losses from financial instruments measured at fair value through profit or loss, these two earnings items should be assessed together. A positive performance with a year-on-year increase of 2% also results from this even in the netted view.

Net fee and commission income improved noticeably by EUR 53 million or 8% to EUR 689 million (previous year: EUR 635 million). In particular, the sales-based business in the Private Customers/Savings Banks and Capital Markets Business segments underwent successful expansion in 2025, as in the previous year. Higher income from the securities and syndicate business as a result of significantly stronger primary market activities in the SSA business (activities with supranational organizations, state agencies and public institutions) contributed around EUR 6 million to the increase here. The performance in wealth management was very satisfying. Earnings here increased by EUR 10 million. Earnings in asset management for institutional customers also grew by around EUR 5 million. In addition, commission from intermediary business related to pension products and real estate transactions increased by EUR 8 million. Profit/loss in the lending business, including guarantees, increased, as in the previous reporting period, by around EUR 11 million to EUR 136 million (previous year: EUR 125 million). The increase can be attributed primarily to a rise in management fees, syndicated loans and guarantee fees alike.

Net gains/losses on remeasurement and disposal posted a significant increase of EUR 96 million to EUR 411 million (previous year: EUR 315 million) and was influenced by the effects described below:

Net income/expenses from investments accounted for using the equity method grew by EUR 22 million to EUR 7 million (previous year: EUR – 15 million). The improvement in earnings at associates can primarily be attributed to the discontinuation of a negative measurement effect in the previous year and a positive disposal effect at an associate in the current financial year.

Net additions to **allowances for losses on loans and securities** recorded a decline in the reporting year to EUR – 332 million (previous year: EUR – 360 million). Given the persistent economic and geopolitical uncertainties,

allowances for losses on loans and securities remained as expected at a high level, but were down slightly from the previous year. Lower market values and higher vacancies in the real estate sector (especially in the US), isolated defaults in infrastructure financing and a rise in corporate insolvencies led to an increase in the allowances for losses on loans and securities within the default portfolio, on the other hand.

LBBW continues to recognize model adjustments totaling EUR 837 million (previous year: EUR 880 million), which quantify the impacts of macroeconomic, geopolitical and structural risks on the expected credit losses on Stage 1 and 2 financial instruments. The reason for the moderate reversal of the portfolio is the somewhat more favorable economic expectations, especially higher GDP growth in Germany, which will be stimulated by the special infrastructure fund and the climate and transformation fund, among other things. The better information, compared to the situation in the first half of the year, concerning the level of US tariffs and their impacts on export-oriented industries is also reflected in the decline in the model adjustments.

Despite all the economic challenges, the portfolio quality continues to be rated as solid and resistant. This is corroborated by a very high share of investment grade exposures and a default rate that remains low. This rate was 1.0% (previous year: 0.6%) as at the end of the reporting period on 31 December 2025.

Net gains/losses from financial instruments measured at fair value through other comprehensive income increased year-on-year to EUR 36 million (previous year: EUR – 30 million). The key factor here was gains on disposals of debt instruments that were recognized in the context of active portfolio management.

A marginal decline of EUR – 16 million to EUR 704 million had to be recorded for **net gains/losses from financial instruments measured at fair value through profit or loss** in the year under review. As already mentioned in the performance of the net interest income, the performance of these two items should be viewed together on account of reclassification effects. This line item was heavily impacted by capital market-oriented activities. **Net trading gains/losses** developed pleasingly here, increasing year-on-year by EUR 136 million to EUR 577 million (previous year: EUR 441 million). Key drivers here were credit markets and hedging and certificate transactions in particular. Treasury activities had a major impact on **profits/losses on banking book transactions**. Net gains/losses from hedging transactions and other financial instruments measured at fair value (not held for trade) totaled EUR 109 million (previous year: EUR 265 million). Key earnings drivers were measurement gains on derivatives on account of the interest rate developments at the short end of the yield curve, which were, however, lower than the very high measurement gains in the previous year. It should be noted that effects from balance sheet interest management are offset by opposite effects in the net interest income. **Net gains/losses from equity investments and affiliates**, which were recognized in the item "Net gains/losses from financial instruments measured at fair value through profit or loss" as an element of banking book activities, improved by EUR 4 million to EUR 17 million as at 31 December 2025 over the previous year (EUR 13 million). Sales successes in the Commercial Equity Business were the primary contributor to this.

Other operating income/expenses rose moderately by EUR 8 million to EUR 89 million (previous year: EUR 81 million). The increase is primarily the result of lower write-downs on properties held in inventories than in the previous year. Income of EUR 10 million (previous year: EUR 19 million) was generated in the current reporting year from the disposal of non-financial assets.

Administrative expenses increased year-on-year by EUR – 151 million to EUR – 2,538 million (previous year: EUR – 2,388 million).

Staff costs increased here by EUR – 94 million to EUR – 1,330 million (previous year: EUR – 1,236 million). In addition to salary adjustments and increases in collectively agreed wages, an increase in the number of employees to accompany the growth of business also had an adverse impact. Social security contributions also rose substantially as a result.

In contrast, **other administrative expenses** remained constant at EUR – 1,024 million (previous year: EUR – 1,025 million), even though the item developed in divergence from this. Non-recurring expenses in connection with the technical IT support accompanying the integration of Berlin Hyp AG in LBBW as well as investments in the IT infrastructure combined to drive up costs. In addition, the implementation of targeted investments in the ongoing development of IT and in cyber defense, with a focus on supporting more secure and efficient IT systems, as well as the introduction of regulatory requirements (including DORA) led to further increases in expenses. Moreover, LBBW significantly expanded its use of AI in 2025, especially in the further development of blue.gpt and the extension of the AI platform Core AI to provide operational support for the core business. Legal and consulting expenses (EUR + 17 million) and lower construction expenses in connection with building renovation and for establishing modern office environments (EUR 19 million) developed in the opposite direction.

Write-downs increased by a substantial EUR – 58 million to EUR – 185 million in the year under review (previous year: EUR – 128 million). The increase mainly reflects unscheduled write-downs in connection with the integration of Berlin Hyp AG, with the shutdown of IT systems and a shortened remaining useful life for software having a negative impact here. Write-downs on buildings of Berlin Hyp AG also had to be implemented as a result of updated market valuations.

Expenses for the resolution fund and the deposit guarantee system increased significantly by EUR – 25 million to EUR – 77 million compared with the previous year (EUR – 52 million).

Following the end of the build-up phase of the single resolution fund (SRF), expenses for the **bank levy** remained at EUR 0 million as in the previous year.

Similarly, no contributions to the **statutory deposit protection fund** were required after the fund reached the target volume in 2024 (previous year: EUR – 52 million). Even after the build-up phase, the target level for the fund is 1% of the amount of covered deposits of all credit institutions authorized in all of the participating member states, meaning that payments into the fund may be required again if there is an increase in the covered deposits.

In addition, contributions of EUR – 77 million had to be paid to the savings bank institutional protection scheme for a newly established **supplementary fund** for the first time in the year under review. The Institutes of the Savings Bank Finance Group jointly decided to set up a supplementary fund from 2025 to this end. The fund will supplement the existing security arrangement and not only fulfills supervisory requirements for banks, but will also enable a faster response in crisis situations as well flexible support for institutions that are affected.

Additions to **restructuring provisions** were necessary in the course of the integration of Berlin Hyp AG in particular in view of the implementation of human resources measures to leverage efficiencies. Net income/expenses from restructuring of EUR – 19 million (previous year: EUR 10 million) resulted in total from the other planned efficiency measures as at year-end 2025.

At EUR 1,284 million, **consolidated profit before tax** was up on the previous year's figure of EUR 1,232 million.

Despite a slight increase in pre-tax earnings, **income tax expense** fell to EUR – 341 million (previous year: EUR – 386 million), which can primarily be attributed to a decline in the periodic actual taxes. This effect more than compensated for the increase in deferred taxes, which, conversely, rose on account of the consideration of the future reduction in the corporate income tax rate.

Overall, **net consolidated profit after tax** was up by EUR 78 million at EUR 942 million (previous year: EUR 864 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. Further information can be found in the notes on the consolidated financial statements in the segment report in section C.

Consolidated profit before tax for the 2025 financial year amounted to EUR 1,284 million (previous year: EUR 1,232 million). The LBBW Group segments' contributions to this were as follows:

	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024 ¹	Change	
	EUR million	EUR million	EUR million	in %
Corporate Customers	704	454	250	55.0
Real Estate and Infrastructure Financing	301	396	– 95	– 23.9
Capital Markets Business	292	311	– 19	– 6.2
Private Customers/Savings Banks	198	193	5	2.7
Corporate Items/Reconciliation/Consolidation	– 211	– 121	– 90	73.8
<i>Consolidated profit/loss before tax</i>	<i>1,284</i>	<i>1,232</i>	<i>52</i>	<i>4.2</i>

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

¹ Restatement of prior-year amounts due to restructuring and methodology changes that resulted in more detailed segment allocation.

In a persistently challenging economic environment, the **Corporate Customers segment** recorded strong earnings of EUR 704 million that constituted a sharp rise over the previous year's level (EUR 454 million). Income increased across all product fields despite investment restraint and more intense competition. The focus here was in Corporate Finance, Cash Management and Leasing. The rise in administrative expenses, primarily resulting from investments, was thus more than compensated for by far. Allowances for losses on loans and securities remained moderate despite the difficult economic situation, while portfolio quality continued to be solid overall. In line with these developments, the return on equity of 14.0% was also far higher than the previous year's level (8.7%). The cost/income ratio improved here from 53.8% in the previous year to 50.1%.

In a challenging environment, the **Real Estate and Infrastructure Financing segment** generated, after the full integration of Berlin Hyp AG on 1 August 2025, far lower earnings at EUR 301 million than in the previous year (EUR 396 million). The reason for this lays in the increase in allowances for losses on loans and securities, which resulted primarily from individual exposures in real estate and infrastructure financing. The slightly higher income primarily due to the satisfying development of new business volume and interest rate hedging products in infrastructure financing more than compensated for the increase in expenses that accompanied the business growth and Berlin Hyp integration. In line with the earnings performance and supported by a decline in RWA, return on equity experienced a slight drop to 10.7% from 11.6% in the previous year. The cost/income ratio increased moderately from 43.4% in the previous year to 46.2%.

In the **Capital Markets Business segment**, earnings of EUR 292 million were slightly down on the previous year's level (EUR 311 million). While the decline in the interest rate environment in particular in the money market business meant that Treasury, including the business taken over from Berlin Hyp AG, was unable to repeat the very good prior-year result, which was due to interest rate spreads, income in Financial Markets increased significantly across the breadth of the customer and product range. The income drivers here were Credit Markets and the hedging and certificate business in particular. At 12.0%, the return on equity fell slightly below the previous year's level (14.5%). The cost/income ratio increased slightly to 69.6% (previous year: 66.8%) primarily as a result of the increase in expenses resulting from investments.

The **Private Customers/Savings Banks segment** recorded earnings of EUR 198 million in the 2025 financial year, slightly up on the previous year's level (EUR 193 million). With slight growth in deposit volumes, lower deposit income as a result of interest rate development were more than offset by the increase in income across the whole of the product range, with asset management solutions a particular focus here. A pleasing performance was also recorded in the payments, securities and brokerage business. The higher administrative expenses, due in particular to collective bargaining agreements, were more than offset. At 16.9% (previous year: 16.9%) and 73.2% (previous year: 73.1%) respectively, the return on equity and the cost/income ratio remained at the previous year's level.

At EUR – 211 million, profit before tax in **Corporate Items/Reconciliation/Consolidation** was far below the previous year's level (EUR – 121 million). This was mainly due to expenses incurred in the course of the integration of Berlin Hyp AG.

Net assets and financial position

Assets	31/12/2025	31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Cash and cash equivalents	14,357	10,336	4,022	38.9
Financial assets measured at amortized cost	244,450	250,698	– 6,248	– 2.5
Financial assets measured at fair value through other comprehensive income	33,976	37,839	– 3,863	– 10.2
Financial assets designated at fair value	959	956	3	0.3
Financial assets mandatorily measured at fair value through profit or loss	47,071	48,351	– 1,280	– 2.6
Shares in investments accounted for using the equity method	182	185	– 3	– 1.7
Portfolio hedge adjustment attributable to assets	– 407	– 194	– 213	>100
Intangible assets	152	205	– 53	– 26.0
Investment property	944	880	64	7.3
Property and equipment	899	1,009	– 111	– 11.0
Income tax assets	970	1,241	– 271	– 21.8
Other assets	3,735	4,850	– 1,115	– 23.0
Total assets	347,288	356,355	– 9,067	– 2.5

Equity and liabilities	31/12/2025	31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Financial liabilities measured at amortized cost	300,331	310,831	– 10,500	– 3.4
Financial liabilities designated at fair value	3,939	3,395	544	16.0
Financial liabilities mandatorily measured at fair value through profit or loss	22,492	21,883	610	2.8
Portfolio hedge adjustment attributable to liabilities	– 1,120	– 1,174	54	– 4.6
Provisions	1,798	1,808	– 11	– 0.6
Income tax liabilities	216	220	– 4	– 1.9
Other liabilities	2,328	2,662	– 333	– 12.5
Equity	17,304	16,730	574	3.4
Total equity and liabilities	347,288	356,355	– 9,067	– 2.5
Guarantee and surety obligations	9,936	10,005	– 69	– 0.7
Irrevocable loan commitments	44,075	41,064	3,010	7.3
Business volume	401,299	407,424	– 6,126	– 1.5

Total assets

Total assets declined by EUR – 9.1 billion to EUR 347.3 billion as at 31 December 2025 as a result of a reduction in deposits at central banks, which was only partially offset by purchases of securities, and by the elimination of non-strategic liabilities in connection with the integration of Berlin Hyp AG. Despite an environment characterized by investment restraint and more intense competition, LBBW was able to maintain its role as a strategic partner for its customers and to expand its position in strategic growth areas such as infrastructure financing. Geopolitical tensions and trade policy uncertainties continued to prompt a high level of interest among customers for hedging products.

At the same time, the **business volume** (consolidated total assets including the off-balance-sheet surety and guarantee agreements and irrevocable loan commitments) fell by EUR – 6.1 billion to EUR 401.3 billion.

Lending

Cash and cash equivalents amounted to EUR 14.4 billion as at 31 December 2025, an increase of EUR 4.0 billion on the previous year's figure of EUR 10.3 billion. This was attributable almost exclusively to an increase in central bank balances.

The balance sheet item **financial assets measured at amortized cost** fell by EUR – 6.2 billion to EUR 244.4 billion. The general economic situation continued to prompt restraint in customers' investment decisions, with an active take-up of financing primarily in the areas of renewable energies and digital infrastructure. It was also possible to expand the business in secured money market transactions.

Loans and advances to banks fell by EUR – 10.9 billion to EUR 81.5 billion, which constituted the biggest change in financial assets measured at amortized cost. Surplus deposits at central banks declined by EUR – 27.5 billion, while

securities repurchase transactions increased by EUR 18.5 billion. The key factor in this development was the more advantageous interest rate environment for secured short-term investments.

The portfolio of **loans and advances to customers** picked up by EUR 1.5 billion to EUR 157.6 billion. While other loans increased by EUR 4.4 billion to EUR 34.5 billion and public sector loans by EUR 1.3 billion to EUR 15.2 billion, the portfolio volume of mortgage-backed loans fell by EUR – 4.9 billion to EUR 65.3 billion. Expiring exposures were not fully offset by new business. Securities repurchase transactions declined by EUR – 0.3 billion to EUR 5.4 billion.

Debentures and other fixed-income securities recorded an increase of EUR 3.1 billion to EUR 7.3 billion. Investments in bonds and debentures, including at the foreign branches, produced a corresponding increase in this item. Key factors included the change in the macroeconomic conditions and a hold and manage intention geared accordingly.

Financial assets measured at fair value through other comprehensive income fell by EUR – 3.9 billion to EUR 34.0 billion. Sales of securities to manage liquidity led to an decrease in bonds and debentures of EUR – 3.4 billion to EUR 31.0 billion. Loans and advances declined by EUR – 0.5 billion to EUR 2.0 billion.

Financial assets mandatorily measured at fair value through profit or loss fell by EUR – 1.3 billion to EUR 47.1 billion. An increase in equities and other non-fixed-income securities of EUR 2.5 billion to EUR 5.0 billion and in investment fund units of EUR 1.6 billion to EUR 4.6 billion was offset here by a reduction in receivables from trading assets of EUR – 2.1 billion to EUR 20.6 billion and in positive fair values from derivative financial instruments of EUR – 1.5 billion to EUR 13.9 billion.

The **portfolio hedge adjustment attributable to assets** declined by EUR – 0.2 billion to EUR – 0.4 billion. The change was largely a result of the interest rate environment and was thus accompanied by hedge and portfolio structure effects.

Income tax assets declined by EUR – 0.3 billion to EUR 1.0 billion. The main reason for the drop was lower deferred tax assets from the reversal of temporary differences. Moreover, the planned reduction in the corporate income tax rate resulted in an additional decline, as the related temporary differences were measured at a lower future tax rate.

Other assets fell by EUR – 1.1 billion to EUR 3.7 billion. EUR – 0.8 billion of this decline was related to payments where their value date had not yet occurred, while the portfolio of emission allowances held by LBBW fell by EUR – 0.3 billion to EUR 0.3 billion.

Funding

On the equity and liabilities side, the reduction in total assets resulted primarily from the decline in short-term lending and the reduction in non-strategic portfolios implemented in the course of the integration of Berlin Hyp AG. Following high-volume issues at the beginning of the year, the funding slowed over the rest of the year because of the continued difficult economic situation, which was reflected in a decline in **financial liabilities measured at amortized cost**. This item fell by EUR – 10.5 billion year-on-year to EUR 300.3 billion.

Deposits from banks increased by EUR 2.1 billion to EUR 72.3 billion. Current account liabilities and overnight and term deposits both increased by EUR 1.3 billion to EUR 3.1 billion and EUR 19.8 billion respectively. In contrast, other deposits fell by EUR – 0.6 billion to EUR 2.4 billion and transmitted loans by EUR – 0.5 billion to EUR 34.9 billion.

Deposits from customers were down EUR – 4.2 billion to EUR 136.6 billion. Overnight and term deposits experienced cash outflows, which resulted in the portfolio declining from EUR – 10.4 billion to EUR 49.2 billion. Significant growth across all customer groups was recorded in demand deposits, which meant that current account liabilities increased by EUR 6.9 billion to EUR 64.6 billion.

The volume of **securitized liabilities** fell by EUR – 7.8 billion to EUR 87.5 billion in the period under review. Short-term funding with commercial paper was reduced, which resulted in a EUR – 3.9 billion decrease in securitized money market transactions to EUR 20.4 billion. Opportunistic liabilities were reduced in the course of the integration of Berlin Hyp AG and only partly replaced by new business. This resulted, among other things, in a decline in mortgage-backed covered bonds by EUR – 2.3 billion to EUR 25.4 billion and in other debentures of EUR – 1.1 billion to EUR 33.9 billion.

Subordinated capital decreased by EUR – 0.6 billion to EUR 3.9 billion, which can largely be attributed to repayments of subordinated debentures.

Financial liabilities designated at fair value increased by EUR 0.5 billion to EUR 3.9 billion. The change resulted almost exclusively from an increase in the portfolio of money market transactions.

Financial liabilities mandatorily measured at fair value through profit or loss recorded a EUR 0.6 billion increase to reach EUR 22.5 billion. A EUR 0.9 billion increase in securitized liabilities to EUR 7.8 billion was offset by a decrease in negative fair values from derivative hedging instruments of EUR – 0.3 billion to EUR 0.9 billion.

The **portfolio hedge adjustment attributable to liabilities** changed only by EUR 0.1 billion to stand at EUR – 1.1 billion.

Provisions remained at the previous year's level at EUR 1.8 billion.

Equity

LBBW's **equity** increased by EUR 0.6 billion compared with year-end 2024 to total EUR 17.3 billion as at 31 December 2025. The current income of EUR 0.9 billion and measurement gains/losses from financial assets measured at fair value through other comprehensive income of EUR 0.3 billion were offset by the distribution to shareholders of dividends of EUR – 0.3 billion and a partial reduction of an AT1 bond by EUR 0.2 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. 2025 was again characterized by a decline in the money supply caused by the policy of the central banks. 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 very 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 times of calculation throughout the reporting period and was 180.0% as at 31 December 2025. The net stable funding ratio (NSFR) requirements applicable since June 2021 were also met at all times and were exceeded, at 115.0%, as at 31 December 2025.

Risk report

Risk-oriented integrated bank management

Risks are managed in accordance with LBBW's strategy, the Landesbank Baden-Württemberg Act (LBBW-Gesetz) and LBBW's Articles of Association. Risks and the associated opportunities for income and growth potential are taken in a deliberate and controlled manner within the scope of a defined risk appetite. Particular focus is given to capital and liquidity management.

Clearly defined organizational structure and procedures, internal control processes, risk management and controlling structures and process-independent internal auditing ensure that business operations are consistent with the strategy.

The processes, procedures and methods are regularly reviewed and enhanced to ensure their adequacy. These reviews also take account of the findings of the statutory auditor, the Group Auditing division and the SREP process (Supervisory Review and Evaluation Process) of the European Central Bank (ECB), and these findings are implemented accordingly.

Material risk types

An annual Group risk inventory is used to identify, manage and monitor all of LBBW's material risk types. A comprehensive analysis of environmental, social and governance risk drivers was carried out in 2025 as part of the Group risk inventory. The particularly important interdisciplinary risk of environmental risk covers climate and environmental risks, which can have (acute/chronic) transitory or physical effects.

The risk inventory is used to ascertain the overall risk profile of the LBBW Group, which is presented to the Board of Managing Directors for approval. Risk measurement of the material subsidiaries from a risk perspective is based on the transparency principle, i.e. the types of risk identified as material in the respective companies are integrated in the Group-wide risk measurement of the respective type of risk for material subsidiaries. This also applies to risks from LBBW pension funds to which the Bank has outsourced most of its defined benefit obligations. LBBW assigns companies whose risks are regarded as immaterial in investment risk.

The following material risk types have been identified:

Financial risks

- Counterparty risks
- Market price risks
- Liquidity risks
- Real estate risks
- Development risks
- Investment risks

Non-financial risks

- Legal risks
- ICT risks (information and communication technology)
- Compliance risks
- (ICT) third-party risks
- Data protection risks
- Other operational risks
- Reputational risks
- Business risks
- Model risks

LBBW defines "financial risks" as risks that are knowingly taken ex ante and that can be priced to generate income. "Non-financial risks" are individual, unforeseeable transactions that cannot be quantified or that can be quantified only with considerable uncertainty.

LBBW also considers "interdisciplinary risks". These can also have adverse effects on several other risk types, but they are already (implicitly) taken into account there and so do not comprise a risk type of their own.

Material interdisciplinary risks are:

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

LBBW develops its methods and procedures for managing financial and non-financial risks and ESG risks on an ongoing basis. In light of the increased importance of geopolitical risks, the relevant risk management processes in this area have been further developed and refined.

Specific risk strategies are created for all risk types that the Group considers material. In addition, a concentration analysis is carried out for these risks to identify central vulnerabilities. As well as the concentration effects within the respective risk type ("intra-risk concentrations"), this also takes into account effects between different risk types ("inter-risk concentrations").

Risk strategy and risk tolerance

The Board of Managing Directors and the Risk Committee of the Supervisory Board set out the principles of the risk management system for all risk types identified as material in risk strategies. The risk strategies are drawn up by the Board of Managing Directors in line with the business strategy and acknowledged by the Risk Committee.

Risk strategy guidelines are defined in the group risk strategy, which applies to the entire Group and across all risk types, in accordance with the Minimum Requirements for Risk Management (MaRisk) and the relevant European standards.

In this context, the Group risk strategy defines specifications on risk appetite in both quantitative and qualitative respects that are to be observed in all business activities.

In terms of capital, the quantitative part of risk appetite sets out concrete specifications in the form of thresholds for LBBW's material economic and regulatory steering parameters. Specifications are defined for times of normal business operations as well as stress conditions. There are processes in place to ensure that these requirements are adhered to all times, including escalation processes based on a traffic light system and regular stress tests. As part of the quantitative risk appetite, the strategic limit system operationalizes the requirements and objectives defined in the business strategy for all material risk types included in the Group risk inventory.

The liquidity risk tolerance caps the liquidity risk in the narrower sense (i.e. it limits the risk of not meeting payment obligations). Further information can be found in the section on liquidity risks.

The risk guidelines form the qualitative element of risk appetite. They constitute the key strategic principles and rules of conduct that are used for weighing up risks and opportunities within the LBBW Group. They play a part in creating a uniform risk culture and form the framework for the precise organization of the risk management processes, procedures and methods. This qualitative element of risk appetite is completed with further guidelines, for example in the form of a Code of Conduct and Ethics which applies to all employees throughout the entire Group.

The sustainability policy of the LBBW Group must be observed. It is the LBBW Group's intention to act in the best and long-term interest of its customers and stakeholders. Sustainability aspects are included in the existing risk guidelines to meet internal sustainability targets and account for the resulting risks. To this end, LBBW has implemented an ESG management process, the core element of which comprises the transition plan together with a limit on financed emissions. Key risk indicators (KRIs) for management purposes have additionally been established. Strategic targets have also been set.

In addition, the specific risk strategies approved for each material risk type document the current and target risk profile of LBBW, specify customer, product and market-specific guidelines and thereby set out regulations on how to handle the identified risks in a deliberate and controlled manner in order to take advantage of the opportunities they present from a risk/return perspective. Additional information on the specific risk strategies is provided in the sections on the respective risk type.

Risk capital and liquidity management

The objective of this process is to ensure adequate capital and liquidity, both during normal business operations and under stress conditions, and thus to guarantee the permanent resilience of the LBBW Group.

Capital adequacy that is suitable in the long term

Annual medium-term planning comprises the economic and regulatory considerations, brings these together and acts as a link between the strategic framework and integrated bank management throughout the year. The planning period covers five years and is based on expected economic development, with particular consideration given to the current and expected geopolitical/economic situation and to business activity planned in this environment.

The planning thus lays the groundwork for monitoring the targets set at all management levels. Within the management areas and dimensions, deviations from targets are subsequently analyzed, forecasts and target/actual deviations reported and, where necessary, measures to achieve the targets are agreed, implemented and monitored throughout the year.

In addition, compliance with the internal targets and thus with the regulatory requirements is also ensured in the case of adverse economic developments. Both dynamic, adverse developments during the time frame of medium-term planning and a shock occurrence of stress scenarios are considered.

Economic considerations complement regulatory considerations

To ensure adequate capitalization from an economic perspective, a Group-wide compilation of risks across all material risk types and subsidiaries (economic capital requirement) is prepared and compared with the capital calculated from an economic perspective (aggregate risk cover) in addition to the regulatory capital view.

Risks within the framework of the LBBW Group's risk-bearing capacity are described before possible measures to limit risks ("gross presentation").

At LBBW, aggregate risk cover (ARC denotes the equity restricted according to economic criteria that is available to cover unexpected losses. In addition to consolidated equity in accordance with International Financial Reporting Standards (IFRS) including valuation reserves, conservative deductible items are included due to regulatory requirements.

Economic capital is calculated as a uniform risk measure at the highest level. This is deemed to constitute the amount of capital necessary to cover the risk exposure resulting from LBBW's business activities. In contrast to the equity stipulated by regulatory bodies, it is quantified as value at risk (VaR) with a confidence level of 99.9% and a one-year holding period for credit, market price, real estate, development, investment, operational (in accordance with "Key variables: Operational risk" (economic capital operational risks) in the Non-financial risks – Operational risks (in accordance with Basel/CRR framework) section), business and reputation risks.

The upper risk limit for economic capital (economic capital limit) as part of the quantitative risk tolerance represents the Group-wide overarching limit for all relevant and quantified risk types. This limit reflects the maximum willingness of the LBBW Group to accept risk. In keeping with the balanced principle underlying risk tolerance, it is below the aggregate risk cover and thus provides scope for risks arising from unforeseeable stress situations. Economic capital limits are set for the quantified risk types based on the upper economic capital limit.

By contrast, liquidity risks (in the sense of the risk of failing to meet payment obligations) are managed and limited in accordance with the quantitative and procedural rules defined in the liquidity risk tolerance for regulatory and economic considerations. Further information can be found in the section on liquidity risks. Model risks are managed entirely via the model risk management process and the corresponding tools described in the relevant section.

Further details on the regulatory view can be found in the notes under capital management.

Stress tests and scenario analyses

In addition to risk measurement tools and statistical indicators based on historical data, various stress scenarios play an important part in risk assessment. They analyze the impact of potential serious future economic downturns and other market crises in terms of LBBW's risk-bearing capacity. The scenario analysis also allows for potential vulnerabilities affecting the Bank in various adverse situations to be identified at an early stage and hence managed proactively.

The scenarios are designed using various criteria: LBBW takes into account specific scenarios considering the current risk situation, for example regarding acute geopolitical risks, as well as hypothetical scenarios with exceptional but plausible events of varying severity and exposure scenarios under which the existence of the Bank is threatened within the context of the recovery plan. The stress scenarios are defined either for a multi-year time frame as part of medium-term planning or simulated as sudden shock scenarios. Stress tests are based on the risk inventory, which specifically analyzes LBBW's vulnerabilities using a holistic approach and thus serves as a basis for a comprehensive scenario analysis.

Medium-term planning takes both adverse developments and expected developments into account in the form of scenarios. Assumptions about the macroeconomic conditions form the basis for the design of the scenarios and the parameters applied. The scenarios are designed to cover a period of five years. They also take account of the interdependency between the development of the real economy and the financial economy. The aim here is to assess medium-term planning assuming adverse market conditions and to demonstrate a relationship between risk tolerance, business strategy and the capital and liquidity plan.

The scenarios are designed to present the effects on the economic and regulatory capital and liquidity situation. Particular focus is additionally placed on LBBW's risk concentrations when the scenarios are defined. These complex macroeconomic scenarios addressing multiple risk types are also complemented by sensitivity analyses.

ESG scenarios constitute their own scenario class in LBBW's conceptual framework for stress tests and scenario analyses. ESG scenario analyses serve primarily as an early warning, a way of identifying the need to take action in the long term and as a basis for strategic discussion. To quantify the potential impact of climate and environmental risks on the portfolio, LBBW carries out regular internal climate risk stress tests. The scenarios in the climate risk stress test are designed for both short-term and long-term time frames based on scientifically sound, state-of-the-art climate risk scenarios. In particular, they test LBBW's strategic portfolio focus under adverse climate risk scenarios.

Risk management processes, organization and reporting

Risk management and monitoring

LBBW's risk management and monitoring are based on the guidelines of the risk strategy and the defined limits and approval powers.

At LBBW, transactions can only be entered into within clearly defined limits or approval powers and in accordance with the principles of the risk strategy. Within the defined framework, risk management decisions are made by the departments with portfolio responsibilities in the first line of defense, maintaining the separation of functions; these decisions are monitored by central Risk Control in the second line of defense. The risk controlling and risk management system established for this purpose covers all material risks and the details specific to the risk types.

Potential concentration of risk receives particular attention. At LBBW, appropriate processes are used to identify and to deliberately manage risk concentration. Risks to the Group's going concern status must be excluded. Appropriate monitoring processes (e.g. report on risk concentrations, stress tests) and limits (e.g. sector and country limits) are available for the purpose of monitoring this strategic requirement.

An overview of the structure and individual elements of the risk management system of LBBW is given in the following chart. Additional information is provided in the sections on the individual risk types.

Risk management structure

Annual General Meeting Supervisory Board Committees		
Group's Board of Managing Directors Business strategy, Group risk strategy		
Risk Committee, Asset Liability Committee, Regulatory/Accounting Committee		
Authority based on decision-making hierarchy for loans and trading, Articles of Association and rules of procedure of the executive bodies and the Group's Board of Managing Directors		
Financial risks		Non-financial risks
Credit risk strategy	Market price risk, liquidity risk, investment risk, real estate risk and development risk strategy	Non-financial risk strategy
Counterparty risks/Country risks • Front office departments • Back office departments – Credit and risk management – Central loan processing • Country Limit Committee • Joint decision-making authority on lending (front office/back office) • Group Risk Control • Credit Committee	Market price risks/liquidity risks • Treasury • Financial Institutions & Markets • Group Risk Control Investment risks • Group investments Real estate risks • LBBW Immobilien Group • LBBW Corporate Real Estate Management GmbH Development risks • LBBW Immobilien Management GmbH	• Legal risks • Information and communication technology (ICT) risks • Compliance risks • Outsourcing risks • Data protection risks • Tax compliance risks • Operational risks in the narrower sense • Model risks • Business risks • Reputational risks • Involved units, including Finance, Group Compliance, Human Resources, Non-Financial Risk Management, Legal, Risk Control
Interdisciplinary risks (including ESG risks)		

Committees and reporting

The members of the Group's Board of Managing Directors with responsibility for managing risks are supported in their decision-making by corporate bodies and a comprehensive risk and subject-specific reporting system. The overall risk report and the report to the Asset Liability Committee (ALCo) thus form the reporting system relevant to risk within the context of the MaRisk requirements.

The monitoring body, the Risk Committee, comprises the board members with responsibility for risk management and compliance as well as divisional managers from Risk Control, Group Compliance, Finance, Non-Financial Risk Management, Treasury and the Corporate Customers central division. The Risk Committee supports the Board of Managing Directors in risk monitoring, risk methodology and strategic risk decisions. The monthly overall risk report and other reports prepared on specific issues as required form the basis for this. Covering all risk types, the overall risk report describes the risk situation in the operational units, thus facilitating a structured discussion between front office and monitoring units in the Risk Committee.

The managing body, the ALCo, focuses on strategic resource management for the Group as a whole. Among other things, it supports the Board of Managing Directors in structuring the balance sheet, managing capital and liquidity, funding, and managing market price risks. The committee comprises the board members with responsibility for Capital Markets Business and asset management/international business, finance and operations as well as the divisional managers from Risk Control, Financial Controlling and Treasury. The heads of the sales management units in the Corporate Customers central division, Real Estate/Project Finance segment management, the Private Customers/Savings Banks central division and the Chief Operating Officer Capital Markets are also included in matters of relevance to sales. The committee includes the heads of Human Resources and Finance when handling matters of relevance to pension obligations.

The Regulatory/Accounting Committee evaluates at an early stage the requirements of the large number of provisions of banking supervisory law and accounting that are relevant for management purposes and takes the measures required. The Regulatory/Accounting Committee is a subcommittee of the Operating Committee. This ensures that higher-level regulatory reporting is provided in the management and that regulatory issues of a cross-cutting nature and/or relevance for the integrated bank management are addressed at an early stage. The Regulatory/Accounting Committee comprises the heads of Legal, Human Resources, Risk Control, Group Compliance, Finance, Strategy & Group Development, Group Auditing, Non-Financial Risk Management, the Private Customers/Savings Banks central division, the COO Risk Management, COO Corporates and the heads of IT Governance & Cyber Defense, Digitalization & Innovation, and Business Management Capital Markets.

Processes of adjustment

New types of trading and credit product at LBBW are subject to a new product process that ensures the product is included in LBBW's various systems, such as in Accounting or Risk Control. Any potential legal consequences are also outlined.

The main focus is on products from the Capital Markets Business division. If it is not possible to fully integrate the products into the model immediately, a step-by-step approach is taken in which the products are initially traded only under very strict supervision.

In the case of material changes in the set-up and procedural organization and in the IT systems, LBBW analyzes the potential effects on control procedures and control intensity within the framework of a predefined standard process.

Process-independent monitoring

The Group Auditing division is a process-independent division that, as the third line of defense, monitors the operations and business work flows, risk management and controlling and the internal control system (ICS) with the aim of safeguarding LBBW's assets and boosting its operating performance. The Group Auditing division exercises its duties autonomously. The Board of Managing Directors is informed of the results of audits in written audit reports, which are discussed with the audited operating units. The Group Auditing division also monitors the measures taken in response to the audit findings.

The audit work of the Group Auditing division is conducted in principle in accordance with an annual audit plan that is drawn up on the basis of long-term, risk-oriented planning and approved by the Board of Managing Directors. All activities and processes of the LBBW Group have to be recorded within a reasonable period, in principle within three years, in due consideration of the risk weighting.

The information contained in the section above also satisfies the disclosure requirements in respect of the Group sustainability statement (ESRS 2 GOV-5 Art. 36a).

Regulatory developments

European Central Bank (ECB) supervisory work

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

Based on the key vulnerabilities it has identified at the banks it supervises, the ECB formulates medium-term regulatory priorities to which strategic objectives and potential regulatory measures are assigned. The regulatory priorities and the main risks and vulnerabilities are key input factors for the SREP (Supervisory Review and Evaluation Process). The ECB's aim remains to resolve structural weaknesses through effective governance, risk management – including handling climate and environmental risks – and operational resilience.

The ECB's supervisory work as part of the SREP is still considerable. In 2025, this supervisory work focused in particular on operational resilience in the context of IT security and cyber risks and credit risk controlling, particularly with regard to commercial real estate and corporate customer portfolios. The latter has gained in importance against the background of the geopolitical situation and the macroeconomic economic developments in Germany and around the world.

The results of the EBA (European Banking Authority) stress test are included in the 2025 SREP assessment.

Digital Operational Resilience Act

The Digital Operational Resilience Act (DORA) came into force for credit institutions on 17 January 2025. DORA sets out in detail the supervisory authorities' expectations for digital operational resilience throughout the core areas of ICT risk management, notification, classification and reporting of serious ICT incidents, tests of operational resilience and management of ICT third parties as well as the strengthening of IT infrastructure. Complementing this, the EBA Guidelines on outsourcing arrangements and ICT risk management provide greater clarity on contract requirements and transparency obligations relating to cloud and other ICT service providers. Implementation will be specified in detail in additional technical standards, where the establishment of robust processes, key figures and reporting channels are particularly important for the supervisory authorities.

Effective risk data aggregation and risk reporting

The ECB published a guide on effective risk data aggregation and risk reporting in May 2024. This specified and strengthened the supervisory expectations in this area, building on the "Principles for effective risk data aggregation and risk reporting" (BCBS 239), which have been applied at LBBW since 2019.

In the guide, the supervisory authority addresses key focal areas such as data governance, data architecture, data quality issues, the timeliness of risk reporting and the responsibility of the managing bodies (Board of Managing Directors and Supervisory Board) for these topics as well as corresponding implementation programs. In particular, the scope of application of BCBS 239 is expanded to include the entire reporting system and financial reporting.

The necessary adjustments resulting from this have been identified and implemented at LBBW.

Outlook

The EU-wide ECB geopolitical stress test will form a key part of supervisory activities in 2026, with the results of this test to be included in the 2026 SREP. For the first time, the stress will be conducted as a reverse stress test, in which the ECB will define a depletion in CET1 at a time within a three-year horizon and the European banks will have to develop a corresponding, individual stress scenario. The ECB is pursuing the goal of testing which geopolitical events the banks take into account in their stress tests and which geopolitical shocks could put their capital position at risk. The overarching aim of the EU-wide stress tests is to assess banks' stability and solvency against the background of adverse economic developments in order to identify potential risks and any banking supervisory action required and to improve market discipline. The results of the stress test are expected to be published on the ECB website in early August 2026.

The medium-term regulatory priorities formulated by the ECB for 2026 to 2028 constitute the basis for its further supervisory work. This work remains focused on strengthening the resilience of the banks the ECB supervises to direct macrofinancial and geopolitical shocks, strengthening their operational resilience and managing the risks arising from the use of new technologies. The ECB includes the macroeconomic environment in particular in the core risks, which is characterized by an escalation of global trade conflicts and more extensive geopolitical risks and which has led to changes in trade policies and greater general uncertainty. The ECB continues to prioritize the banks' vulnerabilities in several areas, including an appropriate capital base in consistent application of CRR III, the management of climate and environmental risks, IT security/cyber risks and credit risks, but also developments in the context of the digital transformation. 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.

In addition to the supervisory work and priorities, new requirements for combating money laundering and terrorist financing are arising. The EU's package of measures to prevent money laundering and the financing of terrorism sets out uniform EU-wide regulations for anti-money laundering standards and the supervision of compliance with them. Among other things, a new EU anti-money laundering authority (Authority for Anti-Money Laundering and Countering the Financing of Terrorism, AMLA) has been established that, as the primary European authority, has the power to define further standards. In addition, regulatory requirements are to be implemented as part of the first EU anti-money laundering regulation (AMLR) and the national transposition of the sixth Anti-money Laundering Directive (AMLD 6).

LBBW Group – Risk situation

LBBW Group - Risk-bearing capacity

EUR million	31/12/2025		31/12/2024	
	Absolute ¹	Utilization	Absolute ¹	Utilization
Aggregate risk cover	15,145	45%	14,218	46%
Economic capital limit ²	12,000	57%	11,450	57%
Correlated total economic capital	6,793		6,528	
of which:	0		0	
Counterparty risk	4,249		4,110	
Market price risk	1,983		1,885	
Investment risk	24		20	
Operational risk ³	946		898	
Development risk	167		110	
Real estate risk	132		154	
Business and reputational risks ⁴	235		222	
Inter-risk correlations	– 943		– 871	

1 Confidence level 99.9%/1 year.

2 The individual risk types are capped by economic capital limits.

3 In accordance with "Key variables: Operational risk" in the Non-financial risks – Operational risks section.

4 The business and reputational risks were reported as "Other risks" in 2024.

Aggregate risk cover increased by a further EUR 0.9 billion to EUR 15.1 billion compared to year-end 2024. This was largely thanks to the positive earnings performance.

The economic capital requirement has increased by EUR 0.3 billion in total since the end of 2024. The higher level of counterparty risk is mainly due to business growth as well as interest rate and rating developments. The slight rise in the market price risk results from position changes. The other risks are virtually unchanged in 2025.

In summary, it can be stated that the risk-bearing capacity of the LBBW Group was maintained at the reporting dates during the 2025 financial year as a whole. The stress resistance required for permanent viability was also given. The economic capital limit at Group level was maintained at the reporting dates.

Details on the regulatory key figures can be found in the report on results of operations, net assets and financial position, the notes and the section on liquidity risks.

The effects of continuing geopolitical conflicts and the resulting potential disruption of supply chains as well as of inflation and interest rate developments on LBBW's economic and regulatory key performance indicators are regularly investigated and analyzed in stress scenarios.

Risk types

Information on correlated total economic capital for the individual risk types can be found in the section on the risk situation of the LBBW Group.

Counterparty risk

Definition

The umbrella term counterparty risk describes the loss potential resulting from business partners no longer being in a position to fulfill their contractually agreed payment obligations. A counterparty risk may occur both from direct contractual relationships (e.g. granting loans, buying a security) and indirectly, for example from hedging obligations (especially issuing guarantees, selling hedging via a credit derivative).

The main characteristics of this risk are defined and briefly explained below.

Credit risk

The term credit risk, often used synonymously with counterparty risk, describes the counterparty risk from the lending business, i.e. from granting loans and hedging lending by third parties (e.g. via guarantees).

Issuer risk

The term issuer risk covers the counterparty risk resulting from securities. It covers both the direct securities portfolio and securities referenced via derivatives (especially via credit derivatives).

Counterparty credit risk

Counterparty credit risk describes the counterparty risk from financial transactions (especially derivatives transactions) resulting from the fact that the contracting party (counterparty) is no longer in a position to meet their obligations. On the one hand in this situation the position that becomes open upon closing may entail costs (known as replacement risk), while on the other there is a loss potential that advance payments have been made to the counterparty without the counterparty being able to provide the corresponding counter-performance (known as advance payment, performance and/or settlement risk).

Country risk

The term country risk designates the counterparty risk that arises because the transfer of foreign exchange is not possible or only possible to a limited extent (transfer risk) due to critical political or economic developments in a country (or entire region).

Collateral risk

Collateral risk is not direct counterparty risk, but describes the potential that collateral received to reduce the counterparty risk loses value, especially if this happens systematically (e.g. due to upheaval on real estate markets).

For information on the interdisciplinary topic of ESG (environmental, social, governance) risks, please see the LBBW Group - Risk situation section.

Counterparty risk management

Management for limiting the counterparty risk is implemented as an integrated process at LBBW, and can be broken down into the three main components of risk measurement, risk monitoring and reporting as well as risk management.

Risk measurement

In order to measure risk, LBBW uses an extensive range of instruments involving quantitative measuring procedures. These are subject to regular and ad-hoc quality control and undergo development as needed.

Risk classification procedures

LBBW uses specific rating and risk classification procedures for all relevant business activities. These procedures quantify the probability of default (PD) of the individual investments. For this purpose, the counterparty risk is calculated both including and excluding the transfer risk. These procedures are maintained and updated by LBBW on its own initiative or in cooperation with RSU GmbH & Co. KG (an associated company of the Landesbanks) or Sparkassen Rating und Risikosysteme GmbH.

Most of the portfolio is measured using internal rating procedures that have been approved for the internal ratings-based approach (IRBA) by the banking regulator. The rating scores are used not only for internal management purposes but also to measure the regulatory capital requirements.

ESG risks are taken into account in the rating procedure if they are shown to be relevant to the probability of default.

Evaluating collateral

Collateral is evaluated on the basis of its market value, which is reviewed regularly and on an ad hoc basis and adjusted in the event of any change in the relevant factors. Loss given default (LGD) is estimated on the basis of the valuation of the individual items of collateral. Statistical models are used to forecast LGD depending on various risk factors, especially the level of collateralization. This is determined using differentiated statistical estimates for recovery rates (average proceeds expected from the liquidation of collateral). The statistical models are generally based on internal loss data.

Exposure at default

Whereas exposure is tied to a specific date (exposure at default, EaD) for reporting purposes, potential future exposure is calculated to determine the CVaR and the utilization of internal limits, e.g. for derivatives. This is calculated for the most part on the basis of fair values and the corresponding add-ons. The add-on calculation takes account of the remaining maturity, product type and market factors (interest, currency, etc.). Netting and collateral agreements are used for reducing risk. The capital charges for issuer risks held in the trading book take account of the settlement payments and actual fair value losses as a result of default (jump-to-default method). The (modified) nominals are used for issuer and reference borrower risks from securities and holdings in the non-trading book.

Expected losses, value adjustments and credit valuation adjustment

The expected loss (EL) – which depends on customer creditworthiness, an estimation of the loss at default and the expected exposure at default – provides the basis for the level of the standard risk costs. In preliminary costing at the individual transaction level, these are included in the calculation of risk-adequate loan terms. In addition, the concept of expected loss is key to calculating allowances for losses on loans and securities as per IFRS 9 (see Note 28 "Allowances for losses on loans and securities (AC)").

The market price of the counterparty risk of OTC derivatives accounted for at fair value is measured using the credit valuation adjustment (CVA). This is included in the income statement of LBBW as a valuation adjustment. The credit ratings of the counterparty and of LBBW are taken into consideration.

Credit value-at-risk

Credit value-at-risk (CVaR) quantifies the unexpected loss of the portfolio. A credit portfolio model that takes the defaults as well as rating migration into account is used to calculate this value. It is calculated using a Monte Carlo simulation approach and takes account of correlations between borrower credit ratings as well as borrower, sector and country concentrations.

CVaR is used as the parameter for economic capital used for counterparty risks in the risk-bearing capacity analysis and in LBBW's management. Like economic capital, it is defined using a confidence level of 99.9% and a time horizon of one year.

Risk concentrations

From a risk perspective, the aim is to prevent concentrations or to limit these to an appropriate extent. Risk Control proposes concentration thresholds and concentration limits for this, which are then set by the Board of Managing Directors. The concentration thresholds define when a risk concentration begins for individual borrowers/borrower groups and for relevant dimensions in the lending portfolio, for example sectors or countries. The thresholds are based on the (net) exposure metric and its percentage share in the portfolio. The thresholds are monitored within the framework of the overall risk report.

Concentrations for individual borrowers/borrower groups are limited using a concentration limit in the exposure metric. The amount of the limit is derived from LBBW's free common equity Tier 1 capital ratio. The concentration limit at sector level applies to the risk management sectors of the Corporates main sector and limits their potential operating sector limits.

The thresholds and limits are reviewed regularly and, if necessary, adjusted depending on the development of the lending portfolio and the risk-bearing capacity.

Stress tests

LBBW uses stress tests to evaluate the impact of adverse economic and political developments on the key performance and risk indicators in the lending portfolio (e.g. CVaR, RWA and allowances for losses on loans and securities). The potential effects of the simulated developments are converted into negative changes to the key lending risk parameters (PD, LGD and correlations) of the transactions in the portfolio in question.

Risk monitoring and reporting

Individual transaction level

Risk management at the level of individual exposures is the duty of the risk management divisions as part of the first line of defense. These are organized independently from the front office divisions in line with the regulatory requirements. Clear responsibilities and appropriate experience and expertise are ensured in the risk management divisions by a customer or sector-specific organizational structure. Credit decisions are made in a system of graded competencies, which are regulated in the Group's decision-making system.

As part of risk monitoring, the risk managers responsible continuously check changes in information of relevance for credit ratings as well as compliance on the basis of systems with the limits granted. This includes monitoring any irregularities in account behavior, evaluating company news and observing macroeconomic and sector trends. A market data-based system is also used for listed companies.

A system is in place for the early detection of risks, comprising procedural regulations and system generated signals, the goal of which it is to detect any deterioration in credit ratings at an early stage.

The early detection of any deterioration in credit ratings allows appropriate countermeasures, e.g. additional collateral or preemptive restructuring, to be taken in consultation with the customer. Depending on the level of risk, high-risk problem assets are classified as cases requiring monitoring, intensified support, restructuring or liquidation and are dealt with by the risk management divisions responsible or by special loan management. LBBW generally aims to minimize losses through successful restructuring activities, in line with the Bank's own interests and those of its customers.

Portfolio level

Counterparty risk is monitored as part of the second line of defense at the portfolio level in the Risk Control division, which is separate from the front office and risk management divisions from an organizational perspective. The utilization of the economic capital limit and the (net) exposure and CVaR limits set for sector risks is documented each month in the overall risk report. High limit utilizations are shown at an early stage using a traffic light system. Compliance with country limits is monitored on a daily basis using the Bank's global limit system.

An ad hoc reporting process is implemented for significant overdrafts and extraordinary events for specific reporting to the decision-makers in charge.

The most important periodic reports are as follows:

- The overall risk report presented monthly in the Risk Committee, which includes details about the risk situation at the portfolio level, compliance with the material limits and size classes, risk concentration and segments. Portfolio analyses additionally report on the risk situation of individual sectors, for example. Each quarter, these also contain detailed information such as on key exposures and rating migration.
- The half-yearly in-depth sector report with detailed information on the sector situation, portfolio development and important customers in each sector.
- The half-yearly in-depth commercial real estate portfolio analysis, with detailed information on the portfolio structure and development, is broken down by segment, customer group, location and use type, among other things.
- The ESG risks of financed emissions and physical risks for collateral items that have a material effect on counterparty risk are discussed in separate reports.

Risk management

Counterparty risks are managed in particular through the requirements of the credit risk strategy, through the economic capital allocation to sub-portfolios with the aid of the CVaR and by avoiding and limiting concentrations at the level of sectors, countries and individual counterparties.

Individual transaction level

As a rule, the upper limits on the individual transaction level taking the concentration limit into account are set individually by the respective authorized person responsible for the front office or risk management divisions. This upper limit is taken into account for all risk-relevant transactions of a customer or group of connected clients. A material part of managing individual transactions involves monitoring compliance with the binding requirements defined in the credit risk strategy. This determines the underlying terms and conditions for LBBW's lending business on the basis of the business strategy and in the light of the Group risk strategy. Particular attention is paid to avoiding concentrations.

From an economic perspective, the question of whether a transaction will produce an adequate profit on a risk-adjusted basis is a key consideration before entering into business; for this reason, preliminary costing of all individual transactions is compulsory. In addition to the historical interest rate, the components in the preliminary costing include cover for expected loss (risk margin), interest on equity to be held in case of unexpected losses (capital margin) and cover for liquidity and processing costs. The results form the basis of business management at customer level.

Sub-portfolio level

The risk management measures differ depending on the respective sub-portfolio level:

Country limits are determined by the Board of Managing Directors on the basis of the proposals of the Country Limit Committee. To reduce risks, a ban on business is imposed in the case of a limit overdraft. If the country credit rating deteriorates, limits are reduced and/or suspended as necessary.

Sector limits are determined by the Board of Managing Directors on the basis of risk-bearing capacity. They are set on a sector-specific basis in the Corporates main sector below absolute concentration limits. The limit system is based on a risk-oriented sector key designed specifically for this purpose, which combines sector segments that have high economic dependencies along the value chains. The limitation triggers controlling measures such as hedging transactions to reduce risk and a ban on new business if certain thresholds are exceeded. In addition to sector limits, there are additional limits for specific areas of the portfolio, for example for shadow banks and leveraged transactions.

At the business area and sub-business area level, risks are limited through measures to ensure adherence to the portfolio guidelines of the credit risk strategy with regard to upper limits, rating structures and the portfolio quality, among others.

Total portfolio level

In the management of the Group's credit portfolio, the limit for the economic capital is allocated to the relevant sectors. The economic capital limit for counterparty risks is set so that it also withstands the effects of a serious crisis and takes into appropriate consideration LBBW's strategic targets for the development of the lending portfolio. Risk mitigation measures are taken in the event of high limit utilization. In addition, the results of the stress tests may provide indications of potentially critical or even existential risk situations, which may require suitable countermeasures or risk management measures to be taken.

Risk situation of the LBBW Group

Preliminary note

The quantitative information on the risk situation is based on the management approach. LBBW's risk situation is therefore reported on the basis of the figures used for the purpose of conducting internal risk management and reporting to the Board of Managing Directors and the corporate bodies. The management approach differs partially from balance sheet reporting. This can be primarily attributed to the presentation from a risk perspective and deviations from the companies included in the basis of consolidation for accounting purposes (in internal risk management, the SüdLeasing Group and LBBW México Sofom are included as consolidated subsidiaries).

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 mitigation 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 30 ("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 mitigation effects on the respective reporting date.

Default risk and effect of risk mitigation measures

EUR million	31/12/2025	31/12/2024
Gross exposure	519,722	523,404
Netting/collateral	157,342	138,885
Credit derivatives (protection buy)	5,776	7,794
Classic credit collateral	78,481	79,685
<i>Net exposure</i>	<i>278,124</i>	<i>297,039</i>

Figures may be subject to rounding differences.

Gross exposure amounted to EUR 520 billion as at 31 December 2025, down around EUR 4 billion from the level at the end of 2024. The expansion of the business volume – including in collateralized securities transactions – was more than offset by the reduced exposure to central banks. The increase in collateralized securities transactions is at the same time the key driver of the growth in netting/collateral. The decline in central bank exposures is, moreover, the key factor behind the fall in the net exposure of around EUR 19 billion or 6.4% to EUR 278 billion.

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

Portfolio quality

Rating cluster (internal rating class)

Net exposure	EUR million 31/12/2025	in % 31/12/2025	EUR million g 31/12/2024	in % 31/12/2024
1 (AAAA)	42,115	15.1	64,142	21.6
1 (AAA) – 1 (A–)	139,437	50.1	146,520	49.3
2 – 5	66,705	24.0	59,989	20.2
6 – 8	17,111	6.2	13,242	4.5
9 – 10	4,522	1.6	4,977	1.7
11 – 15	3,262	1.2	3,655	1.2
16 – 18 (default) ¹	2,760	1.0	1,912	0.6
Other ²	2,212	0.8	2,603	0.9
Total	278,124	100.0	297,039	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, for example 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, 89.3%; previous year: 91.1%) and non-investment grade (ratings 6 to 15, 9.0%; previous year: 7.4%) shifted slightly. This can be attributed in particular to the drop in the net exposure to central banks of the best rating class, where rating class 1 (AAAA) primarily includes the German public sector in addition to central banks. The net exposure on default accounts for 1% of the entire portfolio.

The economic environment remains challenging. Overall, it is forecast that the economy will recover, but an increase in insolvencies is also expected. Geopolitical conflicts, growing protectionism, tariff dispute and government intervention policies are some of the factors that are adding uncertainty to the economic environment and further developments.

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 31/12/2025	CVaR 31/12/2025	Net exposure on default 31/12/2025	Net exposure 31/12/2024	CVaR 31/12/2024	Net exposure on default 31/12/2024
<i>Financials</i>	122,287	916	3	148,043	927	23
<i>Company</i>	108,716	2,124	1,749	104,758	2,109	976
Automotive	10,455	350	179	10,698	381	269
Construction	9,488	247	87	9,487	253	174
Chemicals and commodities	7,767	151	45	7,432	143	41
of which chemicals	3,649	68	25	3,537	66	27
of which commodities	4,119	83	20	3,895	77	13
Retail and consumer goods	16,310	247	675	16,023	271	268
of which consumer goods	11,790	154	509	11,370	180	41
of which durables	4,520	93	166	4,652	91	227
Industry	12,312	274	148	11,492	239	79
Pharmaceuticals and healthcare	5,749	76	11	5,937	94	16
TM and electronics/IT	11,950	331	486	13,285	373	26
Transport and logistics	8,394	158	22	7,657	133	3
Utilities and energy	16,133	164	14	13,499	139	82
of which utilities	9,843	74	9	8,252	66	38
of which renewable energies	6,291	90	5	5,247	73	44
Other	10,157	125	83	9,250	82	18
<i>Real estate</i>	19,219	827	976	18,575	681	892
Commercial real estate (CRE)	13,215	671	909	12,134	538	888
Housing	6,004	155	67	6,440	143	5
<i>Public sector</i>	22,688	164	0	20,518	131	0
<i>Private individuals</i>	5,214	41	32	5,145	76	20
Total	278,124	4,071	2,760	297,039	3,923	1,912

Figures may be subject to rounding differences.

Financials represent the largest of the five main sectors, with net exposure of EUR 122 billion as at 31 December 2025. The decline of around EUR 26 billion as against the end of 2024 is due in particular to the reduced exposure to central banks.

In the corporates portfolio, it was primarily the utilities and energy sectors as well as industry that contributed around EUR 4 billion to net exposure in the 2025 financial year, bringing the total to EUR 109 billion.

Totalling around EUR 19 billion, the net exposure in real estate remained stable compared with the previous year.

Public-sector net exposure increased by around EUR 2 billion as against the end of 2024 to around EUR 23 billion. This development related to the public sector both in Germany and abroad.

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.

Regions

Geographic breakdown

Net exposure in %	Share 31/12/2025	Share 31/12/2024
Germany	62.3	67.6
Western Europe (excluding Germany)	22.1	19.5
North America	9.0	6.6
Asia/Pacific	3.6	3.5
Other ¹	3.0	2.7
<i>Total</i>	<i>100.0</i>	<i>100.0</i>

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 (for example transactions with supranational institutions).

The share of domestic business in the net exposure as at 31 December 2025 was 62.3%. Regional shifts resulted in particular from the decrease in net exposure to central banks. The focus on the core markets in private, small and medium-sized enterprise and large customer business and the function as a central bank for the savings banks will continue to reflect a largely dominant German-based portfolio in the future as well. Foreign exposure is spread across Western Europe and North America in particular.

Market price risks

Definition

LBBW defines market price risks as potential losses resulting from unfavorable changes in market prices or factors influencing prices.

The following characteristics of market price risks arise as a result of the nature of the LBBW Group's business activities.

Interest rate risk

The interest rate risk is based on fluctuations in market interest rates, interest rate spreads, volatility in interest rates or correlations and inflation rates (referred to as interest rate risk in the narrower sense). Specific interest rate risks such as credit spread risks are also included. Interest rate risk also includes interest rate risks in the banking book (IRRBB and CSRBB).

Equity risk

The equity risk results from changes in share and/or index prices as well as from share or index volatilities.

FX/commodity risk

The FX risk relates to the development of exchange rates. The commodity risk relates to changes in the price of precious metals and commodities. It also includes the risk of changes in the price of environmental, energy and power products (gas, electricity, carbon allowances).

Market price risks from pensions (pension funds and pension obligations) are covered under the relevant risks.

The funding spread risk is part of market price risk, but is discussed in the section on liquidity risks because of the close link in terms of methods and content to structural liquidity.

Risk measurement

Risk model

At the LBBW Group, market price risk is represented by value-at-risk forecasts as well as sensitivities and stress tests. The value-at-risk (VaR) can be determined using a stochastic-mathematical model. This model derives a portfolio value distribution from a distribution of market factors, a valuation based on this and, where necessary, corresponding simplifications. Using this, the VaR is determined as the maximum potential loss at a given confidence level.

Market price risk for the LBBW Group is measured using a model developed in-house based on a Monte Carlo simulation. Market-induced movements in the value even of complex transactions are also taken into account, mostly

with full revaluation. Market data time series for the last 250 trading days are weighted equally in the estimation of the covariance matrix.

Regulatory bodies have accepted the use of the LBBW Group's risk model for general interest rate and general equity risks in the trading book as an internal model to determine the regulatory capital requirements for market risks in the trading book (trading book excluding funds that are not mapped transparently).

At the LBBW Group, credit spread risks of securities and Schuldscheins are measured on the basis of rating and sector-dependent credit spread curves and CDS spreads to reflect issuer-specific risks. In addition, separate discount curves are used for government bonds and bonds issued by German federal states.

The LBBW Group's model is also used to calculate economic capital as part of the risk-bearing capacity assessment. For this purpose, the VaR in a significant stress period is scaled to a cross-risk-type parameter set with regard to confidence level and holding period.

The following specific VaR characteristics are used at the LBBW Group:

- Internal management and backtesting analyses: VaR confidence level of 99% and one-day holding period.
- Supervisory/regulatory purposes: VaR and stressed VaR with confidence level of 99% and ten-day holding period.
- Strategic management/economic capital/risk-bearing capacity: VaR and stressed VaR with confidence level of 99.9% and 250-day holding period.

The market price risks calculated in the models are quantified consistently for both the trading portfolio and for the banking book positions.

Stress testing

The calculations of VaR and sensitivities at the LBBW Group are rounded off by separate stress scenarios for the trading and the banking book. Stress testing is used to examine how the value of the portfolio changes under extreme market conditions. LBBW uses both self-defined hypothetical as well as historical market movements with a focus on altering specific movement of market price data i.e. price trends or spread changes. The scenarios serve the purpose of modeling extreme events on the financial markets that are not specifically included in VaR. The results are reported to the respective decision-makers weekly on a portfolio basis and with regard to their impact on the Group as a whole each quarter.

The stress simulations are integrated in the multiple risk types stress scenarios and are therefore relevant for risk-bearing capacity. LBBW also conducts regular stress and scenario calculations to support the medium-term planning and in the context of ICAAP/ILAAP. The adverse scenarios considered in this context currently focus on potential geopolitical and economic risks as well as risks arising from the growing national debt in Europe.

The LBBW Group calculates stressed VaR every week. Instead of the last 250 trading days, a period of observation covering a significant stress period is applied. The calculations are included in the own fund requirements for the trading book in accordance with the internal model as well as the determination of the economic capital requirement for market price risks. The stress period is reviewed at least annually.

Risk concentration is monitored on a monthly basis using sensitivity analyses.

New products and further development of the risk model

In 2025, customer requirements in the context of structured finance were primarily implemented within the framework of the new products process. In addition, new derivative capital market instruments were introduced and procedural innovations in the collateralization of interest rate derivatives were implemented. Further developments in payments were also made. In electricity products, the assessment of the risks arising from seasonal effects was additionally improved.

Validation of the risk model

The market risk models used by LBBW (Bank) are subject to an extensive validation program, in which the potential model risks are identified in the stochastics of the market factors (including distribution model and 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 the Risk Control division by the Independent Validation Unit, which is organizationally independent from model development. 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 the recipients of reports so that necessary model optimization measures can be promptly initiated.

Risk monitoring and reporting

The utilization of limits and compliance with the detailed risk strategies defined in the portfolio descriptions are monitored in the relevant risk control units as part of the second line of defense and reported to the members of the Board of Managing Directors responsible. Reporting comprises specifically:

- Daily report with overview of the P&L and risk development
- Overall risk report for the LBBW Group that is prepared monthly and contains detailed information about P&L and risk development, risk concentration, economic capital and monitoring of the economic capital limit

Risk management

The fundamental management aim of the front office divisions is to generate the IFRS result. This aim is defined in detail by way of a comprehensive set of financial ratios, which are set by the Board of Managing Directors in the medium-term planning. They are broken down by business areas and form the basis for the reporting.

The market price risk strategy documents the strategic framework in the LBBW Group and is derived from the business strategy and the Group risk strategy. The Group risk strategy contains overarching requirements for taking market price risks, which are set out for example in the risk-taking principles. The requirements for active management of the material portfolios of the LBBW Group are documented in the portfolio descriptions following on from the market price risk strategy.

Quantitative market price risk management at the LBBW Group is capped by the limit for economic capital for market price risks, which is set by the Board of Managing Directors within the framework of risk-bearing capacity. The loss warning trigger is used in the LBBW Group as an indicator of market value losses in the economic P&L. The loss-warning triggers at divisional and segment level are set by the Board of Managing Directors at least once a year, taking the risk tolerance into account. Distribution among the portfolios below this level is effected by the authorized person responsible.

For strategic management and the monthly calculation of the utilization of the economic capital limit in the strategic limit system, the relevant risk amount is calculated. If it is not possible to fully quantify the material risks, appropriate adjustments or reserves are recognized.

The funding spread risk allocated to market price risk is also quantified as economic capital and counted toward the economic capital limit for market price risks.

At the LBBW Group, differentiated VaR portfolio limits and sensitivity limits are connected with the economic capital limit. These limits plus the loss warning triggers and the sub-strategies collectively comprise the risk-related framework for the units that bear market risk. They are monitored by Risk Control and Finance (loss warning trigger) and escalated if necessary. The persons responsible are defined via the escalation policy. A defined escalation process is triggered if limits or warning thresholds are exceeded.

Risk situation of the LBBW Group

Development of market price risks

Exposure to market price risks in 2025 was consistent with the LBBW Group's risk-bearing capacity at all times. The loss warning trigger was not breached for the LBBW Group, the banking book or the trading book in 2025.

The LBBW Group's market price risks are generally characterized by interest rate and credit spread risks. The overall risk is dominated by the positions in the banking book of LBBW Group's Treasury. These are primarily interest rate risks from equity, credit spread risks from securities for liquidity management purposes and interest and credit spread risks in connection with pensions (pension fund and pension obligations). Equity risks, along with currency and commodity risks, are less significant for LBBW.

The following table illustrates the changes in the LBBW Group's market price risks.

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	31/12/2025 ¹	31/12/2024 ¹
LBBW Group	152	196	131	150	131
Interest rate risk ²	171	216	142	158	154
Credit spread risk	92	98	81	83	93
Equity risks	13	22	10	12	12
Foreign exchange risk ³	2	6	1	5	2

¹ The last reporting date in the 2024 and 2025 financial years was 30 December.

² Interest risks in the narrower sense.

³ Including commodity risks.

The VaR of the LBBW Group increased significantly in 2025. The rise of positions played a key role in the increase.

The VaR for the trading book developed as follows in 2025:

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	31/12/2025 ¹	31/12/2024 ¹
LBBW (Bank) trading book	8	11	6	8	9
Interest rate risk ²	6	11	3	7	8
Credit spread risk	6	8	5	7	7
Equity risks	4	6	3	4	4
Foreign exchange risk ³	2	6	1	5	2

¹ The last reporting date in the 2024 and 2025 financial years was 30 December.

² Interest risks in the narrower sense.

³ Including commodity risks.

The LBBW trading book includes the positions of the Financial Markets business area and of Treasury, which are used for short-term interest rate and liquidity management. The risk in the trading book declined slightly as at the reporting date of 31 December 2025 in comparison to the previous year.

Backtesting result

There were no backtesting outliers for the CRR-relevant portfolio for the hypothetical P/L in 2025.

Based on the actual P/L, two outliers were recorded for the CRR-relevant portfolio in the preceding 250 trading days. One of these resulted from an adjustment made to internal refinancing rates. The other was caused by the increased fluctuations in credit spreads and equity markets triggered by the political situation in France in August.

Stress test

The effects of an interest rate shock on the banking book are calculated on a monthly basis within the scope of the performance of the stress test. The regulatory requirements for the amount of the exposure were complied with at the monitoring dates in 2025.

Liquidity risks

Definition

When monitoring and managing liquidity risks, LBBW differentiates between liquidity risk in the narrower sense (i.e. the risk of not being able to meet payment obligations due to an acute lack of funds) and the funding spread risk (i.e. negative effects on income due to a potential deterioration in the funding spread).

Risk identification, measurement, monitoring and control are performed from economic and regulatory perspectives through the use of intra-year and multi-year dimensions. The 30-day LCR is supplemented by economic perspectives for various currencies and time frames that are based on a survival period concept. Multi-year perspectives like the NSFR are accompanied by economic liquidity flow analyses that are used to measure and control the extent to which funding has matching maturities. The adequate treatment of identified liquidity risks is operationalized for all of the above perspectives by ensuring that it is included in monitoring and reporting processes to an appropriate extent.

Risk measurement

Liquidity risk measurement mainly takes the form of the defined liquidity risk tolerance. This is primarily defined by reference to a survival period concept, i.e. time frames are specified by senior management over which LBBW is expected to remain at least solvent, even in the event of limited opportunities to borrow on the market, subject to different combinations of assumptions (development paths).

A buffer requirement for excess liquidity and free collateral to be held applies for the main time horizons in the Group perspective. There are also limits for the maximum funding requirements based on maturities from the business portfolio across various time frames and currencies as well as utilization reviews that match the funding requirements with the potential funding capacity.

Internally developed models are used to determine call risks from demand and savings deposits, loan commitments and the collateralization of derivatives for the economic steering group. These are used to determine the effect of uncertain cash flows on liquidity in normal market phases due to common fluctuations and are the key basis for identifying call risks in stress scenarios.

Call risks from demand and savings deposits are calculated in particular using historic changes in portfolios and their volatility. For loan commitments, future utilization is estimated based on their product features, existing and planned utilization and past draw-downs for the respective sub-portfolio. The model for the securitization of derivatives is based on the value-at-risk approach and calculates potential additional contribution obligations for LBBW using the relevant market risk factors for the derivatives portfolio.

For the stress scenarios pursuant to MaRisk BTR 3, the results from the call risk models are expanded to include further call risks specific to the scenario. The results of the call risks calculated for internal management are integrated into the review of risk tolerance requirements. This examines whether solvency is ensured for at least three months even under stress. The call risks determined are also included in the calculation of liquidity risk for the MaRisk stress scenarios addressing multiple risk types.

LBBW also analyzes the development of intraday liquidity in the key currencies every day and performs daily stress tests for intraday and overnight risks when these are relevant.

A liquidity flow analysis is prepared for longer-term views of liquidity of > 1 year, which limits LBBW's maturity transformation.

The LCR and NSFR stipulations apply in the regulatory steering view and are partially supplemented by internal guidelines and an LCR stress assessment. A daily LCR forecast is also prepared to support steering.

The stress scenarios and the model assumptions are regularly checked to determine whether they are still adequate under the ongoing market conditions. If they need to be adjusted due to current developments, this is reported to senior management via the Risk Committee and, if approved, results in timely adjustments.

In order to identify new risks or an increase in known risks at an early stage, models, assumptions and materiality classifications are reviewed, in part within the scope of the risk inventory process, and changes to the liquidity position resulting from business activities or market changes are regularly analyzed.

All key subsidiaries as defined in the risk inventory (Risk Management Group) and conduits are transferred via the liquidity risk strategy into a single framework for strategic specifications of the activities involving liquidity risks. The liquidity risks for subsidiaries and affiliates are assessed using a regularly revised risk inventory and transferred to the

Risk Management Group's regulatory framework, which essentially matches the regulatory framework in place at LBBW (Bank), according to their materiality.

Risk management

The Asset Liability Committee (ALCo), which meets on a monthly basis, is the central body for managing liquidity and funding. The ALCo also draws up the funding strategy and planning on behalf of the Group's Board of Managing Directors, presents it to the Board for approval and monitors implementation of decisions.

As part of the first line of defense, Treasury implements all the decisions to be made by ALCo with the aim of active income and risk optimization while simultaneously ensuring solvency at all times and compliance with the regulatory requirements and the requirements with respect to liquidity risk tolerance. Regulatory liquidity requirements are firmly embedded in operational management, actively managed using forecasts and monitored on an ongoing basis. The strategic parameters in terms of liquidity risk tolerance are designed in such a way that the Group's solvency in EUR and foreign currency is secured for a sufficiently long period even in extreme market situations and in the event of a marked deterioration of LBBW's credit rating as perceived by market players. This also ensures that in the event of temporary adverse developments an adequate time window is available for adapting the business strategy and considering alternative business policies.

In cooperation with Risk Controlling, Treasury further develops the methods used to determine internal funds transfer pricing (FTP). The ALCo is responsible for FTP policy, internal netting interest rates (opportunity interest rates) and for monitoring the steering effects of the opportunity interest rates and pricing models on the business units and on the liquidity and funding situation of the Group. Risk Controlling oversees and reviews the risk adequacy of changes to methodology before these are approved by the Board of Managing Directors on the recommendation of the ALCo.

Treasury is responsible for operational (risk) management.

LBBW's funding strategy is primarily implemented on the basis of the capital market funding plan. As part of this, LBBW aims for diversification and a broad, international investor base with the goal of achieving optimal refinancing costs. Savings banks, institutional investors and retail business again constituted the main sources of medium and long-term funding. On the capital market, LBBW obtained funding in 2025 through German covered bonds, senior preferred, senior non-preferred bonds in various currencies both via private placements and as syndicated high-volume transactions.

To avoid concentrations, LBBW manages the composition of eligible securities in terms of rating and product group. Thresholds are defined and monitored.

Treasury is responsible for securing the intraday liquidity. It actively manages the daily payments via the Bundesbank account and calculates liquidity requirements up to the end of the day, while continuously taking into account euro payment inflows and outflows that become known during the course of the day and also performing the central bank function for savings banks.

A contingency plan is in place for securing liquidity in acute crisis situations. This includes forming of a crisis response team that brings in members of the Board of Managing Directors. The contingency plan is reviewed annually and re-adopted by the Board of Managing Directors.

Risk monitoring and reporting

The regular monitoring of liquidity risks in terms of economic and regulatory aspects is the responsibility of the LBBW Risk Committee. It prepares decisions for the Group's Board of Managing Directors. As part of the second line of defense, Liquidity Risk Controlling is responsible for daily monitoring at the operational level. All material aspects of liquidity risk are reported in detail in the Risk Committee via the monthly overall risk report, including liquidity requirements, liquidity buffer and compliance with the specifications on liquidity risk tolerance including the results of the stress tests carried out and the intraday liquidity. As part of the continuous monitoring, detailed reports are prepared daily showing the different partial aspects of liquidity and liquidity risk – such as disaggregation of the liquidity gaps by currency – and distributed to recipients in Group Risk Controlling and Treasury.

Risk situation of the LBBW Group

2025 was marked by a further decline in the money supply induced by central bank policies. Even in this phase, LBBW successfully presented itself to investors and was able to raise the required cash funds. The LBBW Group's sources of funding are stable in terms of volume and diversification.

As at the reporting date of 31 December 2025, the funding needs and the counterbalancing capacity were as follows:

Overview of funding requirements and counterbalancing capacity

EUR billion	3 months		12 months	
	31/12/2025	30/12/2024	31/12/2025	30/12/2024
Funding requirement from the business portfolio (deterministic cash flow)	3.7	9.7	– 8.6	19.7
Funding requirement from material call risks (stochastic cash flow)	22.5	26.5	44.6	55.8
Funding potential from free liquidity reserves	32.8	35.5	36.0	39.0
Funding potential on the market	89.1	94.6	115.7	121.7
Surplus	95.8	93.8	115.7	85.1

To determine the liquidity position in the sense of the risk of failing to meet payment obligations, funding potential must always be sufficient to cover the liquidity requirements from the business portfolio and potential call risks. The funding requirement from the business portfolio is presented as negative at EUR – 8.6 billion in a 12-month view, as the expected cash flows based on legal maturity show an excess of inflows.

The surplus of EUR 95.8 billion and EUR 115.7 billion on a 3-month and 12-month basis reflects LBBW's good liquidity position and shows that the funding potential is sufficient to compensate for any short-term liquidity outflows or adverse effects of fluctuating market factors.

Results of the economic stress scenarios

EUR billion	Funding requirement (3 months)		Funding potential (3 months)	
	31/12/2025	30/12/2024	31/12/2025	30/12/2024
Rating downgrade scenario	42.4	48.5	54.1	62.2
Financial market crisis scenario	38.6	45.3	62.1	74.1
Combined scenario of market crisis with downgrade	38.9	45.8	60.7	72.5

The results of liquidity risk stress scenarios of a rating downgrade, a financial market crisis and a combination of the two, structured in accordance with the guidelines of MaRisk (BTR 3.2), show that the funding potential significantly exceeds the potential funding requirements under stress scenarios. Additional stress tests, such as the foreign currency stress tests or the EUR stress test for intraday liquidity, also resulted in a sufficient surplus at all times.

Compliance with regulatory requirements:

The prescribed minimum value of 100% for the European indicator for short-term liquidity "Liquidity Coverage Ratio (LCR)" was observed on each day in 2025. At 180.0%, it was exceeded at year-end (31 December 2024: 149.0%). The net stable funding ratio (NSFR) requirements were also met and exceeded at year-end at 115.0% (31 December 2024: 113.9%).

Risk management system for Pfandbrief (covered bond) operations

A differentiated limit system was put in place to monitor risks from covered bond (Pfandbrief) operations (section 27 of the German Covered Bond Act (PfandBG)). Regular stress tests are conducted with regard to NPV (net present value) overcollateralization. In the event that the fixed limits are reached, a process for then cutting the risk is implemented. The Board of Managing Directors and the Risk Committee are informed on a quarterly basis of compliance with the provisions of the PfandBG and the utilization of legal and internal limits. The statutory requirements were met in 2025. The risk management system is reviewed at least annually.

Real estate risks

Real estate risks are defined as potential negative changes in the value of own real estate holdings or seed capital for real estate funds managed by LBBW Immobilien due to deterioration in the general situation on the real estate markets or deterioration in the particular attributes of an individual property (possibilities of use, vacancies, reduced income, damage to buildings, etc.). This does not include development risks from residential and commercial project development business, which form a separate risk category.

Real estate risks can arise in properties owned by the Group (office buildings) as well as in the commercial buildings used by third parties. The real estate portfolio is managed above all by the LBBW Immobilien Group and LBBW Corporate Real Estate Management GmbH.

Risk owners who bear business and process responsibility constitute the first line of defense; for real estate risks this is ultimately the management of the LBBW Immobilien Group and LBBW Corporate Real Estate Management GmbH. The Risk Management division of the LBBW Immobilien Group and LBBW Risk Control form the second line of defense.

Conversely, opportunities arise for positive changes in value and the generation of further income (higher rents, extensions of leases, possibility of leasing difficult space, etc.) if market conditions improve.

The central principles for weighing up opportunities and risks when assessing investment and divestment decisions, material changes in property planning, entering into rental agreements and avoiding the risk of negative changes in the value of existing real estate holdings are defined in the risk strategy of the LBBW Group and of LBBW Immobilien.

LBBW uses a real estate value-at-risk model to measure real estate risk. LBBW's Risk Control calculates real estate value-at-risk indicators quarterly and incorporates these into the Group's analysis of risk-bearing capacity. The input data in this model comprise the volatilities and correlations derived from market data histories assigned to the portfolio values.

The operating subsidiaries of LBBW Immobilien Group with operations in the asset management business line are also controlled using special real-estate-specific indicators such as rent increases, vacancy rates and amounts in arrears. The real estate portfolio is monitored and analyzed for risks in the course of the quarterly portfolio valuation using the fair value approach. In addition, the entire real estate portfolio is valued by external experts annually. The goal is to identify at an early stage and analyze any adverse factors occurring as the course of or in connection with LBBW's activities. Proactive risk management ensures a balanced ratio of opportunities and risks within the portfolio.

The commercial portfolio is diversified by type of use, especially by office and retail property, as well as by size category. Ongoing reviews are conducted; where appropriate, the aim of optimizing the real estate portfolio by acquiring or selling individual properties or (sub) portfolios is pursued. Investment properties are broken down by risk class into Core, Core+ and Value Add properties based on defined criteria (location quality, lease terms, appreciation potential) and the planned holding period. As previously, most investment properties are located in Stuttgart. A certain degree of macro-location diversification is provided by properties in Munich, Frankfurt am Main and Hamburg. Overall, risks specific to macro locations are considered to be manageable.

The German real estate investment market stabilized in 2025 compared with previous year. Despite the slight decline in transaction volume in the first half of 2025, moderate growth compared with the previous year is expected for the year as a whole. While transactions comprising a volume of more than EUR 100 million declined, more portfolio transactions and deals involving lot sizes of between EUR 20 and 50 million again took place. Investors focused increasingly on B locations and residential property – the highest revenue segment. There is still a high demand in the office buildings segment for ESG-compliant properties in primary cities such as Berlin and Munich. Investors with strong equity and low borrowing requirements are using the current market phase to make selective investments. Prime yields have moved sideways in all asset classes since the beginning of the year. User markets have proved robust despite the various geopolitical challenges and uncertainties.

This has been accompanied by a relatively low speculative project development pipeline, as a result of which signs of further rental price growth – especially in the office and residential property segments – are emerging.

Tenants' credit ratings will remain a central factor for investors and portfolio holders in 2026. While it can be expected that the credit rating of tenants of high-quality, ESG-compliant spaces will remain stable, there is an increased insolvency and thus rental income risk especially in the food services segment. The same is true in retail property for peripheral locations, while credit ratings in 1A locations will remain relatively stable. This will generally result in more intensive screening of the tenants' economic situation on the one hand, while, on the other, landlords will have to accept major concessions in rent incentives in some cases. The rent-free period is usually shorter at prime locations in high demand, largely lasting three to six months. In contrast, phases of up to 12 months can definitely be necessary in B and C locations or even for new builds with longer marketing periods in order to attract tenants with strong credit ratings for

longer-term rental agreements. Tenant improvements are also regularly undertaken by landlords, thus reducing income in the initial period of the tenancy.

LBBW Immobilien's business model allows it to respond appropriately to the persistently challenging market environment. To do this, it covers the entire value chain from construction site development to project development and portfolio maintenance. In particular, ongoing projects are thoroughly reviewed on a regular basis to see if there is potential for improvement.

In LBBW's asset management business line, investment and divestment decisions are usually made on a case-by-case basis following an in-depth performance audit, given the manageable number of properties. In this process, a comprehensive set of real estate-relevant criteria are taken into account, such as the cost/income situation, the Group's strategy for use/growth, the ability of the location to develop, portfolio diversification or representative purposes for the Group. The credit rating of potential tenants is examined carefully when new properties are let and attempts are always made to ensure that the lease is for as long as possible. Depending on the underlying real estate strategy (e.g. project development), however, it makes sense and is possible in particular cases to conclude short-term rental agreements.

LBBW Corporate Real Estate Management GmbH is responsible for LBBW's owner-occupied real estate. Most of the properties are used for office or bank purposes. The target portfolio is continually adapted to the uses required by the LBBW Group, also with the ongoing aim of optimizing space utilization at all of the LBBW central offices. This is largely achieved by optimizing occupancy and returning rental space, letting own properties to third parties or selling these, where financially viable, which all helps to reduce the LBBW Group's costs in the long term.

In addition, the equity real estate fund business area is included in real estate risk. Where required, seed capital for the relevant fund products is used to help establish new LBBW Immobilien fund products. LBBW Immobilien Investment Management GmbH and Acteum Investment GmbH operate as active real estate investment managers on the market. Fund investments are concentrated on office and commercial buildings in selected locations in Germany. Investments in retail properties (including retail parks), logistics, residential property, hotels and public infrastructure buildings are also possible. The focus is on Core+ real estate. The real estate VaR ensures inclusion in LBBW's strategic limit system.

Development risks

Development risks are defined as the bundle of risks that typically arise when implementing commercial and residential project development investments. The risks in this field mainly arise from planning and approval procedures, the projected construction costs and deadlines and in particular, from leasing and selling. Additional risks, such as the partner's credit risk, the implementation of decisions regarding the partner, the flow of information or the quality of the partner, also apply where development projects are implemented as partner projects. The occurrence of these risks may also result in the expected return not being generated, the invested capital not being returned in full – or not at all in extreme cases – or the need for further equity injections, provided it is not non-recourse financing.

The entire development project portfolio is valued by external experts annually. This valuation helps, among other things, to check internal expectations of selling prices for plausibility and is reflected in the analysis of opportunities and risks.

Conversely, opportunities arise for higher exit proceeds, driven by higher rental income as well as higher multiples if market conditions improve. At the same time, however, a positive market trend makes it more difficult to purchase suitable development properties at favorable prices.

The central principles for weighing up opportunities and risks before commencing a project and in all project phases in terms of factors relating to individual projects and the effects on the project portfolio are defined in the Group risk strategy of the LBBW Group and of LBBW Immobilien.

Risk owners who bear business and process responsibility constitute the first line of defense. For development risks, this is therefore ultimately the management of the LBBW Immobilien Group. The Risk Management division of the LBBW Immobilien Group forms the second line of defense.

The regional focus is on the core markets of Southern Germany (Baden-Württemberg and Bavaria), Rhineland-Palatinate, the Rhine Main region, the Rhine-Ruhr area, Berlin and Hamburg. LBBW Immobilien Group acts as an investor and service provider in commercial and residential real estate on these markets.

The market for project developments in Germany in 2025 was widely characterized by structural changes. The financing situation improved thanks to a more moderate interest rate environment, but remains challenging. ESG requirements, high but stable construction costs and selective investor behavior mark the current dynamics in the various assets classes.

In the office segment, project developments are increasingly focusing on ESG-compliant new builds and high-quality refurbishments in A locations. Users are attaching greater importance to flexible space concepts, the quality of the environment and energy efficiency. At the same time, vacancies in outdated buildings are prompting repurposing or demolition projects, as alternative uses and sustainability have become key criteria for investors. Despite regulatory interventions and higher construction costs, the residential property market has remained very active. Project developments are focusing on affordable housing and sustainable neighborhood solutions in high-growth cities, such as Leipzig, Nuremberg and Hanover. New projects are often being created through forward deals or joint ventures. The demand for ESG-compliance living concepts remains undiminished – despite challenging approval procedures and financing conditions. The market is experiencing a substantial upswing in the micro living area. Compact housing options, increasing urbanization and mobility among younger target groups and the shortage of housing in big cities are all boosting this trend. Revitalizations in inner city locations are in particular demand when they offer flexible potential uses, such as mixed use, and stable cash flows.

LBBW Immobilien's business model allows it to respond appropriately to the persistently challenging market environment. To do this, it covers the entire value chain from construction site development to project development and portfolio maintenance. In particular, ongoing projects are thoroughly reviewed on a regular basis to see if there is potential for improvement.

LBBW Immobilien Group uses a risk model that was validated with the assistance of an auditing company to measure development risks. The model is based on a risk driver tree that identifies risks and shows the ranges in which these can fluctuate even before a construction project begins. From this, mark-ups and mark-downs on all future costs and revenues are determined and applied to the real case calculation. A normal risk and an extreme risk are calculated on the basis of different fluctuation ranges of risk factors. Development risk is calculated quarterly by the Controlling division of the LBBW Immobilien Group. LBBW's central Risk Control division includes this in the LBBW Group's analysis of risk-bearing capacity.

Investment risks

LBBW invests within the Group in other companies or assigns functions to subsidiaries if this appears to be appropriate in the light of strategic and economic considerations.

By investment risks in the narrower sense, LBBW understands in particular the risk of a potential loss of value both as a result of default events and due to an insufficient return on investments in subsidiaries and equity investments.

In order to limit the investment risk, subsidiaries and equity investments are only taken on if adequate risk management and appropriate integration in LBBW's processes are ensured.

Depending on LBBW's possibilities for exerting influence, the subsidiaries and equity investments are managed by means of defined measures and processes (including regular quarterly meetings with selected subsidiaries, plausibility checks of the multi-year plans, various reports to the Board of Managing directors and corporate bodies of LBBW and the corporate bodies of the subsidiaries).

The early identification of business and risk development in the subsidiaries and equity investments is particularly important for the management of equity investments. Regular coordination meetings at the corresponding specialist levels of LBBW and the subsidiaries serve this purpose, especially at the strategically important subsidiaries. The management and monitoring at the level of these subsidiaries are generally performed by institutionalized supervisory boards or comparable bodies. At Group level, a decentralized approach is adopted, in due consideration of corporate governance, for management and monitoring LBBW's specialist divisions and staff units are responsible throughout the Group for the specialist issues and risks falling within the scope of their area of responsibility (including Investment Management for the management and monitoring of investment risks). The decentralized management approach is implemented in particular through requirements placed on the relevant subsidiaries and the establishment of reporting channels.

From a risk perspective, a distinction is made between three categories of companies in the LBBW portfolio of equity investments (direct LBBW subsidiaries and equity investments and those held via holding companies):

- Particularly relevant subsidiaries, i.e. material companies from a risk perspective that can have a greater impact on LBBW than the companies in the Risk Management Group.
- Risk Management Group subsidiaries (material companies from a risk perspective; special purpose vehicles can be included in the Risk Management Group provided they are considered material from a risk perspective).
- Non-material subsidiaries and equity investments from a risk perspective, i.e. companies whose risk potential is classified as immaterial from a Group point of view.

Particularly relevant subsidiaries from a risk perspective and Risk Management Group subsidiaries are, as a rule, handled in line with the transparency principle. Accordingly, all material risks at Group level for each subsidiary considered material from a risk perspective are quantified (using estimation procedures where required).

The investment risk (investment VaR) for non-material direct subsidiaries and equity investments from a risk perspective is generally calculated each quarter on the basis of risk quantification using a ratings-based credit value-at-risk approach (integrated simulation with LBBW's lending portfolio). This approach is prepared by Risk Control and serves as the basis for recognition in the risk-bearing capacity. In individual cases and specific to the risk type, a differentiated method can be used instead of this general approach, provided this does not result in any reduction in risk.

The business and risk trends in the portfolios of these LBBW subsidiaries and equity investments are generally reflected in the value of the investment as used to calculate the investment risk.

LBBW pursues a selective equity investment policy. When acquisitions of companies are planned, a comprehensive risk analysis (legal, financial, etc.) is normally conducted in the form of a due diligence exercise with the involvement of specialist divisions of LBBW. Among other things, this involves ensuring that inappropriate concentrations of risk do not arise in the investment portfolio.

LBBW uses transaction agreements to contractually hedge risks to the greatest possible extent. In addition, the buying process includes the valuation of the company, taking into account capital market-oriented risk premiums.

Enterprise values for the subsidiaries and equity investments of LBBW are calculated annually in accordance with the guidelines issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V. – IDW) as part of preparatory work for the annual financial statements. For the half-yearly report, an impairment test of the book values is performed, using available projections for the subsidiaries and equity investments as applicable. A plausibility check of the valuations is performed on selected subsidiaries and equity investments as at 31 March and 30 September.

In addition to the risk of a potential decline in value as the result of defaults, there is also a risk that LBBW will receive an insufficient return or no return at all on its investments. However, this risk corresponds to the aforementioned general book value or fair value risk due to the focus on capitalized income value in the valuation of equity investments. The main drivers are the major strategic subsidiaries and equity investments. LBBW's equity investment portfolio has a strong financial focus. Accordingly, a disruption in this market segment may lead to substantial losses from equity investments.

Risks may also arise from the utilization of the personal liability assumed as shareholder (e.g. guarantor's liability, letter of comfort) for subsidiaries and investments; this also includes revoked letters of comfort or warranty declarations extended to subsidiaries and investments already disposed of and risks from assuming current losses incurred by subsidiaries due to control and profit and loss transfer agreements. Investment risk also covers step-in risks, i.e. the risk that financial support would have to be provided to subsidiaries and equity investments that are not consolidated for regulatory purposes or that are consolidated only proportionately without any corresponding contractual obligations, including to avoid reputational risks.

Management and monitoring systems ensure that LBBW is regularly informed about the situation at the subsidiaries and equity investments. In addition, the subsidiaries pursue a balanced risk policy synchronized with LBBW to the extent that LBBW can influence such policies.

Non-financial risks

Definition

While financial risks (FR) are priced ex ante and knowingly taken to generate income, non-financial risks (NFR) are individual, unforeseeable transactions that cannot be quantified or that can be quantified only with considerable uncertainty.

Non-financial risks (NFR) are risks that do not stem directly from financial changes on the markets, but that can nevertheless have substantial financial or reputational impacts on a company.

For non-financial risks, the focus is on risk avoidance and reduction by way of safeguards, greater awareness among employees, and suitable controls.

According to the Group risk inventory, the relevant non-financial risks comprise the following risk types.

Non-financial risks	
• Compliance risks • Data protection risks¹ • (ICT) third-party risks² • Information and communication technology (ICT) risks • Model risks • Human resources risks	• Legal risks • Tax compliance risks • Other operational risks³ • Business risks • Reputational risks

1 With effect from 1 August 2024, organizational responsibility for data protection was hived off from Group Compliance and transferred to the newly created OE 29 Non-Financial Risk Management unit. This was accompanied by the separation of compliance and data protection processes.

2, 3 In the course of updating the risk universe in 2025, the risk types "Outsourcing" and "Operational risks in the narrower sense" were renamed "(ICT) third-party risks" and "Other operational risks" respectively.

Risk management and reporting

LBBW's risk management applies the three lines of defense model. The purpose of the organizational model is to clearly divide the responsibilities of the corporate functions involved in risk management.

Classification of non-financial risks in the three lines of defense model

First line of defense	Second line of defense	Third line of defense
Generally all divisional managers in Germany and abroad, with the exception of model risk (here: chiefly the model owner's divisional manager), and all managing directors/board members of subsidiaries	The Risk Control, Finance Controlling, Human Resources, Legal, Group Compliance, Equity Investment Development, Finance, Non-Financial Risk Management, Strategy and Group Development, Group Purchasing and Security units, depending on the risk type	Group Auditing monitors the first and second lines and assesses the appropriateness and effectiveness of risk management

Operational risks (in accordance with Basel/CRR framework)

The following information relates to the supervisory framework governing operational risks in accordance with Basel/CRR. By contrast, other operational risks constitute a material risk type within non-financial risks.

Definition

In accordance with the Basel/CRR framework, operational risks (OpRisk) describe the risk of losses arising as a result of the unsuitability or failure of internal processes and systems or people or as a result of external events. Legal risks can lead to losses in each of the aforementioned risk categories. Business and reputation risks are not included under operational risks.

These losses can result from the non-financial risks that are allocated directly to one of the sub-risk types from nonfinancial risks or that cannot be ascribed to any specific sub-risk type from financial or non-financial risks.

Operational risks include losses already incurred that negatively affect the income statement on the one hand and, on the other, potential losses, known as loss potential.

Accordingly, economic capital operational risks account both for losses and for potential losses but do not include business and reputational risks, for which separate economic capital is calculated.

Credit risks related to operational risks are also taken into account. The effects of this are included in the information on counterparty risk.

Interdisciplinary risks can also impact the individual risk types and, in turn, operational risk.

Key variables: Operational risk		
Integrative risks		
Accounted for in	Losses directly attributable to a non-financial risk sub-risk type	Losses not directly attributable to a non-financial or financial risk sub-risk type
Economic capital operational risks	• Compliance risks • (ICT) third-party risks • Data protection risks • ICT risks • Model risks¹ • Human Resources risks • Legal risks • Tax compliance risks	• Other operational risks

¹ The recognition of model risks in the model risk management process (MRM process) is discussed in the section on model risks. Model risks resulting in losses are recognized in economic capital operational risks.

Operational risk management framework

Risk measurement

In connection with LBBW Group's risk-bearing capacity (RBC), an operational value-at-risk (OpVaR) model is applied for the economic steering group.

LBBW's internally developed model is based on the loss distribution approach. Separate segment-specific modeling is carried out for the distribution of frequency and size of loss. Internal and external losses together with scenario analyses are included for the OpVaR calculation.

The OpVaR model used for internal controlling is integrated into the Group's strategic limit system. There are economic stress scenarios that vary the risk parameters of the OpVaR model (frequency or amount of loss in expected future loss events). This covers the main business lines and event types. The stress test results for operational risks are also incorporated in the overarching shock scenarios.

Risk monitoring, reporting and risk management

The LBBW Group has a comprehensive system for the management and controlling of operational risks. A dual overall approach is in place under which an independent, centralized organizational unit within Risk Control is tasked with further developing and implementing the methods and tools used by OpRisk controlling. In the LBBW Group, the execution of the processes implemented for the management of operational risks is mainly the responsibility of the local divisions and subsidiaries.

The central parameters for handling operational risks are anchored in the Group risk strategy, the operational risk section of the non-financial risk strategy and the policies for operational risks, as well as in work instructions. This describes the risk profile of the LBBW Group as well as the risk management and controlling process with regard to operational risks.

The roles and responsibilities of those involved in operational risk processes are based on LBBW's three lines of defense model, which is described in the non-financial risk strategy.

Local divisions and subsidiaries are the first line of defense. Providing support to management, the individual divisions' and subsidiaries' operational risk managers play a key role in implementing operational risk controlling tools. They ensure the quality, completeness and timely processing of the operational risk information within the prescribed parameters. At the same time, operational risk managers serve as contacts and multipliers for employees in the allocated organizational unit on the topic of operational risks. Central OpRisk Controlling forms part of the second line of defense in conjunction with downstream controlling processes and maintains close contact with the decentralized OpRisk managers. Group Auditing carries out the process-independent reviews and evaluation (third line of defense).

Operational risk management and controlling focuses on identifying operational risks at an early stage, presenting them in a transparent manner and managing them proactively.

Various methods and tools stipulated by central OpRisk Controlling are used to identify and assess the risk situation. In addition to the collection of internal and external loss events, a scenario analysis is conducted annually in which the LBBW Group's material operational risks are identified and assessed and measures for risk reduction are defined. An ad hoc scenario analysis is additionally implemented as a process. In response to defined triggers, an individual scenario or risk is analyzed in respect of current developments and adjusted as necessary (including measures) so that unforeseen events can be counteracted at an early stage. In addition, risk indicators are recorded on a regular basis to identify possible unwanted developments at an early stage.

The risk data collected are used to create specific analyses from which extensive control-relevant information can be derived. This forms the basis for drawing up and developing measures to reduce these risks. These play a key role in actively managing operational risks.

Four action strategy options are available for handling operational risks: avoiding, transferring, reducing or accepting risks. The risks are managed proactively by the divisions and subsidiaries. The divisions and subsidiaries are responsible for deciding on the selection and prioritization of the corresponding measures and for their tracking. The objective is to minimize or avoid risks while taking cost/benefit aspects into consideration. The internal control system, an appropriate risk culture, the risk awareness of all staff members and transparency when handling risks also play an important role in limiting operational risks.

The centralized OpRisk Controlling unit provides decision-makers with relevant information as part of regular risk reporting. Ad hoc reports are also made depending on the amount of loss. The Risk Committee also supports the Board of Managing Directors in exercising its supervisory function. The operational risks as well as the risk-bearing capacity monitoring for all risk types are therefore incorporated and integrated in the overall risk management.

Risk situation of the LBBW Group

Operational risks (in accordance with Basel/CRR framework)

The scenario analysis shows that existing operational risks (see Key variables: Operational risks) in 2025 were always in line with the risk-bearing capacity of the LBBW Group. Looking forward, LBBW does not expect any operational risks for its going-concern status for the individual risk types. Despite extensive precautionary measures, operational risks can never be entirely avoided.

A detailed description of non-financial risks is provided below. Responsibilities are generally regulated using the three lines of defense model.

Legal risks

Legal risks are economic risks due to full or partial failure to comply with the framework of rules established by legal regulations and court rulings. These arise, for example, due to inadequate knowledge of the concrete legal position, insufficient application of the law or failure to react in a timely manner to changes in underlying legal conditions. This also applies if there is no fault or if the situation was unavoidable, for example as a consequence of changes in legislation, jurisdiction and administrative practice, especially at national and European level.

The Legal division carries out a legal advisory role for the Group. In addition, its responsibilities include early identification of legal risks in business units and central divisions in cooperation with them, and efforts to limit these in a suitable manner. The Legal division has developed or examined and approved for use by the divisions of LBBW a variety of contract forms and model contracts in order to minimize legal risks and simplify the business activities. In relation to this, LBBW is supported by the cooperation of the German Savings Banks Finance Group (DSGV), the German Sparkassenverlag (DSV) and the forms developed in the committees there and made available by the Sparkassenverlag publishing house. Approved, standardized contract materials are used for derivative transactions wherever possible. If legal questions arise in new areas of business or during the development of new banking products, the Legal division supervises and actively shapes these processes.

Furthermore, the Legal division monitors all relevant planned legislation, developments in court rulings, and new standards stipulated by the supervisory authorities in the Group's key areas of activity in close cooperation with the Association of German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands – VÖB), the German Savings Banks Finance Group (Deutscher Sparkassen- und Giroverband), the German Sparkassenverlag and the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken – VdP) in particular.

To the extent that this results in LBBW having to take action with regard to legal matters or adapt its policies, the Legal division is instrumental in disseminating information quickly and implementing measures within the Group.

The banking landscape continues to face legal risks from the further development of consumer protection and legal risks related to tax law.

The Bank is closely monitoring legal trends relevant to banking law.

The continuous processes of legal analysis and risk processes also take account of the aforementioned developments.

As far as is known today, adequate provision has been made to cover legal risks while at the same time the future development of legislation and legal disputes will continue to be of crucial importance for LBBW. The provisions recognized relate principally to covering legal risks resulting from consumer and tax law, including against the backdrop of the unclear legislative situation.

On 25 October 2023, the European Court of Justice issued a final judgment dismissing a French bank's action for the return of cash collateral pledged following the termination of its banking license for the Single Resolution Fund. The judgment did not cause any change in the recognition of these securities in the current financial statements. For more information, see Note 54 Off-balance-sheet transactions and other obligations.

Information and communication technology (ICT) risk

The principal business processes of the Bank are to a large extent supported by IT or depend on IT solutions. The bank is focusing on digitalizing processes. LBBW will step up its use of cloud services in the future to increase innovation, delivery speed and cost efficiency in IT. At the same time, the use of AI technologies both at LBBW and around the world is constantly accelerating. These changes also increase the number of threats that impact the Bank, including from external attacks. On balance, this results in a change to the IT risk situation.

Managing IT risks is anchored within the Company as a permanent, integrated process and is guided by the risk management and controlling process controlling cycle. As the first line of defense and the risk management units, the divisions (including IT units and material subsidiaries from a risk perspective) are responsible for the effects of information and security risks on processes and data. Information Security is responsible for the second line of defense. It defines and manages an appropriate level of security in line with specifications based on regulatory and statutory requirements and international standards.

To get as complete a picture as possible of the Bank's IT risk situation, including cyber risks, and to manage this, the causes are identified, risk analyses are prepared, self-assessments and scenario analyses are carried out and threats and vulnerabilities from different data sources (e.g. teams of experts, S-Cert computer emergency team, the IT baseline protection from the German Federal Office for Information Security) are analyzed and evaluated. Measures are taken and monitored in order to reduce risks to an acceptable level.

Part of the IT systems operation as well as applications development have been outsourced to a professional service provider specializing in financial institutions.

LBBW has implemented a 24/7 response system, set up an IT crisis response team and agreed security incident management processes with service providers in order to ensure that its business operations are maintained and that it can function if IT applications fail. Regular crisis drills are also conducted.

Compliance risks

Compliance risks denote risks of legal or regulatory sanctions, material financial losses and damage to reputation that can result from a failure to adhere to laws, standards and rules of conduct in the course of LBBW's business activities. In accordance with the Group Compliance mandate approved by the LBBW Group's Board of Managing Directors, Group Compliance's responsibility covers the following four sub-risk types which are considered material. These encompass money laundering prevention and combating the financing of terrorism, financial sanctions and embargoes, fraud prevention (other punishable acts), and capital market compliance.

Group Compliance, as the second line of defense for compliance risks, monitors the appropriateness and effectiveness of the first line of defense's procedures and checks that action is taken swiftly where such a need is identified. As part of the regulatory Compliance function (in accordance with MaRisk module AT 4.4.2), Group Compliance also helps counter risks that may arise as a result of a failure to observe material legal regulations and standards. Regarding the Foreign Account Tax Compliance Act (FATCA), Group Compliance carries out the responsibilities of the FATCA Responsible Officer. Group Compliance is also responsible for the central compliance management function, central outsourcing management and, across the Bank, governance to assess the appropriateness and effectiveness of the internal control system (ICS). The division is also responsible for reputational risks as the second line of defense.

(ICT) third-party risks

(ICT) third-party risks encompass risks in connection with or resulting from collaboration with third-party service providers. They include risks from external services that are not provided or not provided in accordance with the relevant contract, such as negative impacts on business workflows, regulatory requirements and also finances, because additional costs or losses can be incurred as a result of inefficient services, contractual disruptions or legal disputes.

Risk management of (ICT) third-party risks consists of identifying, assessing and managing third-party risks. LBBW has established processes, methods and tools for this purpose.

As the first line of defense, the divisions bear primary responsibility for identifying and managing risks, as well as for ensuring compliance with the legal and regulatory provisions that apply to their business operations, and they establish process-based monitoring mechanisms for this purpose. Non-Financial Risk Management, as the second line of defense, monitors the appropriateness and effectiveness of the first line of defense's procedures and checks that any shortcomings it identifies are swiftly rectified.

Data protection risks

Data protection risks arise in connection with a failure to respect the fundamental rights and freedoms of all natural persons, in particular their right to the protection of their personal data. These result from breaches of data processing principles, data security and the right to decide what data are made available. For LBBW, data protection legislation and (banking) regulatory requirements, such as those relating to adequate data protection management systems and IT security, entail the risk of fines and compensation payments as well as loss of reputation.

To counter these risks, the Bank has implemented a data protection management system that defines culture, objectives and risks and aims to prevent or considerably hinder breaches of the law in order to avoid losses and liability risks for the company, its executive bodies and its employees. The DSMS is based closely on the LBBW Group's compliance management system.

The statutory and supervisory requirements are primarily based on Directive (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data (EU GDPR), the German Federal Data Protection Act (BDSG) and additional EU directives.

Human resources risks

The aim of comprehensive human resources risk management is to identify negative trends (risk monitoring) and assess suitable measures for preventing/mitigating risks (risk management).

Human Resources differentiates between different types of Human resources risks as the basis for its risk monitoring and management. Bottleneck, loss of staff, demographic, adjustment and motivation risks must be identified at an early stage and the resulting costs (e.g. recruitment, termination and turnover costs) and the potential loss of specialist knowledge or key personnel minimized. These risks are measured in periodic evaluations and analyses, as well as in company-wide comparisons of key personnel indicators such as turnover rates, absences and data regarding staff development measures.

LBBW already has a number of measures in place to address potential additional staff risks. For example, it ensures that its employees are suitably qualified for their role and it runs a target group-focused specialist training program. LBBW has established extensive talent programs for junior staff and succession planning, carries out annual staff planning rounds and is actively engaged in demographic change management and employee retention issues. All employees are also subject to the LBBW Code of Conduct. These measures are also intended to address potential conduct risks among employees. With the conclusion of the works agreement on anti-discrimination, a new complaints process and new complaints offices were established and communicated to all employees. LBBW also has a comprehensive company health management scheme in place to keep employees healthy.

Tax compliance risks

LBBW defines tax compliance as Group-wide compliance with all applicable tax laws, as well as with voluntary commitments and the LBBW Code of Conduct, by members of the Board of Managing Directors, executives and employees. Its general compliance objectives and tax strategy are based on the tax compliance management system (Tax CMS). According to this, the objective is to ensure that LBBW Group companies, its executive bodies and employees act in accordance with regulations. Compliance encompasses all organizational precautions that ensure compliance with statutory – and thus fiscal law – provisions and internal guidelines in the key divisions and processes.

Based on the general company targets drawn up by the Board of Managing Directors and the company strategy, LBBW's tax compliance organization has developed guidelines and measures that the Bank's Tax CMS is designed to help implement and achieve. The scope of the Tax CMS covers income taxes (corporate income and trade tax) as well as value added tax, capital gains tax and other taxes (e.g. insurance tax, consumption tax on electricity and energy).

Other operational risks

Operational risks include, for example, external events (earthquakes), employee actions (processing errors) or process deficiencies. They cannot be allocated directly to any specific financial or non-financial sub-risk type.

Managing and controlling the risk in question is the responsibility of the corresponding business process owner. The OpRisk processes are coordinated via the responsible operational risk manager.

Reputational risks

Reputational risk is the risk of a loss or foregone profit due to (anticipated) damage to/deterioration of the Bank's reputation in the eyes of owners, customers, employees, competitors, business partners, rating agencies, control bodies and official institutions or the wider public. LBBW draws a distinction between transaction-based reputational risk management (measures relating to individual business transactions) and non-transaction-based reputational risk management (media/issue management in particular).

Loss of reputation can be caused by the Bank itself (internal misconduct) or losses that become public knowledge, but can also result from outside developments in which the Bank has no involvement. These can simultaneously impact various risk types, such as business and liquidity risks, etc.

The media, relevant news agencies and selected social media channels are continuously monitored and the Board of Managing Directors and key decision-makers are informed. A comprehensive media response analysis covers reporting on the Bank and its main competitors to assess the Bank's reputation in the media and the effectiveness of its communication strategy. LBBW thus uses the "three lines of defense" model to handle the two risk management types.

In all business decisions, the potential effect of the transaction on LBBW's reputation has to be considered. In particular, LBBW's sustainability guidelines must be followed. These are communicated at the Bank and published as part of sustainability reporting. Transactions that are liable to put the Bank's reputation at sustained risk are avoided. LBBW is required to observe certain due diligence duties in its dealings with customers and business partners.

The individual front office units have decentralized first line responsibility for transaction-based reputational risk. The ultimate decision as to whether a transaction is carried out from a reputational risk perspective is made by the employees and their managers responsible for the transaction. As well as sustainability-related review criteria in the loan application process, LBBW identifies and assesses (transaction-related) reputational risks using a product certification process for derivatives and a reputational risk review for new products in the form of the New Product Process (NPP).

In addition to the transaction-related and also subjective assessment, all employees are the subject of public perception regardless of their role or activity. Responsibility for the non-transaction-related management of reputational risks lies with Group Communication, Marketing, the Board of Managing Directors' Office and all divisional managers and managing directors of Group subsidiaries. Group Compliance is responsible for transaction-related and non-transaction-related risks as the second line of defense and performs a control and monitoring function. Internal auditing is the third line of defense. In this capacity, it monitors the first and second lines of defense and assesses the appropriateness and effectiveness of risk management.

To obtain and manage a detailed picture of the risk situation in terms of reputational risks, the causes are identified and risk analyses are prepared and evaluated. Measures are taken and monitored in order to reduce reputational risks to an acceptable level. The analyses are regularly refined so that action can be taken quickly to address any potential effects on its reputation. The results of the risk analyses are reported in the LBBW Group committees.

A Reputation and Transaction Risk Committee (RTC) has also been established to address and manage critical reputational risks and monitor corresponding developments. The committee members build a solution-oriented consensus on strategic matters with an impact on the Bank's reputation by issuing general recommendations for action and positions on structural or strategic issues. The committee members also assess the risk of whether a corresponding customer relationship/transaction could be perceived as unethical or incompatible with LBBW's values, as well as the associated risk of negative public perception.

The RTC also examines issues that are marked by high relevance and materiality. The focus of the issues to be discussed is thus their strategic character.

Business risks

LBBW uses the 3 LoD model for business and reputational risk. Business risk is the risk of unexpected falls in earnings and negative plan variances not caused by other defined risk types. Business risk may be caused by factors including changes in customer behavior or changes to the economic environment, such as the level of competition, technological advances and regulatory changes. Changes to general conditions as a result of legislative changes with regard to the contracted portfolio (legal risks) are not to be allocated to business risks. Business risks are not included under operational risks. The effects or risk factors arising from business risks may include changes in fee and commission income, changes in the interest contribution, higher costs, the impact of poor strategic decisions and project risks.

Historical target/actual variances and scenario analyses of selected items in the income statement form the basis for quantifying the business and reputational risks.

Model risks

The LBBW Group defines model risk as the risk of potential loss or damage resulting from decisions based on the results of models that show weaknesses or uncertainties in the model theory/design, the model parameterization/calibration, model implementation, initial model data or the model application. As regards the intended use of the models, LBBW differentiates between the following types of model: models to quantify risks (ICAAP and ILAAP) ("risk and capital models"), models to value asset and liability items ("valuation models"), models to derive parameters relevant to lending such as ratings (probability of default: PD), loss given default (LGD) and credit conversion factor (CCF) ("lending parameter models") and models that do not fall into these model categories ("other models").

By virtue of their significance and special characteristics at the LBBW Group, model risks are largely managed within the scope of an independent model risk management process (MRM process).

In this MRM process, methods and procedures are used that ensure model risks are adequately identified, assessed, monitored, communicated and managed for individual models and across models. The basis for this is provided by the annual model inventory, which takes stock of all models used across the LBBW Group and classifies the models identified in terms of their MRM relevance (assessment of model risk potential). Depending on the model class and other model-specific factors (e.g. the line of defense in which the model was developed), the models are validated in the further validation process (e.g. validation intensity). In the next stage of the model-specific validation process, model risks are identified and evaluated in terms of their materiality.

Risk Control informs the Group's Board of Managing Directors of the key results of the model inventory and the model validation, who then decide on measures to eliminate and reduce model risks. If a serious model risk or (in a model with high MRM relevance) a material model weakness cannot be eliminated within a reasonable period of time by adjusting the model, it is offset in the risk-bearing capacity, depending on model type, as a deduction from the aggregate risk cover, as a premium in economic capital in the type of risk affected (for risk underwriting model risk), via the economic capital of the operational risk or by booking a fair value adjustment.

Interdisciplinary ESG risks

Sustainability risks and ESG risks are associated with specific risk drivers that could have a negative impact on LBBW. LBBW considers ESG risks to be a material interdisciplinary risk overall, as they have a material impact on counterparty/credit risk, compliance risk and tax compliance risk in particular. The impact of ESG risks as a whole on reputational risk and model risk is assessed as "under observation". There are specific sub-risk strategies for all risk types. LBBW continuously enhances its handling of ESG risks as part of its "ESG regulations" project. The relevance of ESG risks is also firmly anchored in LBBW's ESG Strategy 2025+.

The LBBW Group's Board of Managing Directors is responsible for the organization and development of risk management for ESG risks and compliance with its fundamental principles at LBBW. In addition to these strategies, the guidelines are operationalized in detail and this is documented in the Bank's written policies. LBBW also uses sustainability-related indicators to set and monitor targets, which are being merged and monitored using a strategy house.

Key aspects of risk identification and assessment include the methods developed in-house to measure CO₂ emissions financed by the LBBW Group and the physical risks for real estate, projects and corporates. This allows LBBW to identify and monitor material risk drivers, simulate future impacts in a variety of scenarios and monitor future changes at sector level.

At present, the only materiality resulting from ESG risk drivers involves the impact of physical and transitional climate risks on credit risk. Risks from changes to biodiversity as well as risks from social and governance related to credit risks are currently considered immaterial from a risk perspective in the risk inventory. LBBW also considers the impact of ESG risks on market, liquidity, real estate, development, investment and operational risks to be immaterial. For compliance and tax compliance, the impact on governance risks is classified as material in order to ensure consistency with the Group risk inventory.

LBBW's long-term ESG objectives include achieving the goals of the Paris Agreement. Specific targets for 2030 have been defined (sector pathways) for selected sectors with high levels of greenhouse gas emissions, which will play a part in achieving targets in the long term. In addition, LBBW manages and limits risks during its lending process by using check lists to calculate an ESG score for assessing ESG risks.

The Board of Managing Directors is informed about transitional and physical risks in regular risk reports. These reports present and discuss the most important developments in transition and physical risks at portfolio, sector, segment and customer level. Particular attention is also paid here to the sector pathways. In addition, the financed emissions that are calculated are published in the sustainability report.

Other material interdisciplinary risks

In addition to ESG risks, LBBW has also identified concentration risks as interdisciplinary risks with the potential to have a substantial negative impact on the Group.

Accordingly, LBBW explicitly includes concentration risks in the entire risk management and controlling process; for example, concentrations are identified as part of the risk inventory, existing concentrations are regularly reported and taken into account when quantifying the capital requirement. They are also considered when defining potential stress scenarios. Concentrations are also effectively limited by appropriate thresholds and limits.

ICS with regard to the accounting process

Internal control system

At Landesbank Baden-Württemberg, the requirements for the internal control system (ICS) are determined centrally by the Compliance Division. In line with these, the Bank as a whole uses the "Three Lines of Defense" model. The ICS is updated and reviewed using the ICS regulatory cycle defined for LBBW. This comprises five areas: ICS Quick Check, the documentation of key controls in the risk control matrix (RCM) (identification and assessment), ICS management testing, the ICS self-assessment (review) and ICS reporting.

In terms of the accounting process, the internal control system was based on the accepted "Committee of Sponsoring Organizations of the Treadway Commission" (COSO) framework and also includes risk management measures. The main goal of the ICS with regard to the accounting process is to ensure that transactions comply with standards in the Group accounting and consolidation process at bank and at Group level, as well as ensuring that risks identified and evaluated in advance as part of the standard process are handled appropriately.

The controls are geared toward ensuring that the annual and consolidated financial statements as well as the combined management report are prepared in accordance with the applicable provisions of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as proper and timely compliance with internal and external financial reporting requirements. A process portal (sfo) and guidelines regulate the scope of the controls and responsibilities integrated into working processes.

The Group Manual and the Accounting and Reporting Manual include the measurement and accounting rules for preparing the consolidated financial statements and the annual financial statements of LBBW (Bank). These are regularly adjusted to take account of internal and external developments and are published on LBBW (Bank)'s intranet and also sent to the Group companies directly. Legal changes that affect the accounting process and treatment of new products and product variants as part of the new product process of the Bank and the Group companies are identified centrally in the Principles, Regulatory & NPP unit. The divisions and subsidiaries affected are informed and involved as necessary. Training sessions are also conducted with the employees responsible for the accounting process.

Both the annual financial statements for the Bank and the consolidated financial statements are prepared centrally by the Finance division at LBBW (Bank) with the involvement of the specialist divisions.

Timetables and workflows are in place for the annual and consolidated financial statements (monthly, quarterly, half-yearly and annual financial statements), which are monitored and managed centrally. Responsibilities in all areas of the accounting process are clearly assigned. The relevant activities in terms of risk are distributed across several organizational units within the organization of business processes. The principle of dual control is applied to processes relevant to accounting. The corresponding assignments of authorities and provisions on the separation of functions must also be observed.

The companies included in the consolidated financial statements have IT-based processes in place for preparing their financial statements (in accordance with local laws). This results in the delivery of the coordinated and, for the most part, audited annual financial statements for the purposes of preparing the consolidated financial statements. The senior management of the respective Group company is responsible for the completeness and accuracy of the results transmitted to the Consolidated Financial Statements unit.

Higher-level control and coordination of the interdivisional process of preparing the LBBW combined management report are carried out centrally by the Group Communication division under the overall responsibility of the Finance division. The preparation process is integrated in the timetables and workflows for the half-yearly and annual financial statements. The sections of the combined management report are produced separately by the specialist divisions and approved by the divisional managers.

The Consolidated Financial Statements unit prepares the figures for the consolidated financial statements using standardized consolidation software on the basis of the information provided by the companies included in the consolidated financial statements. The consistency of the data provided by the Group companies is inspected by checking rules implemented and by validation. The content of the data is validated using a matrix organization responsible for various Group companies and various balance sheet items within the Consolidated Financial Statements unit. The notes on the consolidated financial statements are also prepared using standardized software. The Consolidated Financial Statements unit secures the completeness and accuracy of the relevant notes on the basis of check lists.

The Finance division regularly monitors the accounting-related ICS as part of the Bank-wide ICS monitoring process to evaluate its effectiveness and adequacy. This ensures that potential improvements are identified and processes are adjusted accordingly where required.

Internal Group Auditing represents the third line in the "Three Lines of Defense" model. The Audit Committee of the Supervisory Board serves as a senior monitoring body. It deals with the analysis and preparation of the findings of the audit of the annual accounts and informs the Supervisory Board of these activities.

The information contained in the section above also satisfies the disclosure requirements in respect of the Group sustainability statement (ESRS 2 GOV-5 Art. 36a).

Forecast and opportunity report

Anticipated economic performance

LBBW expects GDP growth in Germany to accelerate in 2026. Driven by the marked increase in public spending and the easing of the ECB's monetary policy, GDP is likely to rise year-on-year by 0.8%. Without adjusting for the extraordinarily strong calendar effects of around + 0.3 percentage points, growth of as much as 1.1% is likely to be generated.

The favorable outlook compared with previous years springs primarily from the expected increase in government spending and also from positive effects from the recent easing of monetary policy. Government spending as well as investments consequently look set to be the key drivers of growth. Foreign trade is likely to make a rather moderate contribution to GDP for the time being. Geopolitical upheaval and the consequences of US tariff policy continue to represent a precarious situation when it comes to foreign trade with countries outside the EU. Private consumption remains a pillar of domestic demand. As no real wage increases are in sight for the time being, however, and real disposable income is unlikely to grow much at all (wage increases will be eaten up by bracket creep and the rise in social security contributions), the contribution here will remain below previous years' levels.

In the Eurozone, GDP figures are likely to remain similar to 2025 levels. We expect a 1.3% increase. In the US, we expect GDP growth to accelerate to 2.5%. A large part of this, however, will be due to the statistical carry-over effect from the previous year, with growth likely to slow somewhat over time. Our forecast for China (+ 3.5%) projects a slowdown in GDP growth.

Inflation for private consumers is likely to fluctuate around the 2% mark in both Germany and the Eurozone. On average over the year, we expect an inflation rate of 2.3% for Germany and of 2.0% for the Eurozone. In the US, we expect inflation to be 2.9%. Likely to be reflected in this figure are the consequences of the import tariffs, which will be passed on to consumer prices down the line.

The ECB looks set to keep key interest rates at the current level (deposit rate of 2.00%) this year. Although it recently stressed that it will act in line with the data, the current landscape of stable growth (on average in the Eurozone) and inflation close to 2% suggests the likelihood of any need to change interest rates looks remote. The fact that the term of ECB president Christine Lagarde ends in October 2027 is unlikely to play a role. Firstly, the date is still a long way off and, secondly, we do not see any fundamental disagreement with the ECB's objectives and actions among monetary policy-makers in the Eurozone. In the US, on the other hand, a tug-of-war between proponents of a further reduction in key interest rates and supporters of a wait-and-see approach is likely to take place. The disagreement could gain particular momentum due to the fact that the term of office of Jerome Powell ends in May 2026 and US president Trump's nominee Kevin Warsh is then expected to take over the chair of the Federal Open Market Committee. At the time of our editorial deadline, the approval of Warsh's appointment by the US Congress was still pending, while the question of whether Powell will continue to sit on the FOMC after his terms as chairman ends also remains open.

As in previous years, the risks for the forecast are significant. The economic situation for Germany might develop in a more negative direction in particular if global trade experiences greater disruption than currently assumed. For example, the consequences of the US and Israel's military conflict with Iran pose a risk for oil and gas supplies for Asia and parts of Europe. Furthermore, US trade policy, which is largely determined by incumbent US president Trump, is a possible cause of friction in foreign trade. Other significant risks include the continuation of the Ukraine war, where no end is currently in sight. The geopolitical situation in East Asia, especially in China and Taiwan, also has to be taken into account. The past year again showed that the smooth functioning of global supply chains, for example for microchips or rare earths, cannot be taken for granted. Turning to the stock markets, it is additionally being discussed among the actors here whether the currently high company valuations in relation to the topic of artificial intelligence are justified by these companies' prospects of generating growth and profits. If expectations were to be significantly downgraded here, the consequences on the financial markets and in the real economy would be substantial.

On the financial markets, yields on 10-year Bunds will likely be around 3.00% at the end of 2026. The euro will likely then be worth USD 1.22 at the end of the year. We expect the DAX to close 2026 at 25,000 and the S&P 500 at 6,800.

Industry and competitive situation

LBBW Research expects the operating environment for the EU banking sector to remain challenging in 2026. Continuing global uncertainties pose a risk for growth prospects, while individual country risks may additionally be reassessed as a result of an increase in national debt. This will primarily have an indirect effect on the institutions' operating activities.

A slight increase in allowances for losses on loans and securities is therefore expected, while credit growth will be subdued in some EU countries. This will, however, be offset in the meantime by the higher level of profitability achieved. The ECB's Financial Stability Review reports that the return on equity of listed banks surpassed their cost of equity for the first time in a decade. This can also be attributed to consistent efforts to reduce costs. In addition, securitization instruments are increasingly being used to free up equity, expand lending capacity and strengthen profitability. Efforts to expand the commission business in order to reduce dependency on interest rate transactions should also continue in 2026. At the same time, the German banking market remains attractive for foreign banks, and the intensity of competition will remain high as a result.

Asset quality remains solid overall. In light of the fragile economic environment, however, it is expected to deteriorate. The ability of the EU banking sector to absorb any deterioration will be supported by the increase in profitability over the last few years and a healthy capital base. In addition, the EU Commission expects a robust labor market. Also taking into account with the stabilization on the real estate markets expected by the ECB, LBBW Research believes that the risks to asset quality will remain under control.

Liquidity remains generous. The regulatory key figures for short-term and structural liquidity are far above their minimum requirements. The ECB Financial Stability Review reports that the decline in the excess liquidity held at the central banks has largely been offset by the purchase of sovereign bonds.

Europe's banks will continue to operate in a strictly regulated environment in 2026. The international race to deregulation will not be of relevance here at home. Targeted simplifications in the regulatory framework will be pursued, however, in order to reduce the bureaucratic and financial costs for the sector without putting the stability of the system at risk. The EU Commission will therefore present a report on the overall situation of the banking system in the EU's single market as part of its 2026 work program.

Company forecast

General conditions

The following statements on LBBW's company forecast, including the development of key financial performance indicators in the 2026 financial year, are based on the planning prepared and approved at the end of 2025.

LBBW expects ongoing economic and geopolitical uncertainty in the 2026 forecast period that will continue to weigh on Germany as an export nation and that is also likely to exert pressure on the demand for credit over the long term. Issues such as the US tariff policy continue to influence economic events, while the increase in national debt in numerous countries is also creating uncertainty at the moment; taking the US as an example, this, together with the unpredictable actions of the US president, could lead to a further decline in confidence in the US dollar. Positive stimulus from the interest rate environment is not currently expected, as the phase of interest rate cuts in the Eurozone initially looks likely to have ended against the background of the inflation data now available. Looking at the topic of excessive red tape, how capable of reform Germany proves to be in 2026 will be of major importance overall. The first tentative attempts at reform last year and the marked increase in government spending, in particular to expand infrastructure and defense, look likely to lead to a slight acceleration in GDP growth in Germany, but will not be sufficient to produce a strong and sustainable economic recovery. The real estate sector also looks set to remain challenging in 2026, even if a moderate trend to recovery can be expected particularly in the market for residential property. At the same time, the intensity of competition in the German banking market is likely to remain high, not least because it continues to be attractive for foreign banks.

Outlook for LBBW

In a very challenging environment, LBBW delivered a very good result in the 2025 financial year that was slightly better than in the previous year. A major contributor to this was the continued strength of the customer business, which more than compensated for the rise in expenses resulting from growth and inflation, among other things. In addition, allowances for losses on loans and securities were moderately lower than the previous year's level. For the 2026 forecast period and in a persistently challenging environment, LBBW expects profit before tax to be slightly below the previous year's level, but it is likely to remain significantly higher than EUR 1 billion. In the forecast economic performance, it is expected that income will be marginally higher and allowances for losses on loans and securities moderately higher than the previous year's level. Despite the focused investments in the Bank's future viability and the consistently high regulatory requirements, the realization of efficiencies should result in no notable increases in expenses. The cost/income ratio is consequently likely to be at, and the return on equity slightly below, the previous year's level.

With risk-weighted assets forecast to increase moderately, LBBW expects the common equity Tier 1 (CET 1) capital ratio ("phase-in") to be slightly lower in 2026 than in the previous year. The planned growth in the operating business and the increases due to re-rating in line with the expected economic performance are taken into account here.

LBBW assumes that the operating segments will develop as follows in the 2026 financial year:

After a very strong year in 2025, LBBW expects a noticeably lower profit before tax in the Corporate Customers segment for the forecast period, although it is likely to remain at a high level. Accompanied by slight increases in income in connection with the further expansion of business in the domestic markets and supporting customers internationally, this will largely be the result of a cyclical and perceptible increase in allowances for losses on loans and securities. Return on equity is likely to be far below the previous year's level in line with the earnings performance described above, while the cost/income ratio should increase marginally due to the moderate increase in expenses related to growth.

After the substantial toll taken by the market environment in 2025, profit before tax in the Real Estate and Infrastructure Financing segment is expected to be well in excess of the previous year's level again in the 2026 financial year. This should be contributed by the further expansion of the portfolio resulting from the strengthening of the strategic position in infrastructure financing and also the restructuring of the Berlin Hyp AidA as a high-performance real estate provider, as well as in particular sharply reduced allowances for losses on loans and securities, which are likely to stabilize at a markedly lower level on account of the expected gradual market recovery. Moreover, the earnings performance should be supported by a slight decline in expenses as a result of the leveraging of initial synergy potential from the integration of Berlin Hyp AG. The developments described above are likely to result in a significant increase in the return on equity and a slight decline in the cost/income ratio.

LBBW expects profit before tax in the Capital Markets Business segment to be slightly higher in the 2026 financial year than in the previous year. In addition to a marginal improvement in the Treasury performance, this should result from the strengthening of the customer base in the institutional business, the clear positioning as the capital market house of the savings banks and the continuation of the internationalization strategy. The return on equity should also be slightly higher than the previous year's level in the forecast period. The cost/income ratio is likely to experience a marginal decline due to a moderate increase in expenses.

Building on the good performance in 2025, a perceptibly higher profit before tax is expected for the Private Customers/Savings Banks segment in the coming financial year. In addition to increased income from the continued growth with high net worth customers based on the expansion of the growth locations and from asset management, the consistent customer focus and the further development of omnichannel sales should also play their part here. Return on equity should consequently increase noticeably, while the cost/income ratio should fall moderately as efficiencies are leveraged in the course of the further development of the omnichannel bank.

Opportunities and risks

Over the course of the 2026 financial year, the material opportunities and risks described below could have a positive or negative impact on the statements made:

One significant risk in the coming year will likely be a weaker than expected economic performance in Germany. New military confrontations, for example in connection with the conflict in the Middle East or the Taiwan issue, an escalation of tariff wars and a collapse of the government coalition in Germany are some of the factors that could trigger a further increase in uncertainty, a rise in energy prices and an aggravation of supply chain problems. The consequence of this would be a loss of orders and revenue, falling investments and a rise in company insolvencies and thus, directly higher allowances for losses on loans and securities as well as lower income at LBBW. A resulting exacerbation of the situation on the real estate market would also have a directly negative impact on LBBW's earnings situation. While rising interest rates are likely to further amplify the effects mentioned, a continued decline in interest rates would put pressure on net interest income. Furthermore, a marked cooling of the AI boom is conceivable, similar to the bursting of the dotcom bubble that, starting in 2000, led to substantial market turbulence, a direct impact on banks' balance sheets and generally more cautious bank lending. On the system side, the only lightly regulated shadow banking sector can additionally be mentioned as a risk factor on account of the interconnections with the banking business, as it could produce liquidity risks and spillover effects. In addition, stricter regulatory requirements have the potential to cause notable cost risks. This is equally true of higher than expected investment requirements, for example to combat cyber risks.

On the other hand, the general conditions could develop more positively than expected and thus open up opportunities for a more positive economic development in the form of increased investments by companies, a lower number of insolvencies and an improved consumer climate, which would likely lead to a better earnings situation at LBBW than assumed in planning. In an increasingly digitalized society, LBBW also continues to have good opportunities both from the development of innovative solutions for existing customers and from providing services to new customer groups. This also continues to be true in terms of the support for the sustainable transformation of the economy and the coverage of the funding needs for defense, digitalization, innovation, automation and other areas. In addition, more efficient internal processes, including in connection with the increased use of artificial intelligence and lower investment requirements, for example as a result of targeted simplifications in the regulatory frameworks, could lead to lower costs and thus improved result.

Explanatory notes on the HGB annual financial statements of LBBW (Bank)

Results of operations, net assets and financial position

Business development in 2025

The management of the LBBW Group is generally guided by the IFRS key figures. As a significant part of the Group, LBBW (Bank) is managed in accordance with these figures.

On the basis of its business model as a mittelstand-minded universal bank, LBBW (Bank) feels it was also well positioned in the 2025 financial year despite continued geopolitical conflicts, a weak German economy and the challenges posed by US tariff and trade policy. At EUR 1,659 million, operating income before allowances for losses on loans and securities and advances/remeasurement gains or losses, which acts as an indicator of operating strength, was on a par with the 2024 figure of EUR 1,684 million.

LBBW successfully completed its realignment in commercial real estate finance in the past financial year. Following the acquisition of Berlin Hyp AG in the summer of 2022, a key milestone in the regulatory and legal integration process was reached with its regulatory and legal incorporation: On 1 August 2025, LBBW took over all relationships of Berlin Hyp AG involving a creditor or debtor position in the course of a partial universal succession with retroactive effect from 1 April 2025. Against this background, the following descriptions of items in the income statement show changes from the previous year's results related to the integration.

Results of operations

	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	2,693	2,710	– 17	– 0.6
Net fee and commission income	551	498	53	10.6
Total operating income/expenses from the trading portfolio	548	453	95	21.0
Administrative expenses ¹	– 2,245	– 1,987	– 258	13.0
Other operating income/expenses	112	10	102	>100
Operating income before allowances for losses on loans and advances/remeasurement gains or losses	1,659	1,684	– 25	– 1.5
Allowances for losses on loans and advances/remeasurement gains or losses	– 506	– 456	– 50	10.9
Reversal/addition to fund for general banking risks	– 124	– 624	500	– 80.1
Operating income/expenses (result from ordinary business activities)	1,028	603	425	70.4
Extraordinary result	– 413	– 19	– 394	>100
Partial profit transfer	– 34	– 36	2	– 5.1
Net profit/loss for the year before tax	581	548	33	6.0
Income taxes	– 231	– 218	– 13	5.9
Net profit/loss for the year after tax	350	330	20	6.0

Rounding differences may occur in this and subsequent tables for computational reasons.

¹ In addition to staff costs and operating expenses, this item also includes amortization and write-downs of intangible assets and depreciation and write-downs of property and equipment.

At EUR 2,693 million, **net interest income** – which describes the net amount of interest income and interest expenses including current income from equities and other non-fixed-income securities, equity investments, shares in affiliates and profit transfers – in the 2025 financial year turned out to be virtually at the previous year's level (EUR 2,710 million).

In the Bank's operations, a positive performance in net interest income was recorded primarily in the Corporate Customers business. This was driven by growth in the volume of financing, higher financing fees and an increase in commitment interest. Moreover, the Infrastructure Financing business area similarly succeeded in expanding volume, which contributed to higher net interest income. In addition, it proved possible to generate a slight rise in revenue in the deposit business again compared with the previous year, despite the slight decline in interest rate levels. The continuing growth in deposits and the measures to stabilize net interest income in the long term more than offset the cuts to key interest rates implemented by the European Central Bank. Reclassification effects between net interest income and total operating income/expenses of the trading portfolio and the advances/remeasurement gains or losses had a negative impact. The amount and the change of the item has to be considered in particular against the background of a non-recurring effect in the 2024 financial year: The profit transfer agreement with the subsidiary Berlin Hyp AG had an impact that year for the first time, increasing this item by an amount in the mid-triple-digit millions. A distribution by Berlin Hyp AG from the short financial year ending on 31 March 2025 is additionally included in the 2025 result. If Berlin Hyp AG had already been integrated in LBBW (Bank) in the previous year, the net interest income would have improved only insignificantly.

Net fee and commission income improved by EUR 53 million or just under 11% to EUR 551 million (previous year: EUR 498 million). In particular, revenue-dependent business in the Private Customers/Savings Banks and Capital Markets Business segments again underwent successful expansion in 2025 as it did in the previous year. Both higher income from the securities and syndicate business as a result of markedly stronger primary market activities in the SSA business (activities with supranational organizations, government agencies and public institutions) – at around EUR 6 million – and an increase in commission from asset management for private customers (around EUR 10 million) contributed to the result here. Additionally, commission in the brokerage business for pension products and real estate brokerage rose by EUR 8 million. Profit in the lending business, including guarantees, increased again, as it did in the previous reporting year, by EUR 13 million to EUR 102 million (previous year: EUR 89 million). The increase can be attributed mainly to increases in management fees, syndicated loans and guarantee charges alike.

Total operating income/expenses from the trading portfolio increased by EUR 95 million to EUR 548 million (previous year: EUR 453 million). This development was dominated by capital market-oriented activities supported by stable contributions from the customer business. Earnings drivers here were Credit Markets and the hedging and certificate businesses in particular. In the same way as for the Group IFRS figures, positive reclassification effects served to increase this item at the expense of net interest income. The measurement of financial instruments in the trading portfolio at fair value less value at risk contributed EUR 0 million to the result (previous year: EUR 7 million). Additions to the extraordinary item for general bank risks in accordance with section 340e(4) no. 4 HGB increased by EUR – 28 million in the year under review (previous year: EUR – 9 million).

Administrative expenses rose by EUR – 258 million year-on-year to EUR – 2,245 million (previous year: EUR – 1,987 million).

Staff costs increased by EUR – 139 million to EUR – 1,097 million (previous year: EUR – 958 million). In addition to wage adjustments and rises in collectively agreed pay, an increase in the number of employees accompanying the business growth had a negative impact. The contributions to social security also rose in parallel to that. On the assumption that Berlin Hyp AG had already been integrated in LBBW in the previous year, the increase in staff costs would have been noticeably lower.

Other administrative expenses increased moderately by EUR – 76 million to EUR – 1,045 million (previous year: EUR – 970 million), even though the item developed in divergence from this. Non-recurring expenses in connection with the technical IT support provided for the integration of Berlin Hyp AG in LBBW constituted a key cost driver. Investments in IT infrastructure additionally prompted an increase in costs. The implementation of targeted investments in the ongoing development of IT and in cyber defense, with a focus on supporting more secure and efficient IT systems, as well as the introduction of regulatory requirements (including DORA) in particular led to further negative impacts. Moreover, LBBW significantly expanded its use of AI in 2025, especially in the further development of blue.gpt and the extension of the AI platform Core AI to provide operational support for the core business. In contrast, construction expenses in connection with building renovation and to create modern office environments declined by EUR 19 million to EUR – 48 million (previous year: EUR – 67 million). Higher contributions and allocations also weighed on this item. In particular, the start of the accumulation phase for the new institution protection fund of the protection scheme of the Sparkassen-Finanzgruppe (DSGV) resulted in an additional expense of EUR – 77 million (previous year: EUR 0 million). Contributions to the statutory deposit protection scheme were no longer incurred in the period under review, as the build-up phase of the deposit protection fund was completed with the 2024 contribution year. An expense of EUR 52 million had to be posted in the previous year in this connection.

If Berlin Hyp AG had already been integrated in LBBW in the previous year, no notable changes in the other administrative expenses would have resulted.

Depreciation and write-down of property and equipment and amortization and write-downs of intangible assets increased in the reporting year by EUR – 44 million to EUR – 103 million (previous year: EUR – 59 million). Write-downs in connection with the integration of Berlin Hyp AG are reflected in the increase, with the shutdown of IT systems and a reduced remaining useful life for software weighing on this item. On the assumption that Berlin Hyp AG had already been integrated in LBBW in the previous year, the increase in depreciation, amortization and write-downs – adjusted for the non-recurring effect in 2025 – would have been far lower.

Other operating income/expenses improved by a considerable EUR 102 million to EUR 112 million (previous year: EUR 10 million). The marked increase in earnings in the year under review can be attributed to the rise in earnings from tradable carbon allowances, which grew by EUR 95 million to EUR 62 million (previous year: EUR – 35 million). Silent reserves were not recognized from an economic perspective in the previous year on account of the historical cost principle under HGB. Non-recurring income in connection with a better fortunes clause also had a positive impact.

Allowances for losses on loans and advances/measurement gains or losses fell by a total of EUR – 50 million year-on-year to EUR – 506 million (previous year: EUR – 456 million). The individual sub-items saw differentiated performance:

- At EUR 28 million, **remeasurement gains or losses on securities** remained at the previous year's level (EUR 27 million). This item contains remeasurement effects in connection with shares, bonds and derivatives and mainly relates to treasury activities to optimize the interest rate and risk structure in the respective portfolios. Its development was characterized in the year under review by the migration of the securities and derivatives portfolio of Berlin Hyp AG and optimization and homogenization of the securities liquidity portfolios. Miscellaneous sales were conducted here in the year under review.
- The **remeasurement gain or loss from equity investments and affiliates** improved significantly by EUR 26 million year-on-year but remained negative at EUR – 29 million (previous year: EUR – 55 million). The negative comprehensive income was mainly due to reduced company valuations as a result of the higher cost of capital as well as lower capitalized earnings values.
- **Gains/losses from the transfer of losses** declined again year-on-year to EUR – 162 million in connection with valuation adjustments (previous year: EUR – 87 million). The main factor behind this was essentially write-downs at a subsidiary operating in the real estate sector.
- As a result of the continued economic and geopolitical uncertainties, the **allowances for losses on loans and securities in the lending business** totaled EUR – 343 million, thus remaining at the elevated level of the previous year (EUR – 341 million). Lower market values and higher vacancies in the real estate sector (especially in the US), isolated defaults in infrastructure financing projects and an increase in company insolvencies therefore led to an increase in the allowances for losses on loans and securities in the non-performing exposures portfolio. As a result of the integration of Berlin Hyp AG, model adjustments increased and thus correspond to the value at the LBBW Group level of EUR 837 million (previous year: EUR 880 million). The slight reduction in the model adjustments reflected the impacts of macroeconomic, geopolitical and structural risks on the expected credit losses on stage 1 and 2 financial instruments. The reason for the moderate reversal of the portfolio is the slightly more favorable economic expectations, in particular higher GDP growth in Germany, which is being stimulated among other things by the special infrastructure fund and the climate and transformation fund. Moreover, the decline in the model adjustment reflects the better information, in comparison with the first half of the year, concerning the level of the US tariffs and their effects on export-oriented industries.

If Berlin Hyp AG had already been integrated in the previous year, this would not have resulted in any noticeable impact on the change in the original allowances for losses on loans and securities. Taking a reversal of contingency reserves implemented by Berlin Hyp AG in the previous year into account, an increase in the allowances for losses on loans and securities would have resulted, however. Despite all of the economic challenges, the quality of the portfolio is still considered to be good, as demonstrated by the very high proportion of exposures with investment grade ratings and the consistently low default rate.

A net total of EUR 124 million was added to the **fund for general banking risks** in accordance with section 340g HGB in the 2025 financial year (previous year: EUR 624 million).

The **extraordinary result** decreased by EUR – 413 million year-on-year (previous year: EUR – 19 million) on account of one-off factors. The development of this item related primarily to the loss from mergers totaling EUR – 397 million, which was incurred during the acquisition of Berlin Hyp AG (upstream spin-off) in 2025. Moreover, additions to **restructuring provisions** were necessary in the course of the integration of Berlin Hyp AG, in particular in view of the implementation of human resources measures to increase efficiency. In total, net income/expenses from restructuring of EUR – 16 million (previous year: EUR 6 million) resulted from the other planned efficiency measures at the end of 2025.

Taking into account a partial profit transfer of EUR – 34 million (previous year: EUR – 36 million), **net profit/loss before tax** for the 2025 financial year amounted to EUR 581 million overall (previous year: EUR 548 million).

Income taxes recorded an EUR – 13 million increase to EUR – 231 million (previous year: EUR – 218 million). This was attributable in particular to the – EUR 28million increase in current tax expense to EUR – 247 million (previous year: EUR – 219 million) due to the higher pre-tax profit compared with the previous year. By contrast, non-periodic tax income climbed by EUR 15 million to EUR 16 million (previous year: EUR 1 million).

Net profit/loss for the year after tax thus increased to EUR 350 million, exceeding the previous year's value by EUR 20 million.

Net assets and financial position

Assets	31/12/2025	31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Cash and cash equivalents	14,359	10,298	4,062	39.4
Loans and advances to banks	87,175	99,676	– 12,501	– 12.5
Loans and advances to customers	157,268	125,772	31,495	25.0
Debentures and other fixed-income securities	40,575	36,153	4,422	12.2
Equities and other non-fixed-income securities	111	121	– 10	– 8.1
Trading portfolio	36,046	37,338	– 1,292	– 3.5
Equity investments	141	166	– 25	– 15.1
Shares in affiliates	1,316	2,705	– 1,388	– 51.3
Trust assets	806	760	46	6.1
Intangible assets	106	93	13	14.2
Property and equipment	889	707	181	25.7
Other assets	11,591	9,556	2,035	21.3
Deferred items	2,783	2,803	– 20	– 0.7
Excess of plan assets over pension liabilities	2	1	1	46.9
Total assets	353,168	326,149	27,019	8.3

Equity and liabilities	31/12/2025	31/12/2024	Change	
	EUR million	EUR million	EUR million	in %
Deposits from banks	73,181	72,026	1,155	1.6
Deposits from customers	139,339	135,398	3,941	2.9
Securitized liabilities	88,735	72,113	16,622	23.0
Trading portfolio	16,554	15,272	1,282	8.4
Trust liabilities	806	760	46	6.1
Other liabilities	9,211	5,799	3,412	58.8
Deferred items	2,758	2,806	– 47	– 1.7
Provisions	1,615	1,268	347	27.4
Subordinated liabilities	3,407	3,890	– 483	– 12.4
Regulatory AT 1 capital instruments	786	990	– 203	– 20.6
Fund for general banking risks	2,382	1,430	952	66.6
Equity	14,393	14,398	– 5	– 0.0
Total equity and liabilities	353,168	326,149	27,019	8.3
Contingent liabilities	14,578	13,865	713	5.1
Other obligations	47,934	43,370	4,564	10.5
Business volume¹	415,680	383,384	32,296	8.4

¹ In addition to total assets, the business volume includes off-balance-sheet contingent liabilities and other obligations.

Total assets

Total assets at LBBW (Bank) as at the end of 2025 rose by EUR 27.0 billion or 8.3% to EUR 353.2 billion compared with the previous year. The increase in total assets was thus essentially the result of the takeover of Berlin Hyp AG's holdings, which is primarily reflected in the items Loans and advances to customers and Securitized liabilities. The increase in the **debentures and other fixed-income securities** and in the deposits from customers can also be attributed to the migration. At the same time, LBBW (Bank)'s business volume grew by EUR 32.3 billion or 8.4% to EUR 415.7 billion.

Lending

Cash and cash equivalents totaled EUR 14.4 billion at year-end, up EUR 4.1 billion on the previous year's figure (EUR 10.3 billion). This was attributable almost exclusively to an increase in central bank balances.

Loans and advances to banks recorded a decline of EUR – 12.5 billion to EUR 87.2 billion as at 31 December 2025. Surplus deposits at central banks declined by EUR – 27.5 billion, while securities repurchase transactions increased by EUR 18.0 billion. The key factor in this development was the more advantageous interest rate environment for secured short-term investments.

Loans and advances to customers rose by EUR 31.5 billion to EUR 157.3 billion. Mortgage-backed loans in particular increased following the acquisition of Berlin Hyp AG's portfolios. This item saw an increase of EUR 25.0 billion to EUR 65.3 billion. Other receivables picked up by EUR 5.1 billion to EUR 74.3 billion and public-sector loans by EUR 1.4 billion to EUR 17.7 billion.

Debentures and other fixed-income securities increased by EUR 4.4 billion to EUR 40.6 billion primarily as the result of transactions of Berlin Hyp AG that were passed on to LBBW (Bank) in the course of the migration.

Trading assets declined by EUR – 1.3 billion to EUR 36.0 billion. The EUR 1.9 billion increase in securities transactions to EUR 11.2 billion was offset here by the reduction in interest rate derivatives and Schuldschein loans by EUR – 1.1 billion each to EUR 2.4 billion and EUR 1.5 billion respectively. Money market transactions and foreign currency derivatives also fell.

Shares in affiliates were reduced, mainly on account of the disposal of the carrying amount of the shares in Berlin Hyp AG, by EUR – 1.4 billion to EUR 1.3 billion.

Other assets rose by EUR 2.0 billion to EUR 11.6 billion, with margins to be provided in advance as collateral for derivative transactions also increasing here.

Funding

Deposits from banks increased by EUR 1.2 billion to EUR 73.2 billion compared with the end of 2024. While the branches outside Germany expanded their deposit volumes by EUR 3.5 billion, cash outflows totaling EUR – 2.4 billion were recorded at the LBBW (Bank) head office.

Deposits from customers amounted to EUR 139.3 billion, EUR 3.9 billion higher than in the previous year. The largest part of the change in this item was clearly influenced by migration activities in connection with the integration of Berlin Hyp AG. These were reflected in particular in issued debentures, overnight and term deposits and current account liabilities. In addition, substantial growth was recorded in demand deposits across all customer groups, which resulted in an EUR 8.2 billion increase to EUR 65.0 billion in total at year-end. Overnight and term deposits saw a decline of EUR – 7.8 billion to EUR 49.3 billion.

Securitized liabilities increased by EUR 16.6 billion to EUR 88.7 billion, thus recording the largest change on the liabilities side. The integration of Berlin Hyp AG and the accompanying inclusion of its portfolios meant that this item increased accordingly, where opportunistic liabilities were already reduced again in the course of the financial year and only partly replaced by new business. Short-term funding using commercial papers at the New York branch declined, which led to a fall in securitized money market transactions of EUR – 2.6 billion to EUR 19.0 billion.

Trading liabilities recorded an increase of EUR 1.3 billion to EUR 16.6 billion. Debentures issued picked up by EUR 1.0 billion to EUR 8.4 billion, with negative fair values from derivative financial instruments increasing by EUR 0.6 billion to EUR 6.8 billion.

Other liabilities increased by EUR 3.4 billion to EUR 9.2 billion. This development was essentially due to the increase in margin holdings as collateral to be provided in advance in connection with derivative transactions.

Deferred income was unchanged at EUR 2.8 billion at the previous year's level.

Subordinated liabilities were down by only EUR – 0.5 billion to EUR 3.4 billion, a change that related for the most part to the decline in subordinated debentures.

Equity

LBBW (Bank)'s **equity** amounted to EUR 14.4 billion as at 31 December 2025 and was thus at the previous year's level. The current profit of EUR 0.4 billion was offset by the distribution of dividends to shareholders of EUR – 0.3 billion.

Financial position

The funding strategy at LBBW (Bank) is proposed by the Asset Liability Committee (ALCo) and determined by management. The bank focuses on ensuring a balanced overall structure in terms of the groups of products and investors used. 2025 was characterized by another decline in money supply caused by the policy of the central banks. Even in this phase, LBBW (Bank) successfully presented itself to investors and was able to raise the cash funds required at all times. LBBW (Bank)'s sources of funding are very 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 LCR ratio at LBBW (Bank) was met at the times of calculation throughout the reporting period and was 177.9% as at 31 December 2025. The net stable funding ratio (NSFR) requirements applicable since June 2021 were also met at all times and were exceeded, at 115.5%, as at 31 December 2025.

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Group sustainability statement (Combined non-financial statement)

General information

BP-1 – General basis for preparation of sustainability statements

In accordance with sections 340a (1a) in conjunction with section 289b and sections 340i (5) in conjunction with section 315b HGB, LBBW is required to prepare a non-financial statement for LBBW (Bank) and a non-financial Group statement for the LBBW Group.

LBBW satisfies these obligations for the 2025 financial year by combining the two statements to form a "combined non-financial statement" (hereinafter referred to as the "sustainability statement") and publishing this as a separate section of LBBW's combined management report.

The sustainability statement is prepared entirely on the basis of the first sentence of the European Sustainability Reporting Standards (ESRS), which serve as a framework in accordance with section 289d HGB and sections 315c (3) in conjunction with section 289d HGB.

The sustainability statement covers the period from 1 January to 31 December 2025 and was prepared on a consolidated basis, applying the IFRS basis of consolidation. The LBBW Group (hereinafter referred to as the LBBW Group or LBBW) comprises the parent company Landesbank Baden-Württemberg (hereinafter referred to as LBBW (Bank)) and specialized subsidiaries.

Only the disclosures in accordance with Article 8 of the EU Taxonomy Regulation (see under "Supplementary disclosures in accordance with Article 8 of the EU Taxonomy Regulation") are based on LBBW's regulatory basis of consolidation. The main difference between the two bases of consolidation is that LBBW Immobilien Management GmbH is not included in the regulatory basis of consolidation.

The fully consolidated companies included in the IFRS basis of consolidation are consequently exempt from annual sustainability reporting requirements. As a result of its integration in LBBW (Bank) in the 2025 financial year, Berlin Hyp AG is no longer reported as an independent, fully consolidated subsidiary as at 31 December 2025 and therefore does not publish a separate sustainability statement.

The preparation of the sustainability statement considers the upstream and downstream value chain in the context of a materiality analysis. Aspects concerning upstream activities are taken into account as part of the operational ecology, while downstream activities relating to customers, business activities and communities are taken into account in the business portfolio. The focus is on LBBW's direct business relationships. The value chain is described in greater detail under "SBM-1 – Strategy, business model and value chain".

In preparing the sustainability statement, LBBW does not exercise the option to omit specific information corresponding to intellectual property, know-how or the results of innovation. Furthermore, LBBW does not exercise the exemption regarding the disclosure of impending developments or matters in the course of negotiation.

BP-2 – Disclosures in relation to specific circumstances

Time horizons and special features

LBBW does not engage in manufacturing. Accordingly, its value chain does not involve the traditional elements of procuring, processing and selling physical resources. Rather, the LBBW Group's business activities typically entail offering financial services and access to liquidity, with human resources as the main input factor. The impact of the upstream activities on people and the environment is low compared with traditional manufacturing companies. Increased impacts on people and the environment can arise in the downstream value chain due to the business activities of customers that are made possible by the funding provided.

Value chain estimation

This sustainability statement uses estimates based on indirect sources. This relates to the following metrics.

Estimated metrics	Basis of preparation	Resulting level of accuracy	Planned improvements where applicable
Gross GHG emissions in Scope 3 category 15 [E1-6]	Reported emissions are assessed to calculate greenhouse gas (GHG) emissions where available. For corporate customers, these are verified or unverified reports from the counterparties, while for real estate financing they are energy certificates and for infrastructure financing they are relevant reports from the project company. An approximate value is subsequently modeled across the hierarchy of the methodological approaches in accordance with the Partnership for Carbon Accounting Financials (PCAF). This modeling is performed at sector level by an industry estimator of the external service provider MACS Energy & Water. LBBW additionally uses publicly available emission factors for various project types and also substantially, as a participant in the PCAF, the PCAF database.	The hierarchy of methodological approaches is used to assign a data quality score to on-balance-sheet financial investments in accordance with the PCAF standard. The weighted data quality score is presented in the section on financed GHG emissions for each asset class and for Scope 3 separately from Scope 1 and 2. A representative sector emission value is used for the target funds included in assets under management (off-balance-sheet) instead of examining them at the level of the individual assets and their reported emissions. This value is presented in the section "Significant scope 3 GHG emissions". Accordingly, the level of accuracy is defined as "medium".	LBBW fulfills the requirements from PCAF standard 2.0. It plans to implement PCAF standard 3.0 from December 2025.
Gross GHG emissions in Scope 3 category 11 [E1-6]	The life cycle emissions of development projects are determined by extrapolating emissions from the life cycle analysis and user electricity consumption.	This extrapolation is based on building-specific and usage-specific values that could deviate from the actual figures depending on the future usage of the building. Accordingly, the level of accuracy is defined as "medium".	It is not possible to improve this extrapolation from the life cycle analysis and user electricity consumption, as the actual and future usage of the building is not known during the development phase.
Rate of work-related accidents: Number of hours actually worked [S1-14]	In the case of employees on leave of absence and subsidiaries that are not integrated into the time recording system, the number of hours actually worked is estimated on the basis of the contractually agreed working hours less flat-rate allowances for potential absences (vacation, illness, public holidays).	The estimates are based on past experience. Accordingly, the level of accuracy is defined as "medium".	When the parameters underlying the estimates change, they are amended accordingly.

The following section contains a list of metrics and monetary amounts that are subject to a high level of measurement uncertainty.

Quantitative metrics subject to a high level of measurement uncertainty

Scope 3 category 15 [E1-6]

Sources of measurement uncertainty

Due to the complexity and limited availability of reported emission data, estimated emissions are fundamentally subject to a high level of model uncertainty.

Assumptions, approximations and judgments applied in measurement

Reported emissions are used where available. After this, approximations are modeled across the PCAF hierarchy of methodological approaches. The data quality score in accordance with PCAF provides transparency concerning this methodological approach and the related quality.

More detailed information about Scope 3 category 15 can be found in the section "E1-6 – Gross GHG Scope 1, 2 and 3 and total GHG emissions" of this sustainability statement.

The 2025 materiality analysis led to changes in the material impacts, risks and opportunities. This was due firstly to the consideration of the current input parameters and, secondly, to the adjusted methodology used in the materiality assessment. For detailed information, please see section "SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model" of this sustainability statement.

Information included by reference to other sections

The following information in this sustainability statement is included by reference to other sections of the combined management report:

- The information pursuant to ESRS 2 SBM-1 Art. 42 "Description of the business model" is included by reference to the section "Structure and business model" section of the combined management report.
- The information pursuant to ESRS 2 GOV-5 Art. 36a "Scope, main features and components of the risk management and internal controls in the annual report" is included by reference to the sections "ICS with regard to the accounting process" and "Risk management processes, organization and reporting" of the combined management report.

GOV-1 – The role of the administrative, management and supervisory bodies

Composition of the Board of Managing Directors and the Supervisory Board

LBBW has a dual governance structure with a seven-person Board of Managing Directors that manages Landesbank Baden-Württemberg's business and that is appointed by the Supervisory Board, and a Supervisory Board that advises and monitors the management. Of the 21 members of the Supervisory Board, 14 are elected by the Annual General Meeting based on proposals by the owners. Seven members of the Supervisory Board are employee representatives. In accordance with the law and the Articles of Association of Landesbank Baden-Württemberg, 50% of the Supervisory Board members elected by the Annual General Meeting, including the Chair, must be independent.

The members of the Board of Managing Directors and the Supervisory Board are subject to the regulatory requirements concerning members of banks' managing and supervisory bodies. They have the required knowledge, skills and experience to properly perform their tasks within LBBW's business model.

The selection of suitable candidates for election to the Board of Managing Directors and the Supervisory Board takes account of diversity aspects in order to ensure a broad range of qualities and expertise. In particular, care is taken to ensure the appropriate representation of women, a balanced age structure, and a broad spectrum of educational and professional backgrounds and experience in relation to the bodies' key activities.

As at 31 December 2025, the seven members of the Board of Managing Directors included one woman. Six of the 21 members of the Supervisory Board were women.

Gender diversity in %	31/12/2025		31/12/2024	
	Board of Managing Directors	Supervisory Board	Board of Managing Directors	Supervisory Board
Share of men	85.7	71.4	85.7	76.2
Share of women	14.3	28.6	14.3	23.8
Share of diverse members	0	0	0	0

Roles and responsibilities of the members of the Board of Managing Directors and the Supervisory Board

LBBW's Board of Managing Directors is independently responsible for managing the business of Landesbank Baden-Württemberg while taking the interests of owners, employees and stakeholders into account. It develops the Company's strategic orientation and ensures that it is implemented. It is also responsible for defining key business policy principles to the extent prescribed by the law and LBBW's Articles of Association. The Supervisory Board advises and monitors the Board of Managing Directors and is involved in decisions of key importance to the Company. The Board of Managing Directors agrees the strategic direction of the Company with the Supervisory Board and they discuss the status of strategy implementation at regular intervals. Changes to principles of the business policy require the approval of the Supervisory Board.

As the managing body, the Board of Managing Directors receives the results of the annual materiality analysis and is the supreme body within LBBW for sustainability-related decisions. This also includes the annual update of the ESG Strategy 2025⁺, referred to in the following as the ESG strategy. The ESG strategy lays down the bank's strategic direction in relation to its material impacts, risks and opportunities. The Board of Managing Directors is supported by the ESG Management & Strategy unit in defining the strategic framework. Operationally, the ESG strategy is implemented on a decentralized basis in the specialist divisions. Uniform requirements and a structured dialog between ESG strategy and operating units ensure consistent alignment, transparent progress and the continuous updating of the ESG strategy. For more information on the ESG strategy, see section "SBM-1 – Strategy, business model and value chain".

In accordance with Article 17 of LBBW's Articles of Association, the Supervisory Board has established a Risk Committee comprising eight of its members. The Risk Committee advises the Supervisory Board on LBBW's overall risk appetite and risk strategy and supports it in monitoring the implementation of the risk strategy by the Board of Managing Directors, including the risk strategy focus with regard to ESG-relevant risk drivers. The Board of Managing Directors is required to provide the Risk Committee with the necessary information on the strategy and risk.

The processes for conducting the materiality analysis and preparing the Group sustainability statement are integrated in the written policies in order to ensure that the procedures and controls are designed in such a way as to be compliant with the ICS. The reporting process for the Group sustainability statement is based on the existing control sets and checking rules for financial reporting and is modified or expanded as required. In the same way as for financial reporting, process responsibility lies with LBBW's Finance division.

The Board of Managing Directors and the Supervisory Board have the necessary expertise in the area of sustainability to effectively perform their duties with regard to sustainability-related aspects of the Company's business activities. In particular, this includes knowledge of material sustainability-related impacts, risks and opportunities. The Board of Managing Directors and the Supervisory Board may also include experts in individual consultations at all times.

An extensive range of training programs and courses helps to ensure that the Company's employees also have the necessary specialist knowledge concerning sustainability to fulfill their duties. The content for this training is provided by the central ESG unit.

GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Group's Board of Managing Directors is informed about material impacts, risks and opportunities, the implementation of sustainability due diligence and the results and effectiveness of the strategies, measures, parameters and objectives adopted. It makes decisions on matters of relevance to the Bank as a whole. In 2025, the updated results of the double materiality analysis and the strategic actions derived from them were adopted by the Group's Board of Managing Directors. The material impacts, risks and opportunities, the implementation of sustainability due diligence and the results and effectiveness of the strategies, measures, parameters and objectives adopted are presented annually to the Board of Managing Directors by the ESG unit.

Furthermore, the Board of Managing Directors presents the Group risk strategy and regular and ad hoc risk reports to the Risk Committee of the Supervisory Board. These were discussed by the committee at its ten meetings in 2025. The reports on the group risk situation are prepared in writing at least every quarter. Information is additionally provided on sustainability-related risks. The Chair of the Risk Committee regularly reports to the Supervisory Board on the work of the committee.

The duties and responsibilities of the Board of Managing Directors and the Supervisory Board are set out in rules of procedure. These rules define the guidelines concerning the strategic and economic importance of decisions and the extent to which the executive bodies are therefore required to be involved in the decision-making process. If an executive body is involved in a decision-making process, it is provided with a written submission in good time prior to the decision. To aid decision-making, this submission must contain a discussion of the matter and the associated impacts, risks and opportunities.

The material impacts, risks and opportunities are addressed in the ESG strategy. This ensures that material impacts, risks and opportunities are taken into consideration in the monitoring of the strategy and in decisions on important transactions. The ESG strategy is downstream of the business strategy. The business strategy applies to the entire LBBW Group. It is adopted by the Board of Managing Directors annually and discussed with the Supervisory Board. A list of the material impacts, risks and opportunities can be found under "SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model".

GOV-3 – Integration of sustainability-related performance in incentive schemes

This section describes the integration of sustainability-related performance in incentive schemes for the Board of Managing Directors and the Supervisory Board.

As part of its Group remuneration strategy, LBBW works to ensure that its remuneration takes into account the strategy and risks in both the medium and long term.

The remuneration system of the members of the Board of Managing Directors is geared towards the achievement of the targets derived from LBBW's strategy, including ESG-related objectives. It consists of fixed, non-performance-based remuneration and performance-based variable remuneration. Half of the performance-based variable remuneration is guided by the Group's overall performance over a period of three years and the other half by the individual contributions of the members of the Board of Managing Directors to this performance in the past financial year. The individual performance contribution is tied to target agreements.

Sustainability-related targets form part of LBBW's business strategy, which is linked to the ESG strategy and the Group risk strategy. Its two main objectives, Growth and Relevance, shape the forward-looking development of LBBW. Five strategic levers support the implementation of the strategy. The "Sustainable Transformation" lever includes the goal of reducing carbon emissions in the lending portfolio and is measured using specific phase-out pathways for individual sectors. The lever "Inspire Employees" includes the goal of advancing women in management positions, for which the development of the proportion of women in management is used. The individual target agreements of the members of the Board of Managing Directors are based on the business and Group risk strategy as well as the business plan and the corporate culture. In total, a minimum of 12% of the variable remuneration of the members of the Board of Managing Directors is tied to sustainability-related targets.

The Supervisory Board is responsible for determining the remuneration system for the Board of Managing Directors with the support of the Compensation Control Committee.

The Annual General Meeting is responsible for determining the remuneration system for the members of the Supervisory Board. The members of the Supervisory Board receive fixed remuneration.

GOV-4 – Statement on due diligence

The following section contains an overview of the information provided in this sustainability statement regarding the due diligence process.

Core elements of due diligence	Sections in this sustainability statement
Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2: "GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies" ESRS 2 SBM-3: "SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model"
Engaging with affected stakeholders in all key steps of due diligence	ESRS 2 SBM-2: "SBM-2 – Interests and views of stakeholders" ESRS 2 IRO-1: "IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities" E1, S1, S3, S4: "SBM-1 – Strategy, business model and value chain" E1: "E1-2 – Policies related to climate change mitigation and adaptation" S1: "S1-1 – Policies related to own workforce"
Identifying and assessing adverse impacts	ESRS 2 IRO-1: "IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities" ESRS 2 SBM-3: "SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model"
Taking actions to address those adverse impacts	E1: "E1-3 – Actions and resources in relation to climate change policies" E4: "E4-3 – Actions and resources in relation to biodiversity and ecosystems" E4: "E4-1 – Consideration of biodiversity and ecosystems in strategy and business model" S1: "S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions" S3: "S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions" S3: "S3-3, S4-3 – Processes to remediate negative impacts and channels for affected communities and consumers and end-users to raise concerns" G1: "G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery"
Tracking the effectiveness of these efforts and communicating	ESRS 2 GOV-1: "GOV-1 – The role of the administrative, supervisory and management bodies" ESRS 2 GOV-3: "GOV-3 – Integration of sustainability-related performance in incentive schemes" ESRS 2 SBM-1: "SBM-1 – Strategy, business model and value chain" E1: "E1-4 – Targets related to climate change mitigation and adaptation" E1: "E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions in the business portfolio" E4: "E4-4 – Targets related to biodiversity and ecosystems" S1: "S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" S1: "S1-6 – Characteristics of the undertaking's employees" S1: "S1-9 – Diversity metrics" S1: "S1-13 – Training and skills development metrics" S1: "S1-17 – Incidents, complaints and severe human rights impacts" S3: "S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" G1: "G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery"

GOV-5 – Risk management and internal controls over sustainability reporting

The process for preparing the sustainability statement at LBBW is integrated in the annual financial reporting process. Accordingly, the scope, the key features and elements for the risk management and the internal controls are described in the section "ICS relating to the financial reporting process" and also in the section "Processes, organization and reporting in risk management" of the combined management report.

A risk assessment is carried out for the process steps integrated in the financial reporting process and controls are adjusted if necessary. The controls serve the purpose of ensuring that the sustainability reporting is prepared correctly and punctually in accordance with the statutory requirements. A role model has been implemented for the sustainability reporting that requires quality assurance to be performed on data deliveries before they are transferred. Consequently, supply units not previously involved in the financing reporting process have established and integrated in their workflows the processes and controls that they require for this (written rules). The reporting requirements for preparing the sustainability statement are contained in the CSRD handbook. It is ensured that this is available and up to date in the same way as the handbooks for the financial reporting process are.

The Finance division regularly monitors the ICS related to the sustainability process to evaluate its effectiveness and adequacy as part of the Bank-wide ICS monitoring process. This ensures that potential improvements are identified and processes are continually adjusted where necessary. This process is conducted in the same way as the accounting-related ICS, which is described in the section "ICS relating to the financial reporting process" of the combined management report.

Group Auditing as the third line of defense conducts process-independent internal audits in accordance with the audit plan and regularly reports the results to the Audit Committee of the Supervisory Board, which acts as the highest-level monitoring body.

The risk assessment is conducted across the ICS regulatory cycle defined for LBBW (see the section "ICS relating to the financial reporting process" of the combined management report). The "process risk analysis" methodology is used for the process to prepare the sustainability statement. In the analysis, all investigated risks are considered to be equivalent and are classified and assessed in terms of likelihood of occurrence and amount of damage.

As the preparation of the sustainability statement at LBBW is carried out as part of the annual financial reporting process, and in order to ensure that the sustainability statement is complete and prepared punctually and the data quality is high, the most significant risks are also covered by the established processes (for example the use of proven consolidation software, scheduling and tracking using a workflow tool) and controls (for example checking rules on the system side and approval procedures following quality assurance) within the framework of the preparation of the annual financial statements. As part of the verification mechanisms that are implemented each year, materiality and risk analyses on processes, appropriateness tests on controls, protection needs analyses on systems and, where applicable, appropriate mitigation strategies are demonstrated.

SBM-1 – Strategy, business model and value chain

Sustainability targets and products in accordance with the business strategy

LBBW's business strategy takes economic, environmental and social aspects into consideration. The implementation of the business strategy with the two corporate objectives "Growth and Relevance" is operationalized using the five strategic levers of "Sustainable Transformation", "Innovative Solutions", "Enhanced Resilience", "Inspire Employees" and "Social Contribution". The business strategy forms the basis for all downstream strategies, including the Group risk strategy, the HR and Group remuneration strategy, and the ESG strategy. The Group risk strategy concretises the business strategy with regard to risk-relevant topics. The Group risk strategy outlines the strategic stipulations across risk categories with regard to risks within the LBBW Group and details these stipulations in the descriptions of the specific risk categories. The Group risk strategy is drawn up by the Risk Control division.

The HR strategy specifies in more detail the key strategic focus areas of the human resources work outlined in the business strategy. At the same time, the HR strategy serves as a strategic driver for the further development of the employee life cycle and for HR focus areas. It is drawn up by the HR department.

LBBW's Group remuneration strategy sets out the foundations and key points for the Group's remuneration structure, which is geared toward medium and long-term strategies and risks that have been derived from the considerations of the top-level business strategy. It also describes how the remuneration tools and processes contribute to the successful implementation of the business and risk strategies, to the HR strategy and to the corporate culture. It is drawn up by the HR department.

The ESG strategy has laid down the strategic objective for the next few years along the environment, social and governance dimensions. The strategy pursues the overarching goals of responsibility, transformation and stability. LBBW is committed to having a climate-neutral business portfolio by 2050 at the latest. To achieve this goal, LBBW supports its customers in their sustainable transformation and at the same time promotes the stability of its own business as well as that of its customers through targeted ESG risk management. As a downstream strategy of the business strategy, the ESG strategy is an important driver in the implementation of the strategic lever "Sustainable Transformation".

Responsibility for developing, monitoring and updating the strategy each year lies with the ESG Management & Strategy unit. The contents of the ESG Strategy 2025+ were further developed and refined in 2025. Even greater focus was placed on environmental issues here. As before, aspects from the social and governance areas are addressed in the supplementary concepts and rules, for example in the HR strategy as well as in the Code of Conduct. The overarching goals of responsibility, transformation and stability remain unchanged and will continue to be consistently pursued.

The ESG strategy applies to the LBBW Group as defined by the IFRS basis of consolidation and sets binding Group targets. Its integration in the relevant strategies and its implementation in operations are the responsibility of the subsidiaries, paying due attention to their individual business models. The relevant stakeholders were involved in the preparation of the ESG strategy, including the management and also the representatives from the business segments that play a role in the implementation of the objectives and actions.

In order to achieve the goals defined in the ESG strategy and to drive the sustainable transformation, LBBW focuses on specific measures and targeted support that meet the both the requirements of its customers and the complex economic requirements. The sustainable transformation of the economic system poses a wide range of challenges for companies. As a proficient and reliable partner in the transformation, LBBW takes these needs into consideration and develops suitable customer solutions. LBBW finances relevant transformation projects such as wind farms and photovoltaic systems and offers a range of sustainable products and services. This also includes customized advisory services on sustainable business models, digital transformation and value chain optimization. LBBW has developed sector pathways for the seven sectors with the most intensive emissions in order to support the objective of climate neutrality in the business portfolio.

Binding regulations, principles and standards have been established to support the sustainable alignment of the LBBW Group. Actions are defined in the context of putting the ESG strategy into operation.

LBBW has currently defined qualitative objectives in relation to the various sustainability matters (please see the sections "E1-4 – Targets related to climate change mitigation and adaptation", "E4-4 – Targets related to biodiversity and ecosystems", "S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities", "S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities" and "G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery"). There are essentially no measurable scheduled targets as at the reporting date. One deviation from this relates to the section "S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities".

Important products and services

As a mittelstand-minded universal bank, LBBW offers its customers a comprehensive range of financial products and services, including investment products, financing solutions and advisory services with a sustainability dimension. The products that are important in terms of the sustainability statement in these three product groups and that relate to LBBW's material impacts are described below.

The investment products in LBBW's product portfolio that are classified as important from sustainability perspectives include green and social bonds where the funds are used for projects in the fields of environmental protection and climate change mitigation as well as projects of a social nature and sustainability linked bonds. Moreover, the investment portfolio includes funds that meet the criteria set out in Article 8 of the Sustainable Finance Disclosure Regulation (EU) 2019/2088. Article 8 funds take environmental and/or social aspects into consideration when selecting their investment instruments. Certificates and retail bonds are also counted among LBBW's important products with sustainability characteristics. A large proportion of the volume is classified as PAI products, the sustainability characteristic referring to principal adverse impacts.

In addition to investment products, LBBW provides an extensive range of financing solutions that focus on sustainability. A central element of this offer is real estate financing, in particular for energy-efficient residential and commercial properties. Infrastructure financing in the sustainability field, such as the financing of wind turbines for example, is also an important and significant part of the portfolio. ESG-linked financing is an additional component of the sustainability-focused financing solutions.

In addition to investment and financing products, LBBW offers advisory services for institutional and corporate customers. These include, for examples, providing advice for institutional and corporate customers in the sustainable transformation of their business models as well as sustainable finance solutions that finance the change. LBBW additionally supports its customers in their issuances on the primary market. LBBW Research offers customers comprehensive information on capital markets, the economy, politics, corporations, industry trends and sustainability.

Important customer groups and sectors of activity at LBBW

The LBBW Group's customer-oriented business model is reflected in the segments Corporate Customers, Real Estate and Infrastructure Financing, Capital Markets Business and Private Customers/Savings Banks. The LBBW Group operates primarily in its regional core markets of Baden-Württemberg, Rhineland-Palatinate and Saxony and takes advantage of growth opportunities in other selected economic areas. A network of international locations and German centers is also available to support customers with country-specific expertise, financial solutions and consulting services for activities abroad, such as entering a new foreign market.

With this focus on customer groups and markets, LBBW sees itself in a solid position to drive the objectives of transformation, responsibility and stability that have been set in the ESG strategy.

LBBW's net revenue is produced exclusively from the ESRS sector "Financial Institutions – Banks". It amounts to EUR 31 billion in total (previous year: EUR 45 billion). LBBW's net revenue is generated from interest income, income from equity instruments, fee and commission income, net gains on remeasurement and disposal, including allowances for losses on loans and securities, as well as other operating income.

Number of employees by geographical region

The figures shown correspond to the values on the reporting date as at 31 December of the financial year.

31/12/2025						
	Germany	Western Europe (excluding Germany)	North America	Asia/Pacific	Other	Total
Number of employees (headcount)	10,444	109	91	150	27	10,821

31/12/2024						
	Germany	Western Europe (excluding Germany)	North America	Asia/Pacific	Other	Total
Number of employees (headcount)	10,420	99	76	155	27	10,777

Business model and value chain in detail

The LBBW Group's business model, its ongoing development and the ongoing development of the business fields can be found in the section "Structure and business model" in the combined management report.

LBBW's relevant value chain that is taken into consideration comprises both an upstream and a downstream part as well as its own business operations. In the upstream section of the value chain, it is mainly matters relating to LBBW's business ecology that are looked at and taken into account. The downstream part comprises in particular the (business) activities with customers (customer groups) and communities as well as business partners and reflects LBBW's business portfolio accordingly. The focus of the upstream and downstream value chains is on LBBW's direct business relationships.

LBBW's upstream value chain consists of activities by and with business partners with a view to performing services for the financial undertaking. Because of the nature of the preparatory work conducted in the upstream value chain, these activities also have an impact on LBBW's banking operations. LBBW's upstream value chain is largely characterized by the most important groups of actors presented below:

Data providers and IT service providers: The services that are used relate to the provision of financial market data, analysis tools, IT consulting, services of market data providers and software solutions.

Service providers and suppliers for the business operations: These include both auditing and consulting firms that provide an extensive range of specialist, strategic and organizational advice for LBBW. Moreover, it also includes companies that undertake payment and transaction services. IT hardware and office suppliers are also included in this group, as are travel and mobility service providers.

Basic building services: LBBW makes use of the services for example of commercial cleaning and security companies as well as logistics providers. Moreover, LBBW purchases goods, such as office equipment, and needs a supply of energy and water for the basic building services.

Investors (including providers of refinancing) and the shareholders of LBBW are additionally part of the upstream value chain. The shareholders include the federal state of Baden-Württemberg, the city of Stuttgart and the Baden-Württemberg Savings Bank Association. All of these actors in the value chain are relevant stakeholder groups as defined in the materiality analysis and are taken into consideration in the preparation of LBBW's sustainability statement.

The downstream value chain comprises the business portfolio and the banking products as well as the advisory services for customers and business partners of LBBW. The customers and business partners of LBBW thus constitute the central and primary actors in its downstream value chain. The customers are enterprises, including banks, public institutions and private individuals. The group of business partners includes financing partners, venture capital and venture debt funds as well as investors on the money and capital markets.

Through its offer of financing and investment solutions as well as its advisory services, the LBBW Group plays a significant role in supporting and funding the customers and business partners in the downstream value chain.

SBM-2 – Interests and views of stakeholders

LBBW undertakes always to act in the best and long-term interests of its customers and stakeholders in order to make a sustainable contribution to society. The relevant stakeholders are proactively and responsibly engaged. The interests of the stakeholders are mapped through internal stakeholder representatives and their viewpoints are taken into consideration in the course of the double materiality analysis. The analysis process is described in more detail in the section "IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities".

LBBW lists its most important stakeholders in the table below. It distinguishes between the two categories defined in ESRS 1: groups that may potentially be affected by the Bank's impacts (hereinafter: "affected" stakeholders) and groups interested in the Bank's financial opportunities and risks (hereinafter: "interested" stakeholders). How LBBW communicates with the stakeholders is also indicated.

Stakeholder group	Stakeholder category	Communication with these stakeholders (stakeholder engagement)
Employees and other workers	interested affected	- Regular employee surveys - Regular dialog with the Staff Council - Initiatives for employee development - Interaction with employees through internal communication channels
Customers	interested	- Personal customer meetings - Regular customer surveys - Various dialog formats with the institutions of "Sparkassen Finanzgruppe", including conferences and regional bank dialog forums on sustainability (e.g. through the DSGV – German Savings Banks Association) - Quality and complaints management systems
Suppliers/service providers	interested	- Definition of sustainability requirements for LBBW's suppliers and review of these to a reasonable extent - Sustainability questionnaire for classifying suppliers in terms of sustainability-related risks - Performance of annual development meetings with suppliers and service providers - Supplier assessment platform
Investors	interested	- Processing of inquiries from investors and regular discussions with investors - Initiatives for exchanging information on the subject of sustainability (conferences, organization of roadshows, etc.)
Business conduct	interested	- Organizational preparation of the meetings of the Board of Managing Directors and committees (Supervisory Board, Annual General Meeting, etc.) - General distribution and management of topics in the business units
Local communities and at-risk groups	affected	- Maintenance of memberships in national stakeholder groups/NGOs - Engagement with the needs and concerns of local communities in the context of infrastructure financing and funding initiatives
Analysts/rating agencies	interested	- Processing of inquiries and communication with rating service providers
Cooperation partners	interested	- Regular dialog with the savings banks, including through the DSGV on strategic decisions - Other dialog formats within the "Sparkassen Finanzgruppe" (e.g. conferences, regular customer surveys)
Non-governmental organizations	affected	- Review and processing of inquiries and concerns of NGOs
Media	interested affected	- Review of and response to inquiries from media representatives
Competitors	interested	- Exchange of information on sustainability issues - Membership in banking associations - Membership in organizations to maintain savings banks networks
Labor markets	interested	- Online and offline communication through the careers website and participation at careers fairs, among other things - Recruiting and conducting job interviews
Associations	interested	- Membership in associations - Exchange of information at association level
Authorities/auditors and certifiers	interested	- Regular communication with the auditors while the annual financial statements for the LBBW Group are being prepared - Exchange of information with BaFin and the ECB, for example in the context of the JST Dialog
Compliance function	interested	- Ensuring that all business activities and decisions are consistent with internal and legal requirements
Owners	interested	- Regular sessions of the Annual General Meeting and of the Supervisory Board
Politics	interested affected	- Implementation of requirements from the UN, EU, federal state, state of Baden-Württemberg, city of Stuttgart, regulatory authorities

LBBW's aim is to understand the needs and expectations of its stakeholders and stakeholder groups when it comes to sustainability issues. LBBW incorporates the interests of all stakeholders in its business policy decisions. The interests of the stakeholder group comprising private customers, business customers and the liberal professions are canvassed each year in a customer survey conducted by an independent market research institute. The satisfaction of the employees is analyzed in the course of annual employee surveys. The results are incorporated in LBBW's target system and are subsequently discussed in a follow-up process, in which improvement measures are derived. LBBW uses the knowledge gained from this to further develop its own activities where required and thus to raise the satisfaction of its customers and employees.

The key contents and objectives of the business strategy are described in the section "SBM-1 – Strategy, business model and value chain". LBBW's continuous strategy process reviews the business strategy on an ongoing basis, identifies strategic requirements and derives strategic priorities from them. The basis for the further strategic development is a comprehensive analysis of exogenous and endogenous influencing factors that also takes into account the established universal bank approach. With its main objectives set as "Growth and Relevance", the business strategy was initiated in 2022 and has been successfully implemented since 2023. At its core is a clear focus on growth with steady earnings growth, risk management and active cost management. LBBW additionally underlines its relevance for the economy and society with an integrated service approach and a competitive range of products. The volatile environment is bringing the resilient position of the LBBW Group with its appropriate balance of growth and resilience to the fore.

With its five strategic levers, the business strategy currently in effect reflects its stakeholders' interests that have been defined as relevant for LBBW. At the same time, LBBW's business strategy and the downstream strategies, such as the ESG strategy in particular, are reviewed and, if necessary, adjusted in the course of an annual standard process. The findings of the strategy process described above and also the implications of the analysis of the influencing factors are taken into account. Strategic objectives are refined and suitable measures derived on this basis. The analysis of the exogenous influencing factors in the business strategy also includes the "ESG" subject area. At the Group level, this is addressed by the "Requirements related to climate and environmental risks" (regulations as influencing factor) and "Sustainability (ESG)" (social developments as influencing factor). The strategic implications and relevance of "sustainability" as an influencing factor are also assessed at the segment level. The business strategy is approved by the Board of Managing Directors each year, discussed with the Supervisory Board and subsequently communicated appropriately within the LBBW Group.

S1_SBM-2 – Own workforce in interaction with interests and views of stakeholders

LBBW is committed to taking the interests, views and rights of its own workforce into account. In particular, the subject of human rights is also taken into consideration as an important element of the strategy and business model.

S3_SBM-2 – Affected communities in interaction with interests and views of stakeholders

LBBW is committed to taking the interests, views and rights relating to affected communities into account. In particular, the subject of human rights is also taken into consideration as an important element of the strategy and the business model.

S4_SBM-2 – Consumers and end-users in interaction with interests and views of stakeholders

LBBW is committed to taking the interests, views and rights of its consumers and end users into account. In particular, the subject of human rights is also taken into consideration as an important element of the strategy and the business model.

SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

LBBW has identified and assessed positive as well as negative, potential and actual impacts, risks and opportunities in the course of the materiality analysis. The assessment of the impacts, risks and opportunities has identified the following topics pursuant to the ESRS as material at LBBW for its own operations: working conditions, equal treatment/non-discrimination, corporate culture and corruption and bribery.

The assessment of materiality from the perspective of the business portfolio has produced the following material issues: climate change adaptation, climate change mitigation/energy, biodiversity and ecosystems, affected communities, consumers and end-users, corporate culture and corruption and bribery.

The illustration below shows the results of the materiality analysis for the 2025 financial year in comparison with the previous year along the double materiality dimensions for the operations and the business portfolio of the LBBW Group.

Results of the 2025 materiality analysis compared to the previous year

ESRS	Topic	Banking operations and procurement				Business portfolio			
		Impacts		Financial materiality		Impacts		Financial materiality	
		Positive	Negative	Opportunity	Risk	Positive	Negative	Opportunity	Risk
E1	Climate change adaptation								
E1	Climate change mitigation/energy								
E2	Pollution/pollutants								
E3	Water/marine resources								
E4	Biodiversity and ecosystems								
E5	Resource use and circular economy								
S1	Working conditions								
S1	Equal treatment/non-discrimination								
S1	Other work-related rights								
S2	Workers in the value chain								
S3	Affected communities								
S4	Consumers and end users								
G1	Business conduct policies and corporate culture								
G1	Relationships with suppliers and payment practices								
G1	Anti-competitive behavior, political influence/lobbying activities								
G1	Corruption and bribery								

Material (as in 2024 materiality analysis)	Non-material (as in 2024 materiality analysis)	Not applicable	Material (change from 2024 materiality analysis)	Non-material (change from 2024 materiality analysis)

The deviations highlighted in color between the results of the 2024 and 2025 materiality analyses are due to methodological improvements undertaken in the financial year – including in particular sharper quantification and support from external sources. Consequently, the pollution/pollutants (E2), water/marine resources (E3), resource use and circular economy (E5) standards and the suppliers and payment practices sub-topic are thus no longer material. Further information on this is disclosed in the section "IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities" and the subsequent topic-specific sections (in particular the sections on E2_IRO-1, E3_IRO-1 and E5_IRO-1).

The material impacts, risks and opportunities are described in detail below. They are classified on the one hand in terms of the "Business portfolio" and "Operations" dimensions and, on the other, by the point in the value chain at which the impacts, risks and opportunities arise. The material impacts, risks and opportunities that have been identified fall within the scope of the ESRS disclosure requirements. LBBW additionally indicates entity-specific key figures and refers for this to the section "IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement".

In the course of its analysis of sustainability-related impacts, LBBW distinguishes between actual impacts, i.e. impacts that have already occurred to a material extent in the reporting year, and potential impacts, i.e. impacts to be expected to a material extent in the short, medium and long term. Impacts may occur or have occurred to a material extent in the reporting year and may also be expected to a material extent in the future and are thus both actually and potentially material at the same time. Potential impacts are additionally divided into short, medium and/or long-term material impacts.

A distinction of this kind is not drawn for material risks and opportunities, as they are essentially formulated with a focus on the future and are thus intrinsically potential by nature.

Climate change adaptation

Impact/risk/opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impact	Business portfolio	No. i5: Indirect contribution to the degradation of ecosystems in the context of new construction and infrastructure financing, thereby increasing vulnerability to acute and chronic impacts of climate change	Downstream value chain
		potentially short, medium and long term	
Risk	Business portfolio	No. r1: Lending risks as a result of an increase in climate-change related extreme weather events (heavy precipitation, floods, heat waves, cold waves, forest fires, drought)	Downstream value chain
		long-term	
		No. r1a: Lending risks resulting from chronic climate-change related changes (altered precipitation patterns and types, precipitation or hydrological variability, water stress, temperature variability, drought, permafrost thawing)	
		long-term	
Opportunity	Business portfolio	No. o7: Tap potential new business and strengthen reputation by developing financing solutions for actions to adapt to the consequences of climate change	Downstream value chain
		short, medium and long term	

Climate change mitigation/energy

Impact/risk/opportunity	Dimension	IRO number and brief description	Location within value chain
Positive impact	Business portfolio	No. i11: Indirect contribution to climate change mitigation in the context of real estate and infrastructure financing (for example, feeding surplus renewable energies into the electricity grid, construction methods based on the circular economy, solar and wind farms, carbon capture)	Downstream value chain
		actual; potentially short, medium and long term	
Negative impact	Business portfolio	No. i13: Indirect contribution to climate change by financing corporate customers that generate large quantities of greenhouse gases	Downstream value chain
		actual; potentially short, medium and long term	
		No. i13b: Indirect contribution to climate change by financing real estate operated using fossil fuels	
		actual; potentially short, medium and long term	
		No. i13a: Indirect contribution to resource consumption and thus related emissions by financing construction and infrastructure projects (embodied carbon emissions)	
		potentially short, medium and long term	
Risk	Business portfolio	No. r3: Lending risks arising from the financing of emission-intensive sectors or projects (transition risks)	Downstream value chain
		long-term	
Opportunity	Business portfolio	No. o15: Tap potential new business and strengthen reputation by developing financing solutions for actions to mitigate climate change	Downstream value chain
		short, medium and long term	

Biodiversity and ecosystems

Impact/risk/opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impacts	Business portfolio	No. i39: Indirect contribution to the degradation of ecosystems and the loss of biodiversity by financing corporate customers that generate high environmental impacts	Downstream value chain
		actual; potentially short, medium and long term	
		No. i167: Indirect contribution to negative impacts on biodiversity and ecosystems through the operation of financed buildings (for example light pollution, sealing, lack of or unsuitable greening)	
		actual; potentially short, medium and long term	
		No. 167a: Indirect contribution to negative impacts on biodiversity and ecosystems through life cycle-related environmental impacts in construction and infrastructure financing	
		potentially short, medium and long term	

Working conditions

Impact/risk/ opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impact	Operations	No. i73: Potentially negative impacts on employees' quality of life as a result of inadequate wages, a lack of benefits and, additionally, unattractive working conditions potentially short, medium and long term	Own operations
Opportunity	Operations	No. o75: Enhancement of employees motivation and performance as well as increased employer attractiveness through continually improved working conditions short, medium and long term No. o76: Strengthen competitiveness through investments in employees' skill development short, medium and long term	Own operations

Equal treatment/non-discrimination

Impact/risk/ opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impact	Operations	No. i79: Potentially negative impacts on employees' quality of life on account of discrimination at the workplace potentially short, medium and long term	Own operations

Affected communities

Impact/risk/ opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impacts	Business portfolio	No. i98: Indirect contribution to negative impacts on the living conditions of affected communities in the context of financing corporate customers from sectors with increased risks of causing negative impacts on the living conditions of affected communities actual; potentially short, medium and long term No. i98a: Indirect contribution to negative impacts on the living conditions of affected communities in the context of real estate and infrastructure financing potentially short, medium and long term	Downstream value chain

Consumers and end-users

Impact/risk/ opportunity	Dimension	IRO number and brief description	Location within value chain
Positive impact	Business portfolio	No. i101: Facilitation of access to financial products and thereby contributing to the promotion of the social inclusion of consumers and end-users in the economy actual; potentially short, medium and long term	Downstream value chain
Negative impact	Business portfolio	No. i103: Potential contribution to excess debt among private customers if risks are wrongly assessed potentially short, medium and long term	Downstream value chain

Corporate culture

Impact/risk/opportunity	Dimension	IRO number and brief description	Location within value chain
Risk	Operations	No. r68: Compliance risks as a result of breaching trade embargoes, money laundering, market manipulation or tax evasion	Own operations
		short, medium and long term	
Opportunity	Operations	No. o114: Enhanced employer attractiveness through a strong corporate culture	Own operations
		short, medium and long term	

Corruption and bribery

Impact/risk/opportunity	Dimension	IRO number and brief description	Location within value chain
Negative impact	Business portfolio	No. i129a: Potential indirect contribution to corrupt practices in the context of real estate and infrastructure financing	Downstream value chain
		potentially short, medium and long term	
Risk	Operations	No. r68: Compliance risks resulting from corruption and bribery incidents	Own operations
		short, medium and long term	

LBBW takes into account in its business strategy any current and expected influence exerted by material impacts, risks and opportunities on the business model, value chain, strategy and decision making. The impacts, risks and opportunities related to environment, social and governance are taken into consideration in the business strategy, Group risk strategy, ESG strategy and HR strategy of LBBW.

LBBW is aware of both the positive and negative impacts – see the table above – on people and the environment. The positive and negative impacts arising from the following topics affect people and the environment alike:

- Climate change adaptation
- Climate change mitigation/energy and
- Biodiversity and ecosystems.

The positive and negative impacts arising from the following topics, in contrast, affect only people:

- Working conditions
- Equal treatment/non-discrimination
- Affected communities
- Consumers and end users
- Business conduct policies and corporate culture
- Corruption and bribery.

The ESG strategy defines targets and actions enabling short, medium and long-term impacts on people and the environment to be appropriately addressed. For a detailed presentation of the targets and actions, please refer to the topic-specific sections of this sustainability statement. The targets and actions are presented there by reference to the number of the impacts (i), risks (r) and opportunities (o) specified in the above table that they address.

LBBW is aware of its responsibility as a financial services provider and supports sustainable and responsible business activities. The impacts ascertained in the course of the materiality analysis have been identified on the basis of LBBW's business activities and relationships. LBBW is a universal bank and offers a broad range of financial services in the defined business divisions. The financial solutions offered in the Corporate Customers and Real Estate and Infrastructure Financing segments can contribute to material impacts in particular.

All risks and the associated financial effects on the financial position (including credit risk), financial performance (including business risk) and cash flows (including liquidity risk) are identified within the framework of the materiality analysis and are taken into consideration within the risk stress testing as well as the scenario analyses. When risks of this kind occur, a lack of revenue, increased costs and liquidity constraints can have an adverse impact on the Company's financial strength. It is therefore essential to identify the risks at an early stage and to institute suitable

actions to mitigate them in order to safeguard the long-term financial stability of the Company. This includes incorporating climate-related risks in the determination of allowances for losses on loans and securities in order to take account of adjustments to carrying amounts that may potentially become necessary in subsequent years.

LBBW has established a comprehensive stress testing program as part of its risk management in order to verify LBBW's resilience and its business model under stress conditions. As a material interdisciplinary topic, ESG risks are included in all Group-wide stress tests with the result that these risks are comprehensively reflected and recognized in the LBBW stress testing program. In addition, other scenario analyses or stress tests are conducted on a regular or ad hoc basis for specific ESG matters. For example, a climate risk stress test that has been developed in-house at LBBW is regularly performed in order to simulate explicitly the impacts of climate and environmental risks on LBBW's portfolio. The climate risk stress test covers all ESG risks based on the ESG risk inventory that are material as at the reporting date. For more, detailed information on the climate risk stress test, LBBW refers to the section "Operationalizing the Group risk strategy relating to climate change and climate change mitigation".

E1_SBM-3 – Material climate-related impacts, risks and opportunities and their interaction with strategy and business model

LBBW regards water, temperature, wind and solid mass-related risks as relevant and assesses them as climate-related physical risks. These may have financial impacts on the Bank if its own customers or collateral are affected by these incidents. LBBW regards risks that arise as a result of the change to a climate-neutral economy as climate-related transition risks. These also include risks arising from the lack of ambition on the part of customers to reduce greenhouse gas emissions.

As part of the climate risk stress test that has been developed in-house and is performed on a regular basis, the potential impacts of climate risks on the lending portfolios affected by transition and physical risks are analyzed. Potential changes in risk indicators such as allowances for losses on loans and securities and risk-weighted assets are analyzed using various scenarios. The scenario analysis carried out shows that the risks remain moderate especially in the event of a decarbonization of the portfolio (see the detailed description of the "Internal climate risk stress test" in the section "E1-3 – Actions and resources in relation to climate change policies").

The potential impact of physical and transition climate risks on the lending portfolio is rated as material. The impact of ESG risks as a whole on the reputational risk is considered to be relevant. For example, non-financial events in the environment of LBBW customers, such as working conditions or environmental standards, can also affect its reputation. Model risks are categorized as "under observation". LBBW assesses the impact of ESG risk drivers on market risks, liquidity risks and operational risks as well as on real estate, development and investment risks as not material at the moment.

E4_SBM-3 – Material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with strategy and business model

LBBW's primary locations are its main domestic offices in Stuttgart, Karlsruhe, Mannheim and Mainz, the location in Berlin and the registered international offices in London, New York and Singapore. An analysis of these locations did not identify any negative impacts on biodiversity at risk.

Soil sealing, and land degradation that soil sealing and other factors cause, were identified in the course of the materiality analysis as material impacts that LBBW may contribute to indirectly in the context of its financing of corporate customers of certain sectors (i39) and real estate and infrastructure financing (i167 and i167a). No material impacts on biodiversity and ecosystems in relation to desertification were identified. The majority of LBBW's exposure that may be linked to material negative impacts on biodiversity and ecosystems is in Germany and other countries in North, West and Central Europe (Austria, France, Ireland, Luxembourg, Netherlands, Norway, Poland, Sweden, Switzerland, United Kingdom) where the risk of desertification is currently of minor significance.

S1_SBM-3 – Workers in interaction with material impacts, risks and opportunities and with strategy and business model

LBBW's workforce is divided into: employees of LBBW, self-employed persons and persons provided by undertakings primarily engaged in HR services (staff placement and leasing). LBBW's workforce is affected by the material impacts that arise as a result of the activities, changes and developments within LBBW. Self-employed persons and the "employment activities" group are less affected by LBBW's internal changes and developments than the permanent employees. Employees included in the sustainability statement are defined as full-time and part-time staff who have a contractual relationship with LBBW.

Both negative and positive impacts for the Company's workforce were investigated in the course of the materiality analysis. The material negative impacts that were identified and that are related to the Company's own workforce are listed below.

Based on information from UNEP FI's sector impact mapping, the following risks of negative impacts in relation to the own workforce arise for the financial services sector:

- Inadequate wages, lack of benefits (social benefits) and additionally unattractive working conditions
- Discrimination at the workplace

LBBW rates potential impacts in this connection as material. Actual negative impacts on employees are categorized as not material on account of the personnel measures in place.

When conducting the materiality analysis, no specific groups of persons were considered when identifying possible impacts, risks and opportunities; instead, the workforce was considered as a whole. The opportunities identified relate to LBBW's employees. Risks for employees were identified as not material when the materiality analysis was conducted.

The following opportunities relating to the undertaking's own workforce were identified:

- The motivation and performance of the employees as well as the appeal of LBBW as an employer can be increased by continually improving working conditions.
- Investments in the skills development of the employees can strengthen LBBW's competitiveness.

The impacts and opportunities related to the Company's own workforce are taken into account in the business strategy and the ESG strategy.

LBBW is not a traditional manufacturing company, as a result, the typical risks associated with the production process, such as physical work-related accidents or production accidents, are not as relevant for LBBW as they are for manufacturing companies. It should furthermore be noted that LBBW does not operate in any country or geographical region in which its employees are exposed to particular risks. Moreover, LBBW does not perform any activities involving child labor or forced or compulsory labor.

S3_SBM-3 – Affected communities in interaction with material impacts, risks and opportunities and with strategy and business model

LBBW would like to shape the future for the people and companies in its field of activity in a positive way. To do this, it requires thinking and acting sustainably. This means that LBBW takes account of the environmental, social and economic impacts of its business and deals responsibly with all of its stakeholders.

LBBW strives to actively focus on transactions, projects, products and customer groups that have a positive impact on the livelihoods of all people, global climate action, biodiversity and ecosystems, and thus also on the bank's sustainability balance sheet.

LBBW defines the following as "affected communities":

- the population of the federal states of Baden-Württemberg, Rhineland-Palatinate and Saxony, where LBBW bears responsibility as the central institution of the savings banks for the broad provision of financial services and has a particular promotional mandate as an institution under public law;
- the city of Stuttgart, where LBBW functions as a savings bank within the metropolitan area; and
- communities both nationally and internationally, on which LBBW can have impacts in the context of its financing activities.

LBBW extensively investigated possible impacts on local communities and conducted an evaluation as part of its materiality analysis. Accordingly, affected communities for LBBW are those communities on which LBBW can have impacts in the course of its financing activities.

The financing of real estate, infrastructure and companies that results in environmental damage can have negative impacts on local communities. The living conditions of indigenous peoples could also be adversely affected in the context of international financing projects.

Positive contributions result in particular from financing housing as well as public, social, digital and green infrastructure. These impacts were categorized as not material during the update of the materiality analysis, but as before remain highly relevant for LBBW – also in terms of avoiding and mitigating negative impacts.

As part of its public mandate, for example, LBBW supports municipalities, municipal and semi-public enterprises and the public sector with financial products in the fulfillment of its duties to provide services of public interest. This includes solutions for digitalization projects as well as for the sustainable transformation of mobility, housing, infrastructure, energy supply and health care.

Risks and opportunities that result for LBBW in the context of affected communities were assessed as not material in the course of the materiality analysis. The impacts related to affected communities are taken into account in LBBW's business strategy and ESG strategy.

S4_SBM-3 – Consumers and end-users in interaction with material impacts, risks and opportunities and with strategy and business model

LBBW defines "consumers and end-users" within the meaning of the ESRS as private customers. The statements on consumers and end-users therefore relate to the business activities in the Private Customers/Savings Banks segment of BW-Bank. Business customers that are also included in this segment, such as medical professionals, self-employed persons and commercial clients, are not taken into account. This also applies to the selected business activities carried out in LBBW's function as the central bank for the savings banks.

The Private Customers/Savings Banks segment comprises all activities of LBBW with private customers in retail banking in addition to services for high net-worth private clients. The product range extends from checking accounts and card business to financing and pension solutions and investment advice.

As LBBW is not a manufacturing company, it does not offer any products or services that have a harmful effect on the health of consumers or end-users.

A high level of advisory quality, the fulfillment of all information and disclosure obligations and easy access to financial products that are geared toward the needs and possibilities of customers are of major importance in the private customer business.

Risks and opportunities that result for LBBW in the context of consumers and end-users were assessed as not material in the course of the materiality analysis. The impacts related to consumers and end-users are taken into account in LBBW's business strategy, risk strategy and ESG strategy.

IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

Process model in the identification and assessment of material impacts, risks and opportunities

To determine the scope of the sustainability statement, LBBW uses a materiality analysis based on the principle of double materiality in accordance with the requirements of ESRS 1. This method involves two dimensions, firstly the "inside out" perspective (impact materiality, impacts) and, secondly, the "outside in" perspective (financial materiality, risks and opportunities). A sustainability matter is regarded as material when it is material from the perspective of its impacts or from financial perspectives, i.e. as a risk or opportunity.

LBBW comprehensively refined the methodology of its double materiality analysis in the financial year in order to gain a better understanding of its sustainability-related impacts, risks and opportunities. The value chain to be investigated was subjected to a quantitative assessment in this connection. In addition to the banking operations, this included firstly the upstream activities, such as Group purchasing, and secondly downstream activities, such as its customers' activities enabled by LBBW financing.

In the course of the analysis and assessment of the impacts, risks and opportunities that are relevant to it, LBBW uses the defined sustainability matters set out in ESRS 1, Art. 27 and Appendix A and follows the process description in accordance with ESRS 1, Appendix E. The sub-topics specified in the ESRS form the basis for the relevant sustainability matters. Some of these were streamlined during the update of the materiality analysis in order to avoid duplications in the analysis. As before, there are no LBBW-specific sustainability matters beyond the topics already considered to date.

The first step in identifying and assessing the impacts, risks and opportunities is to define the stakeholders that are relevant for the LBBW Group. The relevant stakeholders are selected on the basis of stakeholder groups that were already established in the previous sustainability reporting and include stakeholders potentially affected by LBBW's impacts on the one hand and stakeholders interested in LBBW's financial opportunities and risks on the other. The affected stakeholders include local communities and at-risk groups that could be affected by social or environmental impacts from LBBW today or in the future. Owners, investors, customers, competitors and cooperation partners are included in the interested stakeholders. Employees and other members of the workforce are assigned to both affected and interested stakeholders. For a detailed presentation of the relevant stakeholders, LBBW refers to the section "SBM-2 – Interests and views of stakeholders" in this sustainability statement.

In the course of the initial materiality analysis pursuant to the CSRD, the interests of both affected and interested stakeholders were represented by internal experts. With the update of the materiality analysis, the consideration of the interests of affected shareholders are now ensured primarily by identifying and assessing impacts on the basis of independent sources. LBBW considers reliable sources to be quality-assured scientific studies and publications of official organizations such as the United Nations and its agencies. The experts that continue to be involved in the analysis are drawn from the relevant specialist divisions of LBBW and its subsidiaries, maintain regular contact with the stakeholders and have a deep understanding of their requirements and needs.

An action taken by LBBW is assessed as material from the perspective of its impacts if it has a material positive or negative impact on people or the environment. In this process, LBBW takes account of both actual and potential impacts, which are assessed based on their scale, scope and reversibility. Potential impacts are additionally assessed based on their likelihood.

A matter is material from a financial perspective when there are dependencies on natural or social resources that (could) have a financial impact on LBBW. To this end, short, medium and long-term financial risks and opportunities for LBBW are determined and assessed based on the likelihood of occurrence and the magnitude of the financial effects.

The material impacts are compared at the end of the analysis with the results of the ESG risk inventory and the analysis of opportunities. LBBW thus ensures that the connections and dependencies between impacts, risks and opportunities are taken into account.

The analysis of impacts as part of LBBW's materiality analysis constitutes a fundamental step in the context of fulfilling the business due diligence obligations to people and the environment. Due diligence has to be understood as the continuous process of identifying and assessing LBBW's negative impacts on people and the environment and countering them in a suitable way. This process is described in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. To fulfill the due diligence requirements, LBBW's internal guidelines and instructions are modeled not only on laws, rules and regulations, but also on internationally recognized standards and voluntary commitments, including the UN Global Compact, the core labor standards of the International Labour Organization (ILO) and also the OECD Guidelines for Multinational Enterprises. This code of conduct for responsible corporate governance includes joint recommendations by the member countries of the Organization for Economic Co-operation and Development (OECD) on issues such as human rights, the environment, corruption and transparency.

Process to identify material impacts

Since the update to the methodology undertaken in the financial year, the analysis of the impacts has been based on a quantitative evaluation of LBBW's value chain. In this process, LBBW's operations and also its business partners are first allocated to the NACE sectors of their primary business activities. The business relationships are subsequently assigned to the categories operations and portfolio and prepared within the portfolio on a segment-specific basis. Business relationships with sectors that exceed a certain aggregated volume within one of their business areas and/or that are associated with sharply elevated risks of negative impacts based on the UNEP FI sector impact mapping are taken into account for the identification and assessment of impacts. LBBW thus ensures that activities and business relationships that could be associated with material impacts based on the scope and/or scale are taken into account.

The impacts are assessed based on their severity. Severity comprises the factors scale – how grave the negative impacts are – and scope – how widespread the impacts are.

Where the impacts are negative, they are additionally assessed based on their reversibility – whether and to what extent impacts can be remediated. In the case of negative human rights impacts, the severity of an impact takes precedence over its likelihood (cf. ESRS 1, section 3.4 and application requirements AR 10-11). There are standardized assessment scales for all categories, so that an "impact materiality score" is produced for each impact considered by offsetting the attribute values of each assessment scale.

For potential positive or negative impacts, this impact materiality score is subsequently multiplied by the impact's likelihood of occurrence. The value of the product gives the relevant materiality score, which provides information about the materiality of the sustainability matter.

Process to identify material risks and opportunities

For the qualitative identification, assessment and prioritization of the opportunities, the stakeholder representatives investigate the central question of what financial opportunities may result for LBBW from sustainability concerns in relation to cash flows and enterprise value. LBBW differentiates between the dimensions of operations and portfolio in this procedure. Based on this, what opportunities and risks result or may result from LBBW's own business operations (operations) or from the business activities (portfolio) are investigated.

In accordance with the recommendation in EFRAG Implementation Guidance no. 92 "Materiality Assessment" for the materiality analysis, already established processes and LBBW's existing risk inventory are used for risk purposes in the portfolio.

At LBBW, ESG risks have the same importance as traditional risk types. The ESG risks in the portfolio have a cross-cutting effect as risk drivers on the traditional risk types of the LBBW Group. This means that environmental, social and governance risks are just as important as traditional credit, market, liquidity, reputational and operational risks. LBBW takes both financial and non-financial factors into consideration when assessing risks in order to obtain a comprehensive risk picture.

When assessing the ESG risks in the portfolio, each risk category within the framework of the risk inventory is investigated to see which ESG risk drivers can cause a material risk. The relevant risk category owners are involved in the assessment process. The ESG risk inventory provides a list of ESG risk drivers that contribute to a material or non-material risk and to which the sustainability matters of the ESRS are allocated thematically. The ESRS topics were mapped to the existing risk inventory in the reporting period for this purpose. If the risk driver in the risk inventory that is mapped to an ESRS topic is assessed as material, the related ESRS topic is also identified as material within the scope of the sustainability statement.

The decision-making process and the associated internal control procedures are designed as follows: LBBW's ESG risk inventory, which is approved each year by a resolution of the Board of Managing Directors serves as the starting point for the determination of material risks.

After the materiality scores have been calculated for the impacts and opportunities considered and the resulting materiality classification has been produced, the results are approved by a resolution of the Board of Managing Directors

Monitoring and reporting of material impacts, risks and opportunities

The material impacts, risks and opportunities of LBBW are monitored by conducting the double materiality analysis every year.

ESG risks that have been assessed as material in the course of the risk inventory are additionally integrated in the risk management process. Measurement methods are applied at both the customer level and the property level. Metrics for financed emissions, sector pathways and ESG scores are presented transparently in the credit application. A higher ESG score leads to an increase in the approval authority required. The development of the financed emissions as an indicator of transition risks is reported to the Board of Managing Directors on a quarterly basis at Group level and at the level of the Corporate Customers, Real Estate and Infrastructure Financing segments.

The impacts, risks and opportunities that are identified and assessed in the materiality analysis are included in the general management process, as they are anchored in the ESG strategy. In addition, the material risks are addressed in the Group risk strategy.

To identify, assess and manage material impacts and opportunities, LBBW uses in particular scientific and quality-assured sources such as the UNEP FI sector impact mappings as well as the expert knowledge of the stakeholders that they obtain in the course of their ongoing stakeholder engagement and proven exchange formats. These include employee surveys and meetings with customers and service providers, for example.

As described in the previous section, the risk inventory is used as an input parameter for identification of material risks. In doing so, the categories Environment (E), Social (S) and Governance (G) served as points of reference. ESG risk drivers were derived that thematically correspond to the topics of the ESRS disclosure requirements. For each driver, potential transmission channels were defined, indicating how the driver can affect the respective type of risk. The transmission channels are examined, on the one hand, using specific data, and, on the other hand, developed on the basis of specialized expertise regarding the individual risk types as well as expertise relating the multifaceted impacts of the ESG risk drivers.

E1_IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

In terms of climate change, both negative and positive impacts have been identified for the business portfolio. Negative impacts result from GHG emissions of financed companies and projects, especially if these belong to an emissions-intensive industry. Positive impacts on the reduction of GHG emissions can result in the context of financing infrastructure projects that enable renewable energies to be generated and/or distributed. As a non-manufacturing company, the total scope of the negative influence related to LBBW's own operations can be assessed as non-material.

As part of the risk inventory, all material risk categories related to ESG risk drivers are examined for materiality, in particular taking into account transition events and the three time horizons short, medium and long term. In addition to qualitative evaluations based on the assessment of severity and likelihood of occurrence, quantitative analyses are performed for the risk drivers, depending on data availability.

To assess LBBW's current and future business activities across all three time horizons, an exposure analysis was carried out, examining, for each sector, the level of exposure to CO₂ prices. The analysis is based on the "Network for Greening the Financial System" (NGFS) "Delayed Transition" scenario. It shows a resilience in LBBW's credit portfolio against rising carbon prices, as the majority of sectors exhibit low price elasticity.

For the portfolio, the medium and long-term perspectives are analyzed as part of the risk inventory in order to align and compare the results along the medium-term (sudden wake-up call, diverging realities) and long-term (disorderly, hot house world) NGFS scenarios. The "diverging realities" and "hot house world" scenarios are the climate scenarios with high emission values and thus with a large rise in the global temperature. The "sudden wake-up call" and "disorderly" scenarios are the climate scenarios that are aimed at limiting global warming in the medium and long term. Scenario analyses are additionally applied as part of the internal and external climate risks stress test (cf. detailed description of the internal climate risk stress test in the section "E1-3 – Actions and resources in relation to climate change policies").

Risks that emerge as a result of the transition to a climate-neutral economy and society are in particular also examined as part of the ESG risk inventory. The relevant ESG risk drivers can be found on the longlist and also, based on their assessment, on the shortlist.

Critical climate-related assumptions for the half-year and annual financial statements relate primarily to the market assessment of the instruments, as ESG matters are taken into consideration for this, for example in the assessment of the credit rating with impacts on risk-weighted assets (RWA). Climate-related assumptions are additionally taken into account when the allowances for losses on loans and securities are calculated.

E2_IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

LBBW has taken its own business operations and its portfolio into account in the assessment of the materiality of pollution. Pollution is categorized as a non-material topic in LBBW's own operations, which also include the LBBW branches in Germany and abroad as well as the locations of its subsidiaries, on account of the lower sector-specific risks (UNEP FI sector impact mapping) and the very high environmental standards that are already in place in all of LBBW's divisions as well as at its locations.

The topic of pollution is also classed as no longer material in the portfolio as a result of the in-depth analysis of LBBW's impacts on nature and resources that was carried out in the financial year. The reason for this can be found in the methodology for assessing the criteria of reversibility, which was refined in the course of the update of the materiality analysis. This now takes into account the connections between the environmental matters defined in the ESRS in differentiating between impact drivers and impact topics. Impacts on impact drivers such as pollution/pollutants, water and marine resources or resource use and circular economy are found at the beginning of the impact chain and are given a lower rating in view of their reversibility (relatively quickly and easily reversible). Impacts on impact topics such as biodiversity and ecosystems or climate change mitigation/energy are found at the end of the impact chain and are given a higher rating in view of their reversibility (reversible only over the long term and at high cost or not reversible). In comparison with impacts on the state of ecosystems, cases of pollution are less serious in terms of the degree of their reversibility than the consequences they can be expected to have for people, flora and fauna (= impact on biodiversity and ecosystems, E4) and can be reversed in part. This principle is consistent with the findings from the sources in the research that was conducted for the classification of the reversibility related to matters.

At the same time, reducing environmental pollution is an important lever for maintaining the basis of our existence. LBBW therefore continues to pay particular attention to preventing environmental damage when looking at the financing of companies in highly polluting industries or that emit high levels of pollutants and in construction and the modernization of properties. Requirements and reviews in the financing and investment process are complied with for this purpose. LBBW also supports the funding of new technologies to reduce pollution and offers a range of special financing and investments for this.

The lending portfolio was also analyzed in relation to the topic of pollution/pollutants in the course of the 2025 risk inventory. No material risks in connection with pollution/pollutants were identified.

E3_IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

LBBW has taken its own business operations and its portfolio into account in the assessment of the materiality of water and marine resources. Water and marine resources are categorized as a non-material topic in LBBW's own operations, which also include the LBBW branches in Germany and abroad as well as the locations of its subsidiaries, on account of the lower sector-specific risks (UNEP FI sector impact mapping) and the very high environmental standards that are already in place in all of LBBW's divisions as well as at its locations.

The topic of water and marine resources is also classed as no longer material in the portfolio as a result of the in-depth analysis of LBBW's impacts on nature and resources that was carried out in the financial year. The reason for this can be found in the methodology for assessing the criteria of reversibility, which was refined in the course of the update of the materiality analysis (see section "E2_IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities"). In comparison with impacts on the state of ecosystems, water resources are less serious in terms of the degree of their reversibility than the consequences they can be expected to have for people, flora and fauna (= impact on biodiversity and ecosystems, E4) and can be reversed in part. This principle is consistent with the findings from the sources in the research that was conducted for the classification of the reversibility related to matters.

At the same time, reducing consumption of water and marine resources is an important lever for maintaining the basis of our existence. LBBW therefore continues to pay particular attention to conserving water and marine resources when looking at the financing of companies in highly polluting industries and in construction and the modernization of properties. Requirements and reviews in the financing and investment process are complied with for this purpose.

No material risks in connection with water and marine resources were identified during the 2025 risk inventory.

E4_IRO-1 –Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

LBBW identified material biodiversity and ecosystems-related impacts in the course of the double materiality analysis. Impacts on the impact drivers climate change mitigation/energy, pollution, water and marine resources and resource use

and circular economy leading indirectly to damage to ecosystems and biodiversity loss also play a part in this, but, with the exception of climate change mitigation/energy, are rated as not material.

The risks that arise for LBBW from the topic of biodiversity and ecosystems were determined for the 2025 financial year in the course of the ESG risk inventory. The basis of the assessment was the entire credit portfolio of LBBW. The analysis was conducted at the country and sector levels.

At the sector level, the risks and dependencies were analyzed using the ENCORE database, which has been developed by the Natural Capital Finance Alliance in cooperation with the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). The basis for the assessment of the dependencies on natural resources and ecosystem services is provided by 25 risk drivers, such as erosion control or groundwater for example. The ENCORE data records direct potential dependencies of the economic sectors as defined in the NACE code on ecosystem services and natural capital. The indirect dependencies that exist as a result of the value chain are not recorded.

The country classification was conducted using the following indices: the subindex "Biodiversity & Habitat" from the Environmental Performance Index (EPI) 2022 and the National Biodiversity Index (NBI).

The analysis has shown that no relevant loan exposure concurrently at the sector and country level exhibits a dependency in relation to biodiversity and ecosystems. The risk involving the loss of biodiversity was therefore classed as non-material in the course of the risk inventory.

The physical risks of LBBW's financing portfolio are also assessed in the course of the risk inventory using a tool that has been developed in-house on the basis of World Bank data. These include factors such as drought, wildfire risk and heavy rain, etc. In addition, biodiversity-related risk drivers such as water and soil quality are taken into account for the downstream value chain in the risk inventory. In terms of transition risks, new sustainability and environmental regulations are also taken into account.

The analysis of LBBW's key locations in terms of their negative impacts on biodiversity at risk is carried out using the WWF Biodiversity Risk Filter.

E5_IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

LBBW did not identify any resource use and circular economy-related material impacts, risks or opportunities as a result of the double materiality analysis. Resource consumption is one of the drivers of impacts on both loss of biodiversity and climate change. These can be classed in terms of the degree of their reversibility as less serious than the consequences they can be expected to have for people, flora and fauna (see section "E2_IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities"). Technological solutions to reduce resource consumption are already available and allow the related negative environmental impacts to be at least partially avoided or reversed.

G1_IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities in interaction with business conduct

LBBW has taken its own business activities as well as its branches in its own business operations, the international locations and the locations of the subsidiaries into consideration for the review related to business conduct.

The topic of business conduct is material for both LBBW's operations and its portfolio. Relevant criteria include the impacts, risks and opportunities related to LBBW's own employees, the labor market, the Company's business partners and its competitors.

IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement

LBBW complies with the following disclosure requirements in this sustainability statement:

Disclosure requirement ESRS	Section in the current CSRD sustainability statement
BP-1	BP-1 – General basis for preparation of sustainability statements
BP-2	BP-2 – Disclosures in relation to specific circumstances
GOV-1	GOV-1 – The role of the administrative, management and supervisory bodies
GOV-2	GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	GOV-3 – Integration of sustainability-related performance in incentive schemes
GOV-4	GOV-4 – Statement on due diligence
GOV-5	GOV-5 – Risk management and internal controls over sustainability reporting
SBM-1	SBM-1 – Strategy, business model and value chain
SBM-2	SBM-2 – Interests and views of stakeholders
SBM-3	SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities
IRO-2	IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement
E1_GOV-3	E1_GOV-3 – Integration of sustainability-related performance in incentive schemes related to climate change
E1_SBM-3	E1_SBM-3 – Material climate-related impacts, risks and opportunities and their interaction with strategy and business model
E1_IRO-1	E1_IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities
E1-1	E1-1 – Transition plan for climate change mitigation
E1-2	E1-2 – Policies related to climate change mitigation and adaptation
E1-3	E1-3 – Actions and resources in relation to climate change policies
E1-4	E1-4 – Targets related to climate change mitigation and adaptation
E1-6	E1-6 – Gross Scopes 1, 2, 3 and total greenhouse gas (GHG) emissions in the business portfolio
E1-7	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
E2_IRO-1	E2_IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities
E3_IRO-1	E3_IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities
E4_SBM-3	E4_SBM-3 – Material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with strategy and business model
E4_IRO-1	E4_IRO-1 – Description of the processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities
E4-1	E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model
MDR-P, E4-2	MDR-P, E4-2 – Policies related to biodiversity and ecosystems
E4-3	E4-3 – Actions and resources related to biodiversity and ecosystems
MDR-T, E4-4	MDR-T, E4-4 – Targets related to biodiversity and ecosystems
E5_IRO-1	E5_IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities
S1_SBM-2	S1_SBM-2 – Own workforce in interaction with interests and views of stakeholders
S1_SBM-3	S1_SBM-3 – Workers in interaction with material impacts, risks and opportunities and with strategy and business model
S1-1, S3-1, S4-1	S1-1 – Policies related to own workforce S1-1, S3-1, S4-1 – Respect for human rights
S1-2	S1-2 – Processes for engaging with own workers and workers' representatives about impacts
S1-3	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns
S1-4	S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions
S1-5	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6	S1-6 – Characteristics of the undertaking's employees
S1-8	S1-8 – Collective bargaining coverage and social dialogue
S1-9	S1-9 – Diversity metrics
S1-10	S1-10 – Adequate wages
S1-11	S1-11 – Social protection
S1-12	S1-12 – Persons with disabilities
S1-13	S1-13 – Training and skills development metrics
S1-14	S1-14 – Health and safety metrics
S1-15	S1-15 – Work-life balance metrics
S1-16	S1-16 – Remuneration metrics (pay gap and total remuneration)
S1-17	S1-17 – Incidents, complaints and severe human rights impacts
S3_SBM-3	S3_SBM-3 – Affected communities in interaction with material impacts, risks and opportunities and with strategy and business model
S3-1	S3-1 – Policies related to affected communities

Disclosure requirement

ESRS	Section in the current CSRD sustainability statement
	S1-1, S3-1, S4-1 – Respect for human rights
S3-2	S3-2 – Processes for engaging with affected communities about impacts
S3-3, S4-3	S3-3, S4-3 – Processes to remediate negative impacts and channels for affected communities and consumers and end-users to raise concerns
S3-4	S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
S3-5	S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S4_SBM-3	S4_SBM-3 – Consumers and end-users in interaction with material impacts, risks and opportunities and with strategy and business model
S4-1	S4-1 – Policies related to consumers and end-users S1-1, S3-1, S4-1 – Respect for human rights
S4-2	S4-2 – Processes for engaging with consumers and end-users about impacts
S4-3, S3-3	S4-3, S3-3 – Processes to remediate negative impacts and channels for affected communities and consumers and end-users to raise concerns
S4-4	S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions
S4-5	S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
G1_GOV-1	G1_GOV-1 – The role of the administrative, supervisory and management bodies in interaction with business conduct
G1_IRO-1	G1_IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities in interaction with business conduct
G1-1	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery
G1-3	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery
G1-4	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery

The following disclosures are not reported by LBBW:

- E1-5 "Energy consumption and mix" and E1-8 "Internal carbon pricing";
- E4-5 "Impact metrics related to biodiversity and ecosystems change"
- G1-2 "Management of relationships with suppliers"
- G1-5 "Political influence and lobbying activities"
- G1-6 "Payment practices"
- SBM-3 Art. 48e: "Anticipated financial effects of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows, over the short, medium and long term, including the reasonably expected time horizons for those effects."

LBBW's materiality analysis has not identified any material impacts, risks and opportunities related to these topics for its own operations. This information is not available to us in relation to our portfolio and our customers.

The LBBW Group consists of the parent company LBBW (Bank) and specialized subsidiaries. With regard to policies, the sustainability statement generally refers to the LBBW Group and, given its significance, at the parent company LBBW (Bank) as a minimum. Individual subsidiaries are then discussed in particular if they feature specific characteristics. If there are material deviations at individual subsidiaries from the statements made for LBBW (Bank), this is indicated at the relevant points.

In the following sustainability statement, LBBW generally makes use of the option not to provide voluntary disclosures in accordance with the European Sustainability Reporting Standards. The phase-in options pursuant to the ESRS and Commission Delegated Regulation (EU) 2023/2772, the "quick fix amendment", continue to be used in full, i.e. all disclosure requirements subject to relevant transitional periods will be reported at a later date. The phase-in options are used to the full extent for the following disclosures:

- "Anticipated financial effects from material physical and transition risks and potential climate-related opportunities" [E1-9],
- "Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities" [E4-6],
- "Characteristics of non-employee workers in the undertaking's own workforce" [S1-7] and
- "Health and safety metrics" [S-14] (selected phase-in datapoints).

Voluntary and phase-in disclosures are made in this report for selected requirements of LBBW (Bank) if this information has already been provided in existing publications only in the disclosures related to the social thematic area. This relates to the disclosures on:

- "Collective bargaining coverage and social dialogue" [S1-8],
- "Social protection" [S1-11],
- "Persons with disabilities" [S-12],
- "Training and skills development metrics" [S1-13] and
- "Work-life balance metrics" [S1-15].

The topic-specific sections of this sustainability statement do not include any significant CapEx/OpEx monetary amounts for the implementation of the actions that have been taken or are planned.

If disclosure requirements for individual articles (datapoints) are not applicable to LBBW, no disclosures are provided on these.

LBBW uses entity-specific key figures in the section "E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions in the business portfolio" and in the section "S1-16 – Remuneration metrics (pay gap and total remuneration)". In section E1-6, these disclosures comprise the financed emissions both by asset class and by NACE sector. For GHG emissions, the financial investments for on-balance sheet and off-balance sheet AuM (assets under management) and also total GHG emissions per net revenue (on-balance sheet) are reported as entity-specific key figures. In addition to the mandatory disclosure requirement on the unadjusted gender pay gap (GPG), an adjusted GPG is also indicated in section S1-16.

Conclusions from the materiality assessment of "Climate change" in own operations

Within the framework of the materiality analysis, the impacts, risks and opportunities related to climate change for LBBW's own operations are assessed as not material. Key factors for the assessment are very low carbon emissions in the Company's own operations (Scope 1 and Scope 2 emissions), as is standard in the sector, as well as insignificant financial effects in connection with opportunities and risks that result from the Company's climate change mitigation. Nevertheless, LBBW is maintaining the actions to reduce emissions in its own operations that have already been implemented extensively. The actions implemented in connection with building efficiency and also energy recovery in the operation of the IT infrastructure can be mentioned in particular. The already almost exclusive use of green electricity today is having a positive effect on the emissions generated in the Company's own operations.

The materiality of climate change in relation to LBBW's own operations will be reviewed each year in the course of the materiality analysis. This review takes into account the latest regulatory requirements, average sector information in accordance with the UNEP FI sector impact mapping, current emissions data and the status of the implementation of actions at LBBW.

Identification of material information

In this sustainability statement, LBBW has provided the most important declarations that have to be disclosed in relation to the impacts, risks and opportunities assessed as material. When deciding whether information is material and of relevance, the interests of the addressees have been taken into consideration with the aim of providing them with the information that is relevant to them. Sustainability matters are material within the meaning of "financial materiality" when there are dependencies on natural or social resources that (could) have a material financial impact on LBBW. LBBW's actions are material within the meaning of "impact materiality" if they have a material positive or negative impact on people or the environment. LBBW did not use any threshold limits when determining material information that has to be disclosed in connection with the impacts, risks and opportunities assessed as material.

The table below lists all datapoints relevant for LBBW that derive from other EU legislation as specified in ESRS 2 Appendix

Datapoint	Name of the datapoint	Section	Materiality
ESRS 2 GOV-1	Board's gender diversity, paragraph 21 (d)	GOV-1 – The role of the administrative, management and supervisory bodies	Material
ESRS 2 GOV-1	Percentage of board members who are independent, paragraph 21 (e)	GOV-1 – The role of the administrative, management and supervisory bodies	Material
ESRS 2 GOV-4	Statement on due diligence, paragraph 30	GOV-4 – Statement on due diligence	Material
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	-	Material, not applicable
ESRS 2 SBM-1	Involvement in activities related to chemical production, paragraph 40 (d) ii	-	Material, not applicable
ESRS 2 SBM-1	Involvement in activities related to controversial weapons, paragraph 40 (d) iii	-	Material, not applicable
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv	-	Material, not applicable
ESRS E1-1	Transition plan to reach climate neutrality by 2050, paragraph 14	E1-1 – Transition plan for climate change mitigation	Material
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)	-	Material, not applicable
ESRS E1-4	GHG emission reduction targets, paragraph 34	-	Material, not applicable
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	-	Material, not applicable
ESRS E1-5	Energy consumption and mix, paragraph 37	-	Material, not applicable
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	-	Material, not applicable
ESRS E1-6	Gross scopes 1, 2, 3 and total GHG emissions in the business portfolio, paragraph 44	E1-6 – Gross Scopes 1, 2, 3 and total greenhouse gas (GHG) emissions in the business portfolio	Material
ESRS E1-6	Gross GHG emissions intensity, paragraphs 53 to 55	E1-6 – Gross Scopes 1, 2, 3 and total greenhouse gas (GHG) emissions in the business portfolio	Material
ESRS E1-7	GHG removals and carbon credits, paragraph 56	E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	Material
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risk, paragraph 66	-	Phase-in
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66 (a)	-	Phase-in
ESRS E1-9	Location of significant assets at material physical risk, paragraph 66 (c)	-	Phase-in
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)	-	Phase-in
ESRS E1-9	Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	-	Phase-in
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	-	Not material
ESRS E3-1	Water and marine resources, paragraph 9	SBM-1 – Strategy, business model and value chain	Not material
ESRS E3-1	Dedicated policy paragraph 13	E1-2 – Policies related to climate change mitigation and adaptation	Not material
ESRS E3-1	Sustainable oceans and seas, paragraph 14	MDR-P, E4-2 – Policies related to biodiversity and ecosystems	Not material
ESRS E3-4	Total water recycled and reused, paragraph 28 (c)	-	Not material
ESRS E3-4	Total water consumption in m³ per net revenue on own operations, paragraph 29	-	Not material
ESRS 2 – SBM-3 – E4	Paragraph 16 (a) i	E4_SBM-3 – Material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with strategy and business model	Material
ESRS 2 – SBM-3 – E4	Paragraph 16 (d)	E4_SBM-3 – Material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with strategy and business model	Material
ESRS 2 – SBM-3 – E4	Paragraph 16 (c)	E4_SBM-3 – Material biodiversity and ecosystem-related impacts, risks and opportunities and their interaction with strategy and business model	Material
ESRS E4-2	Sustainable land or agriculture practices or policies, paragraph 24 (b)	MDR-P, E4-2 – Policies related to biodiversity and ecosystems	Material
ESRS E4-2	Sustainable oceans or seas practices or policies, paragraph 24 (c)	MDR-P, E4-2 – Policies related to biodiversity and ecosystems	Material
ESRS E4-2	Policies to address deforestation, paragraph 24 (d)	MDR-P, E4-2 – Policies related to biodiversity and ecosystems	Material

Datapoint	Name of the datapoint	Section	Materiality
ESRS E5-5	Non-recycled waste, paragraph 37 (d)	-	Not material
ESRS E5-5	Hazardous waste and radioactive waste, paragraph 39	-	Not material
ESRS 2 – SBM-3 – S1	Risk of incidents of forced labor, paragraph 14 (f)	S1_SBM-3 – Workers in interaction with material impacts, risks and opportunities and with strategy and business model	Material
ESRS 2 – SBM-3 – S1	Risk of incidents of child labor, paragraph 14 (g)	S1_SBM-3 – Workers in interaction with material impacts, risks and opportunities and with strategy and business model	Material
ESRS S1-1	Human rights policy commitments, paragraph 20	S1-1, S3-1, S4-1 – Respect for human rights	Material
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labor Organization conventions 1 to 8, paragraph 21	S1-1 – Policies related to own workforce	Material
ESRS S1-1	Processes and measures for preventing trafficking in human beings, paragraph 22	S1-1 – Policies related to own workforce	Material
ESRS S1-1	Workplace accident prevention policy or management system, paragraph 23	S1-1 – Policies related to own workforce	Material
ESRS S1-3	Grievance/complaints handling mechanisms, paragraph 32 (c)	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	Material
ESRS S1-14	Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	S1-14 – Health and safety metrics	Material
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	-	Phase-in
ESRS S1-16	Unadjusted gender pay gap, paragraph 97 (a)	S1-16 Remuneration metrics (pay gap and total remuneration)	Material
ESRS S1-16	Excessive CEO pay ratio, paragraph 97 (b)	S1-16 Remuneration metrics (pay gap and total remuneration)	Material
ESRS S1-17	Incidents of discrimination, paragraph 103 (a)	S1-17 – Incidents, complaints and severe human rights impacts	Material
ESRS S1-17	Non-respect of UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 104 (a)	-	Not material
ESRS 2 – SBM-3 – S2	Significant risk of child labor or forced labor in the value chain, paragraph 11 (b)	-	Not material
ESRS S2-1	Human rights policy commitments, paragraph 17	-	Not material
ESRS S2-1	Policies related to value chain workers, paragraph 18	-	Not material
ESRS S2-1	Non-respect of UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 19	-	Not material
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labor Organization conventions 1 to 8, paragraph 19	-	Not material
ESRS S2-4	Human rights issues and incidents connected to the upstream and downstream value chain, paragraph 36	-	Not material
ESRS S3-1	Human rights policy commitments, paragraph 16	S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Material
ESRS S3-1	Non-respect of UN Guiding Principles on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	S1-1, S3-1, S4-1 – Respect for human rights	Material
ESRS S3-4	Human rights issues and incidents, paragraph 36	S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Material
ESRS S4-1	Policies related to consumers and end-users, paragraph 16	S4-1 – Policies related to consumers and end-users	Material
ESRS S4-1	Non-respect of UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 17	S1-1, S3-1, S4-1 – Respect for human rights	Material
ESRS S4-4	Human rights issues and incidents, paragraph 35	S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Material
ESRS G1-1	United Nations Convention against Corruption, paragraph 10 (b)	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery	Material

Datapoint	Name of the datapoint	Section	Materiality
ESRS G1-1	Protection of whistle-blowers, paragraph 10 (d)	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery	Material
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery	Material
ESRS G1-4	Standards of anti-corruption and anti-bribery, paragraph 24 (b)	G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery	Material

Environmental information

E1 – Climate change

E1-1 – Transition plan for climate change mitigation

It is planned to prepare a "Transition plan for climate change mitigation" by 2026 at the latest. Emission intensities in high emission sectors are monitored on the basis of sector pathways, which will be taken into consideration when the transition plan is prepared. The sector pathways are currently undergoing a revision of the methodologies and will be replaced by new pathways as part of the transition plan for climate change mitigation.

E1-2 – Policies related to climate change mitigation and adaptation

ESG strategy – Focus topic "Climate/decarbonization"

The information below addresses the following impacts, risks and opportunities: i5, i11, i13, i13a, i13b, r1, r1a, r3, o7 and o15.

The general disclosures on the ESG strategy can be found in the section "SBM-1 – Strategy, business model and value chain".

The ESG strategy formulates targets and action for the following general strategic conditions under the focus topic "Climate/decarbonization":

LBBW places a strong focus on climate change mitigation and on reducing GHG emissions. LBBW thus actively supports its customers as a provider of capital in the transformation towards more climate-friendly business models and processes as well as the financing of projects, for example in the development of financing in the area of renewable energies. Through targeted investments and advisory services, LBBW helps its customers implement sustainable technologies and processes in order to improve their GHG footprint and become climate-neutral over the long term. The stability of LBBW and its customers is additionally a focus of targeted ESG risk management. The development of renewable energies is described in more detail in relation to impacts and opportunities in the action "Development of financing in the area of renewable energies" in the section "E1-3 – Actions and resources in relation to climate change policies".

Group risk strategy

The information below addresses the following risks r1, r1a and r3.

ESG risks are firmly integrated in LBBW's strategic and operational risk management. They are regarded as integrative risks that relate to both financial and non-financial areas and can have a negative influence on several risk categories at the same time. These risks often emerge outside LBBW but have an impact on internal risk areas. LBBW takes ESG risk drivers into account in its risk management by defining appropriate limits in the risk tolerance.

The risk tolerance, which constitutes a central lever in LBBW's risk/return profile, is defined by the Board of Managing Directors and reviewed every year. Quantitative and qualitative requirements for the risk tolerance are laid down in the Group risk strategy, which is drawn up by the Risk Control division. ESG aspects have also been added to these. The subsidiaries that are material from a risk perspective are identified in the course of the general risk inventory. The group of these subsidiaries considered to be material differs from the IFRS basis of consolidation for the financial year. The strategic requirements of the Group risk strategy apply throughout the Group, are updated every year and have to be taken into account by all material subsidiaries. Should subsidiaries exhibit risks that are not directly related to banking, they have to develop their own risk strategies and agree these with the relevant supervisory board.

In addition to the national requirements resulting from the Minimum Requirements for Risk Management (MaRisk), the European requirements set out in the ICAAP and ILAAP guidelines must be complied with in LBBW's Group risk strategy. This also applies to all branches and all subsidiaries that are considered to be material from a risk perspective.

Specific risk acceptance principles have been established as a qualitative risk tolerance guideline. The objective of a sustainable business model calls for various ESG-related requirements, which are listed below as an excerpt from the 2025 Group risk strategy:

Sustainable business model:

1. The LBBW Group acts in the best and long-term interest of its customers and stakeholders and thus sets out to make a substantial contribution to society.
2. Exposures must be scaled in due consideration of the LBBW Group's risk-bearing capacity. Concentration risks must be identified using suitable methods and managed accordingly in a conscious way. Risks to the Group's going concern status must be excluded.
3. The total portfolio must be managed actively while taking concentration risks into account in order to enhance resilience in the event of a crisis. Concentration risks at sector, size and country level in particular must be managed in the credit portfolio.
4. Transactions that are liable to jeopardize the Bank's reputation on a sustained basis should be avoided. The sustainability policy of the LBBW Group must be observed.
5. LBBW conducts transactions only in products and markets where it understands and controls the risks.

Sustainable Transformation:

6. Sustainable Transformation is one of the five strategic levers of the LBBW Group. Acting as a reliable partner, LBBW helps customers transition to more sustainable business models through transformation financing and sustainable advisory services.
7. To play its part in shaping the required transformation of the economy towards the necessary climate neutrality, LBBW will, in addition to the quantitative targets set out in the Group risk strategy:
 - create transparency with regard to the sector pathways in the credit application for emissions-intensive industries;
 - establish in the credit risk strategy that a CRS violation is determined on the basis of the individual ESG score;
 - gradually increase its sustainable business volume;
 - and refine its existing clear principles for the lending business, guidelines and knock-out criteria.
8. The LBBW Group takes ethical aspects such as human rights, environmental protection, working conditions and anti-corruption into consideration when granting loans and making investments. It goes without saying that the Bank does not support any unlawful acts, such as tax evasion or actions in violation of tax compliance and criminal activities.
9. The financing or hedging of deliveries of weapons of war and military equipment to other countries and other critical sustainability issues are subject to restrictions defined in LBBW's internal rules. Projects that will clearly cause large-scale environmental destruction without providing any added environmental value are not supported in principle.

Governance and risk management model:

The ESG risks have a cross-cutting effect on the established risk types. Sustainability risks are therefore monitored and managed on an ongoing basis through the existing risk management processes within the framework of the "three lines of defense" model.

Lending rule for reputational and sustainability risks

The information below addresses the following risks r1, r1a and r3.

LBBW's lending rule "Reputational and sustainability risks" comprehensively integrates the assessment of reputational and sustainability risks in the lending process. This lending rule is binding for all financing projects in all segments of the Bank. LBBW's subsidiaries have similar regulations, but which take account of the relevant business model.

By applying internal review processes and regulations for example involving specific review criteria in the lending process, LBBW guarantees that risks related to the environment, society and ethics are identified, analyzed and assessed at an early stage in the loan decision process. The relationship manager in the front office assesses the extent to which a reputational risk exists when the loan application is submitted. This can result in LBBW rejecting such transactions. Consultation with other divisions is mandatory as part of the lending process when compliance, reputational or sustainability risks are present.

The lending rule takes into account the ten principles of the UN Global Compact (human rights, labor standards, the environment and anti-corruption) as well as possible embargoes and sanctions. The lending rule "Reputational and sustainability risks" is reviewed, revised and, if necessary, supplemented by other policies on a regular basis.

In relation to the topic of climate change mitigation, the following three sector-specific policies are included in the "Reputational and sustainability risks" lending rule: Coal mining and coal-fired power plants, nuclear power and crude oil

and natural gas (please see the section "E1-3 – Actions and resources in relation to climate change policies for a more detailed list of the actions).

Furthermore, the country-industry matrix defines which combinations are regarded as critical from an environmental and/or social perspective with the goal of subjecting financing in these industries and countries that are subject to enhanced due diligence to an expanded review process.

E1-4 – Targets related to climate change mitigation and adaptation

The information below addresses the following impacts, risks and opportunities: i11, i13, i13b, r3, o7 and o15.

The issue of sustainability has been included in LBBW's business strategy since 2017. One of LBBW's strategic objectives is to take on an active role in the decarbonization of carbon-intensive business models. In addition, LBBW has developed sector pathways for the sectors at the forefront of the transformation that generate large quantities of greenhouse gases, which will be updated at the latest in 2026 while the transition plan for climate change mitigation is being prepared.

LBBW has refined and specified in greater detail its targets related to "Climate change mitigation" and "Climate change adaptation" in the focus topic "Climate/decarbonization" in the ESG strategy: The following targets are regarded as qualitative targets, as the measurability, results basis and time constraints are currently only partially accurate. Measurable, results-based and time-bound targets will be developed as part of the transition plan for climate change mitigation, and LBBW is also working on the quantification of the other goals set out below.

- **Climate-neutral alignment of the business portfolio by 2050 at the latest:** A transition plan defining the specific measures and including a mechanism for measuring progress is being developed to support the achievement of this goal.
- **Increase in the volume of transition finance and sustainable finance:**
LBBW actively supports the sustainable transformation of industry and society and is pursuing the goal of increasing the volume of transition and sustainable finance.

In addition, LBBW has refined and specified in greater detail its targets related to "Climate change mitigation" and "Climate change adaptation" in the focus topic "Corporate governance" in the ESG strategy:

- LBBW also endeavors to continuously improve its **ESG risk management**. The intention here is to enhance the transparency around the ESG risks both at the individual level and within the portfolio as a whole. This will enable transition and physical risks resulting from climate change to be appropriately managed. Regular reporting to the Board of Managing Directors will describe the current status of and the developments in the financed emissions, sector pathways and physical risks. This report will be used to monitor current risks in the context of "Climate change mitigation" and "Climate change adaptation" on an ongoing basis.

A monitoring process has been introduced to follow up on the objectives derived from the ESG Strategy and thus to systematically track the progress and results of these objectives. The process consists of tracking the successful implementation of the actions, evaluating new actions and reviewing relevant key figures. The monitoring process is carried out every six months, i.e. at the end of the first half of the year and at the end of the year.

E1-3 – Actions and resources in relation to climate change policies

Operationalizing the ESG Strategy – Focus topic "Climate/decarbonization"

Development of a transition plan

The information below addresses the following impacts, risks and opportunities: i11, i13, i13a, i13b, r3, o7 and o15.

LBBW will develop a transition plan by no later than 2026 with a clear target path as well as specific actions and interim targets in order to achieve climate neutrality in the business portfolio by 2050 at the latest. The work process has been set up and is proceeding on schedule. Relevant regulatory developments will be constantly monitored and taken into appropriate account while the transition plan is being prepared.

Analysis and possible development of ideas for the transformative steering of capital

The information below addresses the following impacts and opportunities: i11, i13, i13a, i13b, r3, o7 and o15.

In the 2025 financial year, LBBW studied ideas for the transformative steering of capital in order to identify and, where appropriate, develop and implement potential. The Digitalization and Innovation division was particularly engaged on this. The focus in the reporting year lay on analyzing innovative approaches to the transformative steering of capital, in particular to the connection of private investors to an expanded range of sustainable financing with the goal of being able to offer tokenized, intelligent securities in the field of sustainable infrastructure projects. The study was concluded on schedule in the third quarter; the legal feedback is still pending.

Analysis and possible consideration of ESG criteria in proprietary investments

The information below addresses the following impact: i13.

The ESG criteria for the proprietary investments of LBBW (Bank) are regularly analyzed and reviewed on the basis of changes in the market and the regulatory framework. The proprietary investments of LBBW (Bank) are covered in the most extensive part of the report on financed emissions. LBBW Immobilien Management GmbH takes ESG criteria into account in purchasing, new construction and revitalization, while key ESG figures are additionally monitored in the portfolio as the basis for the property-related action planning.

Development of financing in the area of renewable energies

The information below addresses the following impacts, risks and opportunities: i11, i13, i13b, r3 and o15.

LBBW continued to pursue the goal of expanding its financing in the area of renewable energies in 2025. The business target for the development of renewable energies is defined on an annual basis. This action also plays a part in achieving a climate-neutral business portfolio. The target for this action was exceeded in 2025. Moreover, this not only supports the transformation of the economy, but also makes a significant contribution to the portfolio of permitted assets that can be funded through green bonds.

Development of criteria and definition of responsibilities for the classification of transition finance transactions

The information below addresses the following impacts, risks and opportunities: i11, i13, i13b, r3, o7 and o15.

LBBW (Bank) developed criteria for classifying transition finance transactions in 2025, and the transition finance volume was surveyed for the first time. The further development will be continued on an ongoing basis, while taking changes in influencing factors into account.

Offer of products with sustainability dimension

The information below addresses the following impacts and opportunities: i11, o7 and o15.

It is planned to continually develop and refine the offer of products and the volume of financing with a sustainability dimension at LBBW. The offer of products and the volume of financing with a sustainability dimension was also expanded in various business segments at LBBW in 2025. The volume of green bonds issued has been successively expanded in recent years. Of the European commercial banks, LBBW (Bank) is thus among the largest issuers of green bonds.

Monitoring of current developments in the area of ESG risks and possible adjustment of existing regulations and processes

The information below addresses the following risks: r1, r1a and r3.

In order to ensure that all ESG-specific rules, policies and checklists as well as knock-out criteria and risk measurement methods are always up to date, continual monitoring of current developments in the area of ESG risks is conducted at LBBW. Existing regulations and processes are updated as necessary. These rules, policies and checklists form the basis for effective ESG risk management, including in relation to the physical and transition risks arising from climate change, which is why it is essential that external factors and current developments are taken into appropriate consideration. Adjustments were made in 2025 in the areas of defense and security as well as in the area of energy supply in order to respond to the current geopolitical situations and political and social developments. Country-specific transformation pathways were additionally included in the course of the review of the real estate ESG checklist.

Review and refinement of existing ESG management approaches

The information below addresses the following risks: r1, r1a and r3.

A review and refinement of existing ESG management approaches will continue to be conducted at LBBW (Bank), LBBW Immobilien Management GmbH and MMV Bank GmbH up to the end of 2026. The adjustment of these management instruments creates the basis for effective portfolio management that takes account of various environmental aspects.

Client Engagement – Strategic ESG dialog with Corporate Real Estate (CRE) customers

The information below addresses the following impacts: i11 and i13a.

The competence center for commercial real estate finance within the LBBW Group specifically promotes the ESG-oriented dialog with its stakeholders, especially its customers. This dialog is currently focused on the topics of circular economy and biodiversity and will in the future look in more detail at the analysis of the customers' carbon footprint in order to develop sustainable financing solutions.

Based on a structured needs analysis in the 2025 financial year, the exchanges were initially held in a targeted way with selected customers in order to develop practical ESG measures in the future and thus provide customers with effective support on their road to the sustainable transformation.

This action is not part of the ESG program and the related governance.

Other actions that address impact i5 are discussed in the section "E4 – Biodiversity and ecosystems".

Operationalizing the Group risk strategy relating to climate change and climate change mitigation

The information below addresses the following risks: r1, r1a and r3.

Risk appetite statement

The Group-wide risk appetite statement, which has been in effect since 2024 and is updated on an ongoing basis, has been refined with regard to material ESG risks. All applicable regulations are set out in the ESG risk section of the non-financial risk strategy. Some subsidiaries may have other statements that are based, for example, on the individual subsidiary's specific business model.

The risk appetite statement stipulates that, in order to monitor climate and environmental risks, the emission intensities of the credit portfolio are continuously measured at Group and segment level and published. To this end, the Board of Managing Directors defines targets for the emission intensities for LBBW (Bank) and also for the most significant business segments from an emissions perspective in the course of the annual strategy update.

Furthermore, it is stipulated that the approval authority is raised if the thresholds of the ESG scores are exceeded.

Internal climate risk stress test

LBBW uses internal climate risk stress tests as a key tool to quantify potential impacts of climate and environmental risks on the Bank's portfolio and to investigate any potential effects on capital adequacy, i.e. whether equity is adequate in proportion to the risks. Given the long-term nature of these risks, the tests serve primarily as an early warning and a way of identifying the need to take action. This means that further analyses can be carried out in good time or long-term countermeasures prepared.

As part of its Group-wide stress testing program, LBBW regularly carries out extensive climate risk stress tests and discusses the results in the Risk Committee and the Board of Managing Directors. The latest climate risk stress test was conducted in the fourth quarter of 2025 and, in line with the results of the Group risk inventory, covered the climate-related transition and physical risks currently considered material.

The scenarios in the internal LBBW climate risk stress tests are designed by the Risk Control division using science-based climate risk scenarios and risk analyses. The scenarios are analyzed for both short-term and long-term considerations.

Transitional climate risk scenarios are based on scenarios from the Network for Greening the Financial System (NGFS). Especially in the long-term analysis, the scenarios are derived among other things with the aim of testing LBBW's strategic portfolio focus under adverse conditions (e.g. faced with an unfavorable sharp rise in the carbon price). A baseline climate risk scenario has been developed internally at LBBW for this purpose. This links the science-based NGFS "Delayed Transition" transition risk scenario to the components that make up LBBW's strategic portfolio focus. The current baseline climate risk scenario therefore also benefits from the "sector paths" established at LBBW for GHG emissions in various industrial sectors. The risk mitigation effect of the sector pathways is reviewed using a comparison with standard market emission reduction pathways. In the short-term perspective, the review of capital adequacy and the derivation of an additional capital buffer for climate risks are the main focus.

Physical climate risk scenarios are also designed on the basis of the latest scientific findings. LBBW's material physical risks include the risks of floods, heavy rain, drought and heat waves. Realistic scenarios have consequently been defined that test the resilience of the LBBW's portfolio against unprecedented flooding (coastal/inland floods or flooding of the Rhine). For the flood and heavy rain risks, scenarios were developed that were based on the World Bank's hazard maps and the Joint Research Centre Data Catalogue of the European Commission (JRC) in order to review the impacts of once-in-a-century events on LBBW's portfolio. For drought and heat waves, a scenario based on the NGFS short-term scenario "Disaster and Policy Stagnation" was defined.

LBBW's climate risk stress tests are bottom-up stress tests with a focus on credit risks, especially in the Bank's corporate customer and real estate portfolio. GHG emission intensities and real estate locations of the customers are used among other things as data inputs for calculations at individual customer level. Depending on whether the scenario focuses on the corporates or real estate portfolio, the methodological assumptions center on company profits or real estate market values. Transition risks modeled in the climate risk stress tests in the form of a rise in carbon prices impact companies' operating income and expenses and real estate market values. Risks of flooding and heavy rain result in damage to buildings and thus also changes in real estate market values. In droughts and heat waves, productivity losses and capital depreciation impact the companies' operating income and expenses. Lower operating earnings and real estate market values translate into default rates and loss rates and the impacts of these stress effects on the Bank's relevant key performance indicators (KPIs), such as RWA (risk-weighted assets) and allowances for losses on loans and securities for example, are analyzed.

The results of the current climate risk stress tests suggest that the impact of climate risks on LBBW will be moderate and can be absorbed. In the short to medium term, this is thanks in part to good diversification in the LBBW portfolio and its broad focus as a mittelstand-minded universal bank. The results of the physical scenarios show that related risks for LBBW appear low and well diversified on the whole and that risk management can be addressed primarily at the level of individual exposures.

Other ESG methods and tools

LBBW additionally uses various methods and tools to systematically assess ESG risks in connection with individual transactions and portfolios and to measure the impact on relevant divisions and segments. For example, the GHG Protocol and the PCAF standard are used to calculate emissions at LBBW. Transition risks arising from climate change are material factors influencing LBBW's credit risk.

A wide range of measures can help mitigate transition risks. For example, targeted investments in new technologies can prepare a company for expected changes to the general environment. The customer's emissions intensity provides an approximation for quantifying the transition risks. The method for calculating the financed emissions and the emissions intensity are described in the section "E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions".

Operationalizing the lending rule on climate change and climate change mitigation

The ESG risks are subject to continual review in the lending process. This is done on the one hand by complying with the defined guidelines for lending derived from the lending rule for reputational and sustainability risks. On the other, the ESG criteria are checked against the ESG checklist. These internal, binding review processes and comprehensive regulations ensure at LBBW that environmental, social or ethical reputational and sustainability risks are identified, analyzed and assessed at an early stage in the loan decision process. LBBW's subsidiaries have similar regulations, but which take account of the relevant business model.

Compliance with the rule for reputational and sustainability risks

The information below addresses the following risks: r1, r1a and r3.

The lending rule for reputational and sustainability risks related to "climate change" focuses in particular on lending in the areas of "coal mining and coal-fired power plants", "crude oil and natural gas" and "nuclear power". The areas "coal mining and coal-fired power plants" and "nuclear power" have been covered since 2017. A refinement for "coal mining and coal-fired power plants" was completed in 2021 and an additional area, "crude oil/natural gas" was also introduced that year, which was then refined in 2023.

With regard to "coal mining and coal-fired power plants", LBBW recognizes that burning coal is one of the biggest sources of CO₂ emissions that contribute to global warming and therefore limits the financing of coal mining and coal-based energy suppliers. Absolute thresholds apply. Transformation plans for the phase-out of coal require new financing. Exemptions apply for certain modernizations.

In the area of crude oil/natural gas, LBBW excludes general company financing for new and existing customers that intend to increase oil and gas production volumes, conduct extraction in protected areas or use controversial extraction methods. Infrastructure financing in connection with oil and gas extraction and production is also excluded. Export financing in the gas sector is possible under certain conditions.

Because of the risks of nuclear energy, no projects for constructing new or expanding existing nuclear power plants abroad are supported by LBBW. General company financing is possible if the proportion of nuclear energy accounts for no more than 25% of the legally attributable generating capacity. Financing of investments granting safety assurance or for the decommissioning of nuclear power plants is permitted. Export financing is possible under certain conditions.

ESG checklist

The information below addresses the following risks: r1, r1a and r3.

LBBW uses portfolio-specific check lists to evaluate potential ESG risks in credit exposures. The E, S and G risk clusters define questions that help front office and risk management to identify and measure potential ESG risks.

Based on the evaluation of the questions, four sub-scores and an overall ESG score are calculated automatically in the ESG checklist using a five-point scale. Since 2023, if the thresholds for the ESG score set out in the credit risk strategy are exceeded, the next-highest person responsible in accordance with the decision-making hierarchy for loans and trading must decide whether to approve the loan. Loan applications are also examined in terms of compliance and sustainability-related reputation risks based on internal lending rules. Consultation with other divisions is mandatory as part of the lending process when compliance, reputational or sustainability risks are present.

The sub-scores calculated using the ESG checklist, the overall ESG score and the statements are included in the loan application and taken into account in the lending decision. In addition, the positive and negative aspects of the results of the ESG risk assessment across all risk clusters are compared in the loan application. This can result in the transaction in question being rejected.

The ESG risk assessment based on the ESG checklist must be reviewed on a regular basis in the existing business. The aim of the portfolio-specific checklist is to assess the aspects of each borrower that are relevant for them. The general objective of the ESG checklist is to review potential ESG risks in the loan exposure. The checklist has been used continually since 2021 and is updated when necessary (e.g. in the event of new regulatory requirements).

For the Corporate Customers segment, both physical and transition risks are surveyed in view of climate change. Whether relevant buildings, industrial plants or assets of the customers face a threat of damage resulting from acute extreme weather events or whether substantial revenue shares are at risk from acute extreme weather events or the consequences of climate change is investigated. Furthermore, consideration is given to the customer's carbon intensity and whether a transformation plan has been implemented or is planned. Other transition risks that are surveyed include technological innovations (solutions that are more environmentally friendly) in conjunction with rising costs and changes in customer behavior or regulatory projects.

For infrastructure financing, LBBW (Bank) also examines whether risks emerge from an elevated carbon footprint for the project. Whether the project serves the use of climate change adaptation solutions or serves to reduce the risk of adverse climate impacts on economic activity, people and nature also influences the ESG assessment.

For real estate financing, EPC (engineering, procurement, construction) certificates are requested in order to review the energy efficiency and carbon footprint, while the risk resulting from extreme weather events has to be covered using the "Physical Risk Tools" of LBBW and of the service provider Köln Assekuranz (K.A.R.L.).

LBBW Immobilien Management GmbH uses internal ESG standards that are adapted to its business model and that play a central role in the project development process. In addition, an ESG assessment is carried out in the course of the

purchase of projects and properties in which the current situation and the actions required for decarbonization are determined in the context of a feasibility study.

E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions in the business portfolio

The LBBW Group focuses intensively on the downstream climate-related impacts of its banking activities. Central components involve calculating and transparently disclosing GHG emissions in connection with the projects and loans financed by LBBW.

The LBBW Group does not report Scope 1 and 2 GHG emissions, as the aspects of climate change and climate change mitigation are assessed not to be material in its operations. See on this the "Conclusions on the materiality assessment of 'Climate change' in the Company's own operations" in the section "IRO-2 – Disclosure requirements in ESRS covered by the undertaking's sustainability statement".

The disclosures statements below on the GHG emissions consequently relate exclusively to the business portfolio. Relevant scope 3 categories are: 3.11, 3.13, 3.15.

Financed GHG emissions (Scope 3 category 15)

An industry standard for determining GHG emissions in Scope 3 category 15 has now been developed through the Partnership for Carbon Accounting Financials (PCAF) initiative. PCAF represents an extension and more detailed specification of the Greenhouse Gas Protocol (GHG Protocol - "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", downstream category 15 "Investments") for calculating the financed GHG emissions of financial institutions. The PCAF will enable comparability and transparency in the financial sector to be increased through a uniform standard.

The financed GHG emissions in this report are calculated in accordance with PCAF (Part A of the December 2022 edition). The following asset classes are distinguished here: listed shares and corporate bonds, business loans and unlisted equity, infrastructure financing, commercial real estate, mortgages, motor vehicle loans and sovereign debt. For reasons of transparency, the methodology used is presented for each asset class below.

Listed shares and corporate bonds as well as business loans and unlisted equity (asset classes 1 and 2)

For "listed shares and corporate bonds" and "business loans and unlisted equity", reported GHG emissions of the counterparties are prioritized in the assessment. Published Scope 1, 2 and 3 GHG emissions of the customers (in tonnes of CO₂ equivalents, t CO₂e) on the one hand and reported GHG emissions of the data provider LSEG Data & Analytics on the other are used for this purpose. A data quality score of 1 is shown for verified reports and a data quality score of 2 is indicated for the other reported GHG emissions. LBBW Group's financed share (attribution factor) is calculated as a proportion of EVIC (enterprise value including cash) for listed companies and as a proportion of total assets for unlisted companies.

If no GHG emissions data are available for individual customers, aggregate sector data based on EUROSTAT are used. This sector data are calculated in an external report and produced by the consultancy firm MACS Energy & Water GmbH, which specializes in sustainability in the financial sector. These GHG emissions are assessed and reported with a data quality score of 5 in accordance with the PCAF standard.

Infrastructure financing

The "infrastructure finance" asset class primarily comprises infrastructure financing in various sectors. Like asset classes 1 and 2, GHG emissions reported by the project companies are given priority. As they are generally not subject to relevant reporting requirements, however, an estimate is additionally calculated on the basis of the project-specific information and data. If data on energy consumption or other activity data on the financing are available, estimates are calculated with a data quality score of 2 or 3. Publicly available GHG emission factors and data from life cycle analyses are consulted here.

If no individual project activity data are available, aggregated project-specific industry data are used.

Whether the infrastructure financing at the time of the financing takes place in the construction phase or the operating phase is taken into account in the approaches to determining the GHG emissions. Emissions in the context of construction are reported as financed Scope 3 emissions.

Commercial real estate and mortgages

In the "commercial real estate" and "mortgages" asset classes, the relevant property information is preferably obtained from the primary data on actual energy consumption in order to calculate the GHG emissions of the properties. Average emission factors are recognized specifically for the energy source and reported with a data quality score of 2. In addition to energy consumption certificates, energy requirement certificates and approximations of relevant information are also used and made transparent using the corresponding data quality score.

Motor vehicle loans

The LBBW Group subsumes other transport financing in the "motor vehicle loans" asset class. In addition to automotive financing (mainly sales financing), train and aircraft financing are also assigned to this asset class.

For cars and trains, economic estimates are derived from public sources as well as from the PCAF database. For aircraft, model intensities are derived on the basis of publicly available studies. These indicate GHG emissions per year for the specific aircraft models financed by the LBBW Group.

Sovereign debt

The "sovereign debt" asset class comprises bonds and financing of central governments and supranational entities. The GHG emission factors from the PCAF database are used as the entire basis for determining the financed GHG emissions. The database reports GHG emission factors for Scope 1 separately from Scope 2 and 3 factors of central governments, where Scope 1 factors, in particular for industrialized nations, are taken from official figures in the United Nations Framework Convention on Climate Change (UNFCCC) and demonstrate a high level of data quality. Scope 2 and Scope 3 factors, on the other hand, are derived on the basis of economic activities and therefore assessed with a lower data quality.

The PCAF database includes intensities in the form of GHG emissions per euro of gross domestic product (GDP) adjusted for purchasing power parity (PPP) for all relevant central governments and supranational entities. Accordingly, World Bank values for PPP-adjusted GDP are additionally used.

Coverage level

The financing and investment volume shown in the following tables that has been determined for the financed GHG emissions covers in full all exposures required in accordance with the PCAF. Specific aspects (including property under construction, land and private households if there is no real estate or motor vehicle financing) are not defined in PCAF Standard 2.0 for calculating the financed GHG emissions. No financed GHG emissions are therefore shown for these transactions. LBBW endeavors to apply amendments to the PCAF Standard in a timely manner.

As a PCAF signatory, the LBBW Group attaches great importance to ensuring a high level of data quality (measured by the DQ score) for the financed GHG emissions that are calculated. This increases the comparability of the financed GHG emissions and enables effective management to be developed. LBBW defines primary data as reported GHG emissions with a data quality score of 1 or 2 and additionally with a data quality score of 3 in accordance with PCAF in the project finance and sovereign debt asset classes. The coverage of financed GHG emissions calculated from primary data was 23% for Scopes 1 and 2 (previous year: 16%) and 16% for Scope 3 (previous year: 7%) in the financial year. The LBBW Group continues to pursue the goal of increasing the share of primary data and continuously monitors the coverage level to this end.

The table below presents an overview of the financed GHG emissions broken down by asset class and Scope categories of the customers:

31/12/2025							
Activity or asset class	Investment/ financing amount (EUR m)	Scope 1 + 2 emissions (t CO ₂ e)	Emissions intensity Scope 1 + 2 (t CO ₂ e/ EUR m)	Scope 3 emissions (t CO ₂ e)	Emissions intensity Scope 3 (t CO ₂ e/ EUR m)	Weighted DQ score Scope 1 + 2	Weighted DQ score Scope 3
Listed equity and corporate bonds	35,437	271,118	8	9,454,152	267	4.3	4.3
Business loans and unlisted equity	180,064	4,270,935	24	69,454,050	386	4.3	4.4
Infrastructure financing	9,394	627,219	67	3,127,544	333	4.3	4.3
Commercial real estate	38,012	423,750	11	189,674	5	3.1	2.9
Mortgages	20,336	267,154	13	61,500	3	4.1	3.3
Motor vehicle loans	1,681	106,333	63	11,908	7	4.7	5.0
Sovereign debt	6,429	1,608,924	250	390,741	61	2.6	1.6
Total	291,355	7,575,432	26	82,689,569	284	4.1	4.0

31/12/2024							
Activity or asset class	Investment/ financing amount (EUR m)	Scope 1 + 2 emissions (t CO ₂ e)	Emissions intensity Scope 1 + 2 (t CO ₂ e/ EUR m)	Scope 3 emissions (t CO ₂ e)	Emissions intensity Scope 3 (t CO ₂ e/ EUR m)	Weighted DQ score Scope 1 + 2	Weighted DQ score Scope 3
Listed equity and corporate bonds	36,491	216,351	6	6,510,136	178	3.8	4.0
Business loans and unlisted equity	194,434	4,308,058	22	74,539,101	383	4.3	4.4
Infrastructure financing	9,036	605,208	67	5,057,900	560	5.0	5.0
Commercial real estate	48,439	736,120	15	0	0	3.4	-
Mortgages	14,155	320,173	23	0	0	4.7	-
Motor vehicle loans	1,159	173,869	150	1,215,892	1,049	5.0	5.0
Sovereign debt	3,167	65,865	21	1,139,798	360	4.6	4.6
Total	306,880	6,425,644	21	88,462,828	288	4.1	4.3

The table below presents an overview of the financed GHG emissions broken down by NACE sector and Scope categories of the customers:

NACE	31/12/2025						
	Investment/ financing amount (EUR m)	Scope 1 + 2 emissions (t CO ₂ e)	Emissions intensity Scope 1 + 2 (t CO ₂ e/ EUR m)	Scope 3 emissions (t CO ₂ e)	Emissions intensity Scope 3 (t CO ₂ e/ EUR m)	Weighted DQ score Scope 1 + 2	Weighted DQ score Scope 3
A Agriculture, forestry and fishing	71	41,599	584	76,907	1,080	5.0	4.9
B Mining and quarrying	443	213,699	483	1,087,280	2,456	4.3	5.0
C Manufacturing	18,208	1,767,503	97	30,899,499	1,697	4.3	4.4
D Electricity, gas, steam and air conditioning supply	6,881	1,178,905	171	2,746,424	399	3.9	3.9
E Water supply, sewerage, waste management and remediation activities	2,995	183,373	61	819,395	274	5.0	5.0
F Construction	2,130	66,678	31	458,225	215	4.0	3.9
G Wholesale and retail trade; repair of motor vehicles and motorcycles	7,337	294,371	40	11,821,867	1,611	4.4	4.5
H Transportation and storage	3,814	452,674	119	1,979,857	519	3.6	2.9
I Accommodation and food service activities	121	3,246	27	46,563	385	4.2	3.5
J Information and communication	4,960	72,402	15	673,935	136	4.0	4.1
K Financial and insurance activities	158,106	729,418	5	18,032,559	114	4.2	4.2
L Real estate activities	44,068	465,722	11	2,077,546	47	3.5	3.3
M Professional, scientific and technical activities	6,798	150,627	22	3,351,289	493	4.5	4.5
N Administrative and support service activities	4,358	138,714	32	1,419,229	326	4.6	4.1
O Public administration and defense, compulsory social security	17,952	1,414,566	79	5,539,675	309	4.3	4.1
P Education	339	4,937	15	81,778	241	4.6	4.5
Q Human health and social work activities	1,295	102,873	79	392,110	303	4.5	4.4
R Arts, entertainment and recreation	265	8,544	32	16,849	64	2.9	3.3
S Other service activities	2,595	121,033	47	950,691	366	4.9	4.8
Other	8,618	164,548	19	217,891	25	5.0	5.0
Total	291,355	7,575,432	26	82,689,569	284	4.1	4.0

NACE	31/12/2024						
	Investment/ financing amount (EUR m)	Scope 1 + 2 emissions (t CO ₂ e)	Emissions intensity Scope 1 + 2 (t CO ₂ e/ EUR m)	Scope 3 emissions (t CO ₂ e)	Emissions intensity Scope 3 (t CO ₂ e/ EUR m)	Weighted DQ score Scope 1 + 2	Weighted DQ score Scope 3
A Agriculture, forestry and fishing	44	14,478	327	49,951	1,127	5.0	4.7
B Mining and quarrying	763	386,672	507	2,937,823	3,851	4.3	5.0
C Manufacturing	17,980	1,852,298	103	36,094,422	2,008	4.2	4.4
D Electricity, gas, steam and air conditioning supply	6,106	1,130,877	185	3,156,428	517	4.5	4.6
E Water supply, sewerage, waste management and remediation activities	2,860	192,836	67	1,541,537	539	5.0	5.0
F Construction	2,342	60,329	26	618,403	264	4.1	4.1
G Wholesale and retail trade; repair of motor vehicles and motorcycles	6,738	281,738	42	10,653,908	1,581	4.6	4.6
H Transportation and storage	3,400	418,001	123	3,675,615	1,081	3.4	3.4
I Accommodation and food service activities	153	4,063	27	38,897	255	4.1	4.7
J Information and communication	5,888	31,547	5	549,371	93	3.3	3.4
K Financial and insurance activities	172,302	285,859	2	15,847,024	92	4.2	4.2
L Real estate activities	49,024	720,958	15	439,287	9	3.6	1.2
M Professional, scientific and technical activities	5,822	161,128	28	3,179,812	546	4.1	4.2
N Administrative and support service activities	3,503	157,623	45	1,164,579	332	4.5	3.9
O Public administration and defense, compulsory social security	18,530	413,107	22	7,112,100	384	4.9	4.9
P Education	220	5,685	26	77,689	353	5.0	4.7
Q Human health and social work activities	1,464	28,872	20	618,408	422	4.7	4.0
R Arts, entertainment and recreation	315	10,595	34	20,666	66	3.2	3.0
S Other service activities	882	30,450	35	130,489	148	4.2	4.2
Other	8,544	238,527	28	556,419	65	5.0	5.0
Total	306,880	6,425,644	21	88,462,828	288	4.1	4.3

The tables present as the investment/finance sum the carrying amount, the associated financed GHG emissions of our customers, the average emission intensities (financed GHG emissions per carrying amount) and the DQ scores by asset class and industry for the group of consolidated companies of the LBBW Group. The financed Scope 1 and 2 GHG emissions for the Group amounted to 7.6 million t CO₂ equivalents in the financial year (previous year: 6.4). Added to that are Scope 3 emissions of 82.7 million t CO₂ equivalents (previous year: 88.5).

Over half of the financed Scope 1 and 2 GHG emissions and also of the carrying amount is attributed here to the asset class "company loans and unlisted equity".

The enhancement of the methodology in the "sovereign debt" asset class and the use of the PCAF database produces a significant improvement in the data quality score to 2.6 (previous year: 4.6) for Scope 1 and 2 GHG emissions. Correspondingly, the proportion of financed emissions in the "sovereign debt" asset class and in the NACE sections O ("Public administration and defense; compulsory social security") and K ("Financial and insurance activities") is increasing. This increase can be seen at the overall level, where both the financed emissions and the Scope 1 and 2 intensities have increased from the previous year.

Just under 40% of the financed scope 1 and 2 GHG emissions continue to stem from industries with intensive production in section C ("Manufacturing") and section D ("Electricity, gas, steam and air-conditioning supply").

In cooperation with our customers, LBBW is endeavoring both to improve the accuracy of the GHG calculations and to further reduce the GHG footprint. To this end, the financed GHG emissions are integrated both in the ongoing monitoring and in the lending process. The data are, moreover, incorporated in the internal and supervisory stress tests of the climate risks.

Other GHG emissions in the business portfolio (Scope 3 categories 11, 13 and 15)

In addition to the on-balance sheet financing, the assets under management (AuM) also form part of LBBW's business portfolio. These comprise assets that are managed for customers. Specifically, they are managed at LBBW Asset Management Investmentgesellschaft mbH and at BW-Bank. The emissions data for the AuM, if available, are taken from the statement on the principal adverse impacts (PAI) in the context of the Sustainable Finance Disclosure Regulation (SFDR). Should these data not be available, the GHG emissions (Scope 3 category 15) are estimated using the approximated data from EUROSTAT.

Another component of LBBW's business portfolio comprises finance lease agreements. The GHG emissions that result from these agreements are quantified in the category "Downstream leased assets" (Scope 3 category 13) on the basis of the Technical Guidance for Calculating Scope 3 Emissions. In this process, the GHG emissions that are caused by the operation and the use of the properties leased within the framework of finance leasing are subsumed in this category. These were calculated for 2025 using the approximated data from EUROSTAT.

In the area of real estate brokerage, a development project was completed and handed over to the customer in 2025. The calculation of the related life cycle emissions (as Scope 3 downstream activities (Scope 3 category 11)) is based on a life cycle analysis and a projection of the user electricity consumption. The life cycle analysis is performed in accordance with DIN EN 15978 and takes into account the modules A1 to A3 (Manufacturing), B4 (Replacement), B6 (Heating and general electricity requirement), C3 (Waste processing), C4 (Waste disposal) and D (Recycling potential). Partial energy performance values specific to the type of use taken from the Institut Wohnen und Umwelt (IWU - Institute for Housing and Environment) are used to project the user electricity consumption. The life cycle emissions are mapped for a period of 50 years.

Gross Scope 3 GHG emissions in the business portfolio

LBBW's GHG emissions in the business portfolio are presented below.

Significant Scope 3 GHG emissions in t CO ₂ e	31/12/2025	31/12/2024
Use of sold projects (development projects) – Scope 3, category 11	12,934	18,860
Downstream leased assets (receivables from finance leases) – Scope 3, category 13	7,992,718	8,833,612
Investments: (on-balance sheet financial investments) – Scope 3, category 15	90,265,001	94,888,471
Investments: (off-balance sheet – assets under management) – Scope 3, category 15	34,429,507	31,770,715
Total GHG emissions	132,700,160	135,511,658

In the listed scope 3 emissions, a proportion of 25% (previous year: 17%) was produced in the financial year from primary data from customers. In the absence of available information, biogenic CO₂ emissions are not shown separately. Based on an analysis of potential sources of biogenic CO₂ emissions, these are additionally assessed as very low for the LBBW Group and thus as not material for separate reporting and management.

The total GHG emissions in relation to net revenue are listed below and reported as GHG intensity per net revenue:

GHG intensity in t CO ₂ e/ EUR million	31/12/2025	31/12/2024
On-balance sheet transactions, including investments, finance leases and the sale of development projects	3,846	2,872
Assets under management (off-balance sheet)	68,012	69,057
Total	5,093	3,704

The increase in GHG intensity in the on-balance sheet transactions arises for technical reasons and is primarily due to the fluctuation in net revenue, which is included as a denominator in the calculation of GHG intensity. The fluctuation results largely from interest rate-induced changes in interest rate derivatives.

Net revenue that is included in the calculation of GHG intensity is presented in the table below and compared with the total net revenue (see section "SBM-1 – Strategy, business model and value chain") that is disclosed in the annual report:

Net revenue in EUR million	31/12/2025	31/12/2024
Net revenue that is included in the calculation of GHG intensity: on-balance sheet transactions, including investments, finance leases and the sale of development projects	25,550	36,123
Net revenue that is included in the calculation of GHG intensity: assets under management (off-balance sheet)	506	460
Net revenue that is not included in the calculation of GHG intensity	5,299	7,994
Total	31,355	44,577

No additional external agencies were consulted for the validation of the measurement of the key figures that are used.

E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

LBBW did not issue any dedicated financing that enables greenhouse gas removals or GHG mitigation projects (financed through carbon credits) in the financial year.

In the case of general company financing, LBBW does not know whether the company uses this for purposes that are relevant.

E4 – Biodiversity and ecosystems

E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

LBBW analyzed the dependencies involving biodiversity and ecosystems for the 2025 financial year as part of the ESG risk inventory. The analysis was conducted at the country and sector levels. At the sector level, the dependencies were analyzed using the ENCORE database, which has been developed by the Natural Capital Finance Alliance in cooperation with the UNEP-WCMC. The countries are classified using the following indexes: "Biodiversity & Habitat" sub-index from the 2022 EPI and the NBI.

The assessment was based on the loan exposures and thus on LBBW's downstream value chain, which was represented using NACE codes. The ENCORE data capture direct potential dependencies of the economic sectors, according to their NACE codes, on ecosystem services and natural capital.

The following premises apply for the evaluation:

- Country level: A country is regarded as affected at the country level if the aggregated classification is lower than the lowest value of the countries of the global West. The lowest value of the global West was first determined in 2024 and was reviewed in 2025. No significant changes were identified. To ensure that the threshold is not adjusted downwards in the event of an overall deterioration in country ratings, thereby distorting the risk assessment, an annual review is conducted to determine whether the country assessments remain appropriate in terms of risk.
- Sector level: A sector is affected as soon as an ENCORE dependency reaches the maximum value or when the sum of its dependency scores exceeds a defined threshold. The threshold is designed in such a way that materiality can be assumed if the average risk assessment per dependency is equal to or greater than 2.
- An exposure in LBBW's lending portfolio is regarded as vulnerable if it is material at the sector level and the country level.

The ESG risk inventory and the analyses produced for it cover the short, medium and long-term time horizons. The databases used provide an actual measurement, which is then extended to the required time horizons.

As a result of this analysis, the amount of LBBW's exposure that exhibits a dependency on biodiversity and ecosystems at sector and country level concurrently is lower than the defined materiality threshold.

The consideration of the interests of affected and interested stakeholders in the context of examining biodiversity and ecosystem-related dependencies on the portfolio side is ensured through the use of reliable external sources.

E4-2 – Policies related to biodiversity and ecosystems

Relevant policies of LBBW related to biodiversity and ecosystems include the ESG strategy and the lending rule "Reputational and Sustainability Risks", which excludes business activities that do not meet LBBW's standards. Actions and targets are described below in sections "E4-3 – Actions and resources related to biodiversity and ecosystems" and "E4-4 – Targets related to biodiversity and ecosystems".

ESG strategy – Focus topics "Climate/decarbonization" and "Nature/resources"

The information below addresses the following impacts: i39, i167 and i167a.

LBBW's ESG strategy lays down comprehensive requirements, targets and actions for six focus areas. For the purposes of this section, the focus topics climate/decarbonization and nature/resources are particularly relevant. General disclosures on the ESG strategy can be found in the section "SBM-1 – Strategy, business model and value chain".

The LBBW's ESG strategy, with its objective of reducing emissions intensity in the financing business, addresses climate change as a direct factor contributing to the loss of biodiversity. In the area of commercial real estate financing, the strategic prioritization of existing properties over new construction projects also addresses land-use changes. This prioritization is also included in the current medium-term planning for the Commercial Real Estate Finance business division, based on which project developments are only selectively financed. Material negative impacts to which LBBW indirectly contributes in the context of lending activities are additionally addressed through a focus on building internal knowledge.

In an in-depth analysis that LBBW conducted by LBBW in the reporting year as part of the implementation of the targets and actions from the ESG strategy, negative environmental impacts to which LBBW indirectly contributes through its financing activities were examined. One result of the analysis was the more precise specification of material biodiversity and ecosystem-related impacts – a precondition for being able to derive further recommendations for prevention and mitigation actions (please see section "E4-3 – Actions and resources related to biodiversity and ecosystems" for more information on this).

Rule for reputational and sustainability risks

The information below addresses the following impacts: i39, i167 and i167a.

LBBW's "Reputational and sustainability risks" lending rule integrates the assessment of reputational and sustainability risks in the lending process. General information is presented in section "E1-2 – Policies related to climate change mitigation and adaptation".

The direct factors influencing the loss of biodiversity are addressed through targeted reviews as part of the lending rule.

Exposures to critical industries such as mining (including deep sea mining), bioenergy production, pesticide and fertilizer production, tobacco cultivation and textile production in critical countries (non-OECD countries) are subject to an additional review in the loan decision process. These stipulations have the following effect on the individual topic-specific requirements.

One area of focus is land use change, especially in connection with projects in the areas of uranium mining, indigenous peoples and land rights. These sectors are frequently associated with changes in land use that can have a negative impact on natural habitats and ecosystems.

In addition, the direct exploitation of natural resources is taken into consideration, especially in the areas of fisheries and aquaculture. The intensive use of and intervention in aquatic ecosystems can exert considerable pressure on biodiversity and the species living in these ecosystems. Other potentially harmful activities, such as cattle farming in South America, are subject to additional scrutiny.

Moreover, potential impacts on the extent and condition of ecosystems are considered, for example in the sectors agriculture and forestry, coal mining and coal-fired power plants and crude oil/natural gas.

In connection with the social consequences of impacts on biodiversity and ecosystems, LBBW recognizes the need to protect indigenous peoples and their connection to ancestral lands. The protection of indigenous peoples and their cultural heritage are taken into account in infrastructure financing.

If transactions are likely to have an impact on indigenous peoples, specific requirements are applied with regard to factors such as respect for human rights, ecological impacts on the region affected and the consideration of land rights. If resettlements are unavoidable, LBBW expects our customer companies to act in compliance with national laws and regulations and – where applicable – Performance Standard PS 5 ("Land Acquisition and Involuntary Resettlement") of the International Finance Corporation (IFC). In the case of infrastructure financing in which LBBW identifies potential impacts on indigenous peoples, it expects its customer companies to act in accordance with the objectives and requirements of IFC Performance Standard PS 7 ("Indigenous Peoples"). If the resettlement of communities is unavoidable as part of a financing project, it is first necessary to obtain free, prior and informed consent (FPIC) from the affected groups and to involve them actively in decision-making and implementation processes.

With its lending rule, LBBW has adopted a policy that addresses the impacts its borrowers have in the area of land use.

The traceability of products, components and raw materials within the value chain, the production, sourcing or consumption from ecosystems and the social consequences of impacts on biodiversity and ecosystems are not explicitly addressed in either the ESG strategy or the lending regulations. This is because LBBW can exert an influence on the relevant matters only indirectly – that is, through its lending.

E4-4 – Targets related to biodiversity and ecosystems

The information below addresses the following impacts: i39, i167 and i167a.

Targets related to climate/decarbonization as impact drivers

LBBW's goals in relation to climate change (see section "E1-4 – Targets related to climate change mitigation and adaptation") address its material impacts on biodiversity insofar as climate change constitutes a direct driver of ecosystem degradation and biodiversity loss. These interdependencies were explicitly taken into account when identifying and assessing material impacts on biodiversity (see section "IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities").

LBBW's goals in relation to climate change can be assigned to the avoidance and minimization steps within the mitigation hierarchy.

E4-3 – Actions and resources related to biodiversity and ecosystems

Operationalizing the ESG Strategy – Focus topic "Climate/decarbonization"

The information below addresses the following impacts: i39, i167 and i167a.

The actions relating to climate change (see section "E1-3 – Actions and resources in relation to climate change policies") address a material impact driver for the loss of biodiversity. These are therefore relevant for reducing or preventing negative impacts on biodiversity.

Operationalizing the ESG-Strategy – Focus topic "Nature/resources"

The information below addresses the following impacts: i39, i167 and i167a.

LBBW conducted an in-depth analysis on the portfolio-related impacts of LBBW (Bank) on biodiversity and ecosystems in the 2025 financial year. Alongside other impact drivers, the following ESRS topics were subject to examination: "GHG emissions" (E1), "Pollution" (E2), "Water scarcity" (E3) and "Resource use" (E5). In addition to LBBW (Bank), the analysis included all subsidiaries relevant for management purposes.

This action pursued the objective of creating portfolio transparency with a view to quantifying impacts in relation to the topics mentioned above. By increasing portfolio transparency, impacts are to be quantified and potential future opportunities and risks for LBBW's business areas identified. One result of the analysis was the more precise specification of impacts relating to the sustainability matters defined by the ESRS. Material impacts on biodiversity and ecosystems were confirmed by the in-depth analysis. In addition to climate change, impacts on biodiversity-related drivers, specifically "Pollution", "Water scarcity" and "Resource use", were individually assessed to be non-material (please see sections "E2_IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities" and following for more information on this). On this basis, recommendations for action for the most targeted possible strategic further development in the area of nature/resources could be derived.

The action was concluded in the financial year with the documentation of the analysis and its results and, by its nature, cannot be assigned to any step in the mitigation hierarchy.

Operationalizing the lending rules

The information below addresses the following impacts: i39, i167 and i167a.

Operationalizing the lending rules in relation to biodiversity and ecosystems

In relation to biodiversity and ecosystems, financing in the following sectors is regarded as critical from environmental and/or social perspectives and for this reason is allowed only when certain standards are complied with:

- Fisheries and aquaculture: LBBW will not finance the following fishing activities or customers that use one of the following practices as part of their fishing activities: illegal fishing, poison/dynamite, targeted hunting of marine mammals, shark finning and whaling. New and existing customers outside Europe that are involved in fisheries and aquaculture must also be certified by the Marine Stewardship Council (MSC) or the Aquaculture Stewardship Council (ASC) or demonstrate comparable, acceptable standards to be able to secure a loan. No additional certifications need to be reviewed for new and existing customers within Europe due to existing EU legislation.
- Cattle farming: New and existing customers that operate cattle farms in South America must be members of the Round Table on Sustainable Beef or meet comparable, acceptable standards. A loan is not possible without the relevant membership.
- Various certificates must be submitted to obtain financing in the agriculture and forestry segment:
 - Soy: Membership of the Roundtable on Responsible Soy Association (RTRS)
 - Palm oil: Membership of the Roundtable on Sustainable Palm Oil (RSPO)
 - Cotton: Focus on initiatives such as the Better Cotton Initiative
 - Forestry: Certification by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC).
- Membership and certification must be completed for existing clients by no later than 2025. If membership and certification have not been completed by this time and there is no prospect of this changing, no new business or extensions will be approved.

ESG checklist

The information below addresses the following impacts and opportunities: i23 and o28.

ESG checklist in relation to biodiversity and ecosystems

By means of the ESG checklist, the infrastructure finance business segment assesses whether the project is expected to have negative impacts on biodiversity and ecosystems and whether this gives rise to risks for the project. The evaluation is based on five levels: from "very low" where there are no negative impacts to "very high" where there are severe negative impacts with a high level of risks such as lawsuits, protests or cost increases. The mitigation subsequently mainly addresses the costs already taken into consideration, where the appropriate mitigation has to be selected and documented.

The actions to operationalize the lending rules are carried out on an ongoing basis and aim at preventing damage to biodiversity and ecosystems.

Additional actions related to biodiversity and ecosystems

Biodiversity Working Group

As part of a systematic restructuring of ESG-related workflows and responsibilities, the Biodiversity Working Group, which was reported on in this section in the previous reporting period, was discontinued. Issues that were discussed in this working group will be continued in other formats. The Business Partner Model, through which a regular technical dialog between the ESG unit and the business segments is ensured, is of particular importance in this regard.

CRE customer interviews on biodiversity and circular economy

The information below addresses the following impacts: i167 and i167a.

LBBW conducted interviews on the topic of biodiversity and circular economy with selected CRE customers using a catalog of key questions in the reporting year. The aim of these interviews was to gain a deeper understanding of what importance biodiversity and circular economy have in real estate development and management and whether relevant measures have already been implemented in practice. The findings obtained from the discussions with customers form an important foundation for the further development of the subject of nature and resources within LBBW's CRE portfolio and will be incorporated in the relevant strategies.

Due to its nature, the action cannot be assigned to any step in the mitigation hierarchy.

Integration of biodiversity (nature) in the mandatory "Sustainability" training

The information below addresses the following impacts: i39, i167 and i167a.

The mandatory training course "Ready for the future: Right on track to sustainability" was fully updated and restructured in 2025. The module "Why nature is crucial for banks" was supplemented with basic knowledge on the subject of nature and resources. The training program was extended to employees of the former Berlin Hyp AG in the course of the company's integration and has to be successfully completed by all employees of LBBW (Bank) and the branches. The training is regularly updated and subsequently rolled out to the participants. As a result of the action, employees' awareness and knowledge on the subject of biodiversity and ecosystems and the related impact drivers, including resource use and circular economy, is expected to increase. In addition to general ESG issues, financial interrelations and risks arising from the loss of biodiversity and the degradation of our ecosystems are also addressed.

Due to its nature, the action cannot be assigned to any step in the mitigation hierarchy.

Participation in working groups on biodiversity

The information below addresses the following impacts: i167 and i167a.

The financial year saw LBBW participate for the first time in the biodiversity and real estate-related working group "Initiative for nature aligned Transition". The group was initiated by the Stiftung KlimaWirtschaft (German CEO Alliance for Climate and Economy) and brings together actors from the fields of economics and science as well as NGOs with the aim of testing location-specific nature and climate action plans as central building blocks of a lean and workable transition plan for climate and nature. Through its participation in the working group, LBBW is able to test concepts for biodiversity and climate resilience in commercial real estate financing early on in the process from both a strategic and a regulatory perspective.

Due to its nature, the participation in the working group cannot be assigned to any step in the mitigation hierarchy.

LBBW did not implement any compensatory measures.

LBBW also does not currently have a description of whether and how local and indigenous knowledge as well as nature-based solutions have been incorporated into biodiversity and ecosystem-related actions.

Expanded disclosures in accordance with Article 8 of the EU Taxonomy Regulation

The EU Taxonomy is a central part of the EU action plan on sustainable finance that was published in 2018. The aim of the EU action plan is to reorient capital flows towards a more sustainable economy.

In Regulation (EU) 2020/852 (Taxonomy Regulation), the EU provides a standardized classification system for environmentally sustainable economic activities to ensure transparency about a financed activity's level of sustainability. The disclosure is made in accordance with Regulation (EU) 2020/852 in conjunction with Commission Delegated Regulations (EU) 2021/2178, 2021/2139, 2022/1214, 2023/2485, 2023/2486 and the new Delegated Act 2026/73 of 4 July 2025 on EU-Taxonomy Simplifications for Companies. The qualitative and quantitative disclosure requirements are based on the details in Article 8 of the Taxonomy Regulation and Annex XI of Commission Delegated Regulation (EU) 2021/2178, which was supplemented by the new Delegated Act 2026/73. Commission Delegated regulations supplement and provide more detail on the Taxonomy Regulation. The EU Commission has also published interpretation guidance in form of frequently asked questions (FAQs).

LBBW decided to apply the new regulations and templates pursuant to Delegated Act 2026/73 from the 2025 financial year onwards.

The previous year's figures (31 December 2024) were not restated. The disclosures as at 31 December 2024 and 31 December 2025 can therefore not be compared directly on account by account basis of the new templates and requirements.

The Taxonomy Regulation divides economic activities into a total of 16 economic sectors:

1. Forestry
2. Environmental protection and restoration activities
3. Manufacturing
4. Energy
5. Water supply, sewerage, waste management and remediation activities
6. Transport
7. Construction and real estate
8. Information and communication
9. Professional, scientific and technical activities
10. Financial and insurance activities
11. Education
12. Human health and social work activities
13. Arts, entertainment and recreation
14. Catastrophe risk management
15. Environmental protection and restoration activities
16. Accommodation activities

Within these economic sectors, economic activities are allocated on a more granular basis; for example, economic sector "7. Construction and real estate" is divided into a total of seven economic activities from "7.1 Construction of new buildings" to "7.7 Acquisition and ownership of buildings".

An economic activity is essentially Taxonomy-eligible in accordance with the Taxonomy Regulation if it can be allocated to one of the economic activities listed in the Taxonomy Regulation within the 16 economic sectors described above.

An economic activity can be classified as Taxonomy-aligned if the economic activity previously considered Taxonomy-eligible contributes substantially to at least one of a total of six environmental objectives and does no significant harm to any of the other environmental objectives. Minimum requirements must also be met, for example in relation to social and human rights aspects (minimum social safeguards – MSS).

The six environmental objectives set by the European Commission are:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Pollution prevention and control (CE)
5. Transition to a circular economy (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

Financial institutions have had to publish key figures on the Taxonomy eligibility of their transactions since the 2021 reporting year. Additional key figures on Taxonomy alignment must also be provided from the 2023 reporting year onwards (see also "Mandatory disclosures and explanations of the templates in accordance with Article 8 of the Taxonomy Regulation").

Starting from the 2025 reporting year, environmental objectives 3 to 6 (WTR, CE, PPC, BIO) have to be mandatorily taken into account in the Taxonomy alignment assessment for the first time. Disclosures therefore no longer include only the Taxonomy eligibility of all environmental objectives, but also the Taxonomy alignment of all economic activities.

Taxonomy alignment is provided in form of the green asset ratio (GAR). This key performance indicator shows the ratio between the Taxonomy-aligned assets in the numerator to the GAR assets as defined in the denominator.

As at the end of the reporting period on 31 December 2024, the GAR denominator was based exclusively on Article 8 of Commission Delegated Regulation (EU) 2020/852 in conjunction with Commission Delegated Regulation (EU) 2021/2178. The definitions of numerator and denominator were not harmonized as at 31 December 2024. With the new templates in accordance with Commission Delegated Regulation (EU) 2023/2486 and Delegated Act 2026/73, the numerator and denominator definitions were harmonized for the first time as at the reporting date of 31 December 2025 in order to provide a uniform basis of the input values for numerators and denominators.

The GAR denominator is the total assets less exposures to sovereigns, central banks, supranational organizations, exposures in the trading book, derivatives and on demand interbank loans, which are not included in the GAR calculation. Taxonomy-aligned assets in the GAR numerator include use of proceed financing and financing where the use of proceed is not known to counterparties that meet the technical screening criteria (substantial contribution, DNSH and MSS).

The GAR is the EU's key performance indicator for reporting environmentally sustainable and thus Taxonomy aligned business.

The key performance indicators (KPIs) of the EU Taxonomy for financial institutions are:

- GAR by turnover KPI (taxonomy key figures by turnover)
- GAR by CapEx KPI (taxonomy key figures by capital expenditures)

The LBBW Group reports the following KPIs as at 31 December 2025:

- GAR by turnover KPI: 3.00%
- GAR by CapEx KPI: 3.09%

A detailed breakdown can be found in template 0 "Summary of KPIs to be disclosed by financial institutions under Article 8 of the Taxonomy Regulation".

LBBW's GAR is characterized by the fact that LBBW has many business relationships with companies that are not required to prepare sustainability reporting. Companies not subject to the NFRD include all corporate customers headquartered outside the EU. In addition, most small and medium-sized enterprises based in the EU are also generally not subject to the NFRD. As a result these business activities were not taken into account in the numerator of the GAR when Taxonomy eligibility and alignment were assessed in the 2025 reporting year.

Qualitative disclosures and explanatory information

LBBW pursues a universal bank approach. The business model focuses on the customer business in the Corporate Customers, Real Estate and Infrastructure Financing, Capital Markets Business and Private Customers/Savings Banks segments. In the Corporate Customers segment, the focus is on traditional SMEs companies in the upper SME segment oriented on the capital markets and groups with a capital market focus in the core markets of Germany, Austria and Switzerland and other selected economic areas.

LBBW closely monitors a broad range of sustainability issues. Examples that can be highlighted at this point include:

LBBW adopted a Sustainable Finance Framework in 2024. This has applied since 1 January 2025. The environmental objectives of the EU Taxonomy and their review form the core of the "E" components of this framework.

In accordance with Delegated Act 2026/73, LBBW is required to report quantitative figures in templates 6 (Fee and commission income) and 7 (Trading book portfolio) for the first time from the 2028 reporting year. LBBW's strategic focus on accompanying the transition of the economic activities of the companies in the real economy in its core markets is not in conflict with postponement set by the European legislator respective the collection of quantitative Taxonomy-related information on fee and commission income and on trading book revenue in securities, as the companies' sustainability initiatives cannot be influenced by the generation of commission services and the management of market price risks in the trading book.

As part of the unchanged strategic goal of accompanying and supporting the transition of the real economy to sustainable business models, the Taxonomy alignment constitutes one of several reference points for the development and product design of financing solutions. The future expansion of the group of customers affected by the EU Taxonomy, simplification of the technical screening criteria as well as the international acceptance of the implementation of the regulations are given appropriate consideration.

Calculating the GAR in individual cases:

For the review in accordance with the EU Taxonomy, assessments are carried out of existing (i) financing of non-financial undertakings subject to the NFRD, (ii) financial undertakings subject to the NFRD, (iii) private households and (iv) local governments in the segments listed above. Taxonomy eligibility and Taxonomy alignment are evaluated

separately for each segment basis. Up to and including the 2024 reporting year, financial undertakings had to disclose the financing of economic activities in the areas of nuclear and fossil gas in accordance with Commission Delegated Regulation (EU) 2022/1214 in separate templates. This separate presentation of KPIs no longer applies from the 2025 reporting year onwards. The new templates in Delegated Act 2026/73 foresee instead an explicit disclosure in template 2: GAR sector information in separate rows for nuclear and fossil gas.

A distinction is drawn in the assessment between financing where the use of the proceeds is known and financing where the use of the proceeds is not known (general financing).

For financing where use of the proceeds is known the assessment is done including but not limited via the VÖB (VÖB - Association of German Public Banks) Taxo-Tool (Tool-provider: VÖB Service GmbH). The DNSH assessment of the climate risk and vulnerability assessment is carried out in the VÖB Taxo-Tool based on the input provided by Munich RE Service GmbH. LBBW allocates financing where the use of the proceeds is known to the most relevant environmental objective. Double counting does not take place (cf. FAQ 31, C/2024/6691).

For financing where the counterparties are subject to the disclosure requirement pursuant to the NFRD and the use of the proceeds is not known, the reported Taxonomy KPIs are used for (i) and (ii). These are acquired starting from 31 December 2024 from a third-party provider that provides these key performance indicators. The availability and quality of data is not given at all financial undertakings subject to the NFRD.

(i) Non-financial undertakings subject to the NFRD:

LBBW differentiates between financing to non-financial undertakings subject to the NFRD where the use of the proceeds is known and this financing where the use of the proceeds is not known.

For financing where the use of the proceeds is not known, LBBW determines the Taxonomy eligibility and Taxonomy alignment of non-financial undertakings subject to the NFRD using the turnover KPI and CapEx KPI Taxonomy key figures published by these companies. These show Taxonomy-eligible and Taxonomy-aligned economic activities as a percentage of total turnover/total customer capital expenditure of the customer. LBBW also uses the percentage share of turnover and capital expenditure published by the non-financial undertakings subject to the NFRD for the environmental objectives. However, data is not available for all non-financial undertakings subject to the NFRD.

If the Taxonomy key figures on Taxonomy eligibility and Taxonomy alignment are not reported accordingly by the non-financial undertakings subject to the NFRD according to individual environmental objectives, these are assigned to environmental objective 1 "climate change mitigation (CCM)" in individual cases.

In the case of financing where the use of the proceeds is known, an assessment is carried out to see whether these fall under the scope of Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2023/2486 or Commission Delegated Regulation (EU) 2023/2485 and whether the requirements for taxonomy eligibility are fulfilled. The Taxonomy alignment of taxonomy-eligible economic activities under Commission Delegated Regulation (EU) 2021/2139 is then assessed using the technical screening criteria of substantial contribution, DNSH and MSS.

(ii) Financial undertakings subject to the NFRD:

LBBW evaluates the financing of economic activities of financial undertakings subject to the NFRD in accordance with Article 8 of the Taxonomy Regulation using the Taxonomy key figures of turnover KPI and CapEx KPI published by the financial undertakings subject to the NFRD. These show the share of Taxonomy-eligible asset positions as a percentage of total assets.

(iii) Private households:

Loans granted to private households as construction loans are considered Taxonomy-eligible, as loans collateralized by residential properties and renovation of existing buildings loans are covered by the EU Taxonomy in accordance with Annex I, no. 7.2 to 7.7 of Commission Delegated Regulation (EU) 2021/2139.

Energy performance certificates are a prerequisite to assess the Taxonomy alignment of construction financing transactions.

Motor vehicle loans are classed as Taxonomy-eligible. A Taxonomy alignment assessment is not carried out.

In the FAQs (C/2024/6691), the European Commission clarifies that the screening of the MSS in construction loans to private households is implicitly regarded as fulfilled as long as national legislation apply.

(iv) Local governments:

Public housing and other infrastructure financing where the use of the proceeds is known and which is granted to public authorities to finance Taxonomy-eligible economic activities are deemed Taxonomy-eligible in accordance with Annex V,

no. 1.2.1.4 of Commission Delegated Regulation (EU) 2021/2178. Taxonomy-alignment is assessed based on the technical screening criteria for the specific economic activity and the DNSH and MSS review.

Mandatory disclosures and explanations of the templates in accordance with Article 8 of the Taxonomy Regulation

The reporting requirements were expanded for financial undertakings in 2025. For the 2024 financial year, the disclosure of Taxonomy alignment comprised only environmental objectives 1 and 2. With effect from the 2025 financial year, the reporting on Taxonomy alignment additionally includes environmental objectives 3 to 6. The scope of disclosures is thus expanded to cover all six environmental objectives for the first time. A comparison of the information as at 31 December 2024 and 31 December 2025 is therefore possible only to a limited extent, as the scope of the reporting requirements has been expanded.

The disclosure of Taxonomy-eligible and Taxonomy-aligned assets at LBBW is based on the regulatory consolidated group and the financial reporting (FINREP) balance sheet.

Reporting is carried out and presented using the pre-defined templates in accordance with the requirements of Commission Delegated Regulation (EU) 2021/2178 in the version of Commission Delegated Regulation (EU) 2023/2486 and Delegated Act 2026/73.

Taxonomy Regulation templates for the KPIs of credit institutions:

- Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation
- Template 1: Assets for the calculation of GAR KPI stock - for basis (turnover)
- Template 1: Assets for the calculation of GAR KPI stock - for basis (CapEx)
- Template 1: Assets for the calculation of GAR KPI flow – for basis (turnover)
- Template 1: Assets for the calculation of GAR KPI flow – for basis (CapEx)
- Template 2: GAR sector information – for basis (turnover)
- Template 2: GAR sector information – for basis (CapEx)
- Template 3: GAR KPI stock – for basis (turnover)
- Template 3: GAR KPI stock – for basis (CapEx)
- Template 4: GAR KPI flow – for basis (turnover)
- Template 4: GAR KPI flow – for basis (CapEx)
- Template 5 – KPI off-balance sheet exposures – basis (turnover) – stock
- Template 5 – KPI off-balance sheet exposures – basis (turnover) – flow
- Template 5 – KPI off-balance sheet exposures – basis (CapEx) – stock
- Template 5 – KPI off-balance sheet exposures – basis (CapEx) – flow

Template 0 is shown below, as this provides a general overview of the KPIs to be disclosed by credit institutions. All other templates are included in the form of tables in the appendix to the Group sustainability statement.

The disclosures in template 2 GAR sector information relate exclusively to non-financial corporations that are subject to the CSRD.

Template 2 shows the Top-10-sectors by NACE code (Level 4). The allocation to the respective NACE code is based on the principal activity of the each counterparty. In addition to the Top-10 sectors, exposures on nuclear and fossil gas activities are provided in separate rows. This disclosure meets the requirements of Commission Delegated Regulation (EU) 2021/2178 as amended by Commission Delegated Regulation (EU) 2023/2486 and Delegated Act 2026/73, Annex VI.

In addition, information is also provided on the breakdown of the GAR by customer and business segments and the percentage allocation of the Taxonomy-aligned economic activities to environmental objectives 1 to 6 in accordance with Commission Delegated Regulation (EU) 2021/2178 as amended by Commission Delegated Regulation (EU) 2023/2486 and Delegated Act 2026/73.

Explanatory notes on information that is not reported

LBBW does not disclose the following information in the templates in accordance with Art. 8 of the Taxonomy Regulation:

1. **Non-assessed exposures within LBBW:** Non-assessed exposures are not disclosed. The 10% materiality threshold established by the EU Commission is not applied.
2. **Non-assessed exposure financing counterparties:** Counterparties Non-material exposures is not reported in the 2025 financial year. This is because this counterparty information in accordance with the CSRD can be obtained only after a time lag of one year and was therefore not yet available at the end of the reporting period on 31 December 2025.
3. **Voluntary basis:** LBBW does not provide information on "voluntary basis", as there is currently no legal certainty concerning the quality requirements for voluntary disclosures.

Methodology interpretation decisions

The publication of the Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of the EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets (C/2024/6691) in the Official Journal of the European Union on 8 November 2024 includes a number of FAQs specifically for financial undertakings. While the majority of the FAQs specify the methodology described in the Delegated Regulations in more detail, some of the FAQs leave some room for interpretation. For these FAQs, it is outlined in the following section how LBBW applies them as at 31 December 2025.

In anticipation of the implementation of the CSRD in national law, the EU Commission already refers to the CSRD in the FAQs. As the German legislature did not implement the CSRD in national law in 2025 and thus the NFRD remains in force as at the reporting date of 31 December 2025, the FAQs listed below in relation to the NFRD apply at LBBW.

General financing – Inheritance of taxonomy KPIs within a Group – FAQ 13

The NFRD provides opportunities for subsidiaries subject to the NFRD for exemption from their NFRD obligations under certain conditions if these subsidiaries are reported in the consolidated annual report of the parent. For subsidiaries subject to the NFRD, the key figures of the parent subject to reporting requirements for measuring the assets can be used in respect of the subsidiaries ("inheritance").

LBBW uses this inheritance of the key figures if the parent and the subsidiary are assigned to the same EBA counterparty category.

Exposures to special purpose vehicles – FAQ 14

Special purpose vehicles (SPVs) constitute a special case in the taxonomy assessment. The SPV itself is generally not subject to the NFRD and thus does not directly fall within the scope of the EU Taxonomy. As they finance potentially environmentally sustainable economic activities, however, FAQ 14 requires to analyse and assess the NFRD obligation of the ultimate beneficiary of the SPV to see whether it is subject to the NFRD instead of the SPV ("look-through").

LBBW applies the look-through in case of SPVs. The ultimate beneficiary is interpreted as the head of the group of connected clients (GCC).

If the look-through shows a GCC head that is subject to the NFRD, the financed economic activity of the SPV is assessed to see if it is Taxonomy-eligible and Taxonomy-aligned. The financed economic activity is included in the numerator of the GAR if the financing is evaluated as Taxonomy-aligned. The required positive MSS assessment is performed towards the GCC leader.

MSS in construction loans to private households – FAQ 37

In accordance with FAQ 37 of the Commission Notice of 8 November 2024, the MSS criteria have to be investigated for loans to private households using documentary proof from the relevant producers of goods and services. In this context, the interpretation has concluded that the MSS criteria in construction loans to private households in Germany and also in the European Union (EU) are already implicitly covered by existing legislation and this conformity criterion is met without requiring any additional explicit review activity.

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation

Disclosure reference date 31/12/2025

		Total exposures from taxonomy-aligned activities (EUR million)		KPI ^{2,3} (%)		% coverage (of total assets) ⁴ (%)	non-assessed exposures (% of the recognized assets) ⁵ (%)	non-assessed exposures (% of the recognized assets) ⁵ (%)
		Turnover-based	CapEx-based	Turnover-based	CapEx-based		Turnover-based	CapEx-based
Main KPI	Green asset ratio (GAR) stock	2,638	2,716	3.00	3.09	25.36	0.00	0.00
Additional KPIs		Total exposures from taxonomy-aligned activities (EUR million)		KPI ^{2,3} (%)		% coverage (of total assets) ⁴ (%)	non-assessed exposures (% of the recognized assets) ⁵ (%)	non-assessed exposures (% of the recognized assets) ⁵ (%)
		Turnover-based	CapEx-based	Turnover-based	CapEx-based		Turnover-based	CapEx-based
	GAR (flow)	556	608	1.94	2.12	28.40	0.00	0.00
	Trading book							
	Financial guarantees	71	79	1.52	1.69	1	0	0
	Assets under management	1,720	2,657	2.22	3.43	22	0	0
	Fee and commission income ¹							

Note 1 Across the reporting templates: Empty cells should not be reported.

Note 2 Fee and Commission (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2028.

1 Fee and commission income from services other than lending and AuM

2 Based on the turnover KPI of the counterparty.

3 Based on the CapEx KPI of the counterparty

4 % of assets covered by the KPI over banks' total assets.

5 In accordance with Article 7(8) of this Regulation.

Information to be disclosed on the breakdown of the GAR by customer and business segments and the percentage of the Taxonomy-aligned economic activities allocated to the environmental objectives 1 to 6

Total GAR in %	Turnover	CapEx
<i>Total GAR for financing activities directed at financial undertakings</i>	<i>1.29</i>	<i>1.32</i>
Climate change mitigation (CCM)	1.28	1.31
Climate change adaptation (CCA)	0.00	0.00
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.00	0.00
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
<i>Total GAR for financing activities directed at non-financial undertakings</i>	<i>1.31</i>	<i>1.37</i>
Climate change mitigation (CCM)	1.30	1.35
Climate change adaptation (CCA)	0.00	0.00
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.01	0.01
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
<i>GAR for residential real estate exposures, including house renovation loans, for the objectives of climate change mitigation, climate change adaption and the circular economy</i>	<i>0.38</i>	<i>0.38</i>
Climate change mitigation (CCM)	0.38	0.38
Climate change adaptation (CCA)	0.00	0.00
Circular economy (CE)	0.00	0.00
<i>GAR for retail car loans, for the objective of climate change mitigation</i>	<i>0.00</i>	<i>0.00</i>
Climate change mitigation (CCM)	0.00	0.00
<i>GAR for the use of proceeds for financing local government</i>	<i>0.00</i>	<i>0.00</i>
Climate change mitigation (CCM)	0.00	0.00
Climate change adaptation (CCA)	0.00	0.00
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.00	0.00
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
<i>GAR for commercial and residential reposessed real estate collateral held, for climate change objectives</i>	<i>0.00</i>	<i>0.00</i>
Climate change mitigation (CCM)	0.00	0.00
Climate change adaptation (CCA)	0.00	0.00
Circular economy (CE)	0.00	0.00

Social responsibility

S1-1, S3-1, S4-1 – Respect for human rights

LBBW recognizes that the United Nations' Universal Declaration of Human Rights applies to all people in the world and expects the same of its contractual partners. Through its membership of the United Nations Global Compact (UN GP), LBBW supports efforts to protect international human rights and ensures that it is not party to human rights abuses. It recognizes the core labor standards of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. Furthermore, LBBW ensures that it does not adversely affect the human rights of others in accordance with the United Nations Guiding Principles on Business and Human Rights. LBBW does not work with companies or organizations that are known to violate defined human rights standards. This applies to the LBBW Group's business relationships, transactions, projects, products, operational decisions, strategies and plans of all kinds. In addition, LBBW is bound by the German General Equal Treatment Act (AGG), the UK Modern Slavery Act and the German Supply Chain Due Diligence Act (LkSG). LBBW has also committed to the UN Women's Empowerment Principles.

For its internal policies and guidelines, LBBW follows not only the relevant statutory requirements and regulations but also the aforementioned international standards and voluntary commitments.

To meet its obligations in accordance with the LkSG, LBBW employs a risk management process to identify and minimize risks relating to human rights and the environment and to prevent violations of its duties relating to human rights and the environment or, if any such violations are found, to stop them or minimize their scale, as applicable. LBBW has taken steps within its own operations and its procurement processes in pursuit of this goal. LBBW appointed a human rights officer to monitor risk management as it relates to the LkSG.

To prevent human rights abuses in LBBW's portfolio, the assessment of human rights aspects is integrated into investment and lending processes. LBBW incorporates sustainability aspects pertaining to respect for human rights in its lending rules for reputation and sustainability risks and in its guidelines for retail customer advice. Principles and exclusion criteria relating to respect for human rights form an integral part of LBBW's internal regulations and adherence to them is required as part of financing. LBBW uses mandatory internal review processes and comprehensive sets of rules to ensure that reputation and sustainability risks relating to the environment, society or ethics are identified, analyzed and assessed at an early stage. Front office and risk management use portfolio-specific ESG checklists to assess borrowers within the environment (E), social (S) and governance (G) risk clusters. To evaluate social risk, borrowers are examined in terms of respect for human rights, social and labor standards and attitude to employees and their interests.

When it comes to infrastructure financing, LBBW pays particular attention to the protection of indigenous peoples and their cultural heritage. If any transaction is likely to affect indigenous peoples, LBBW will take into account respect for human rights, the environmental impact on the region concerned and the appropriate land rights. In the case of project and export financing in which LBBW identifies the potential for impact on indigenous peoples, it expects its customer businesses to act in accordance with the objectives and requirements of IFC Performance Standard 7 (PS7: Indigenous Peoples). If the resettlement of communities is unavoidable as part of a financing project, it is first necessary to obtain free, prior and informed consent (FPIC) from the affected groups and to involve them actively in decision-making and implementation processes.

LBBW advocates respect for the rights of children and the abolition of child labor - without exception. LBBW expects the same from its customers, employees, suppliers and other partners.

For more information about engagement with employees, affected communities and consumers and end users, please refer to the sections "S1-2 – Processes for engaging with own workforce and workers' representatives about impacts", "S3-2 – Processes for engaging with affected communities about impacts" and "S4-2 – Processes for engaging with consumers and end users about impacts". If abuses of human rights and/or labor rights come to light, action is taken immediately to prevent or stop those abuses or to minimize their scale, as applicable. Customers, employees and stakeholders who become aware of any abuses, criminal activity or violations of statutory regulations or internal policies have the option of raising any concerns using the reporting channels described in the sections "S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns" and "S3-3, S4-3 – Processes to remediate negative impacts and channels for affected communities as well as consumers and end-users to raise concerns". The concerns identified and any resultant risks will then be assessed on the basis of those processes and action will be taken for the purpose of prevention and remediation.

S1 – Social issues in own operations

S1-1 – Policies related to own workforce

For its internal policies and guidelines, LBBW follows not only the relevant statutory requirements and regulations but also recognized international standards and voluntary commitments at all times. LBBW also aligns its actions with the Code of Conduct, which constitutes a reliable normative frame of reference or guidance for responsible behavior by each individual within the LBBW Group.

In addition to the policies referred to in the following sections, LBBW's obligations as defined by the UK Modern Slavery Act address the aspects of human trafficking, forced labor, child labor, discrimination and equal opportunities, inclusion and measures for supporting people in the workforce who are particularly at risk.

ESG strategy

The information below addresses the following impacts and opportunities: i73, i79, o75 and o76.

With its ESG strategy, LBBW is supporting the continuation of its growth trajectory and setting out its strategic direction for the years ahead based on the dimensions of environment, social and governance. This undertaking has led to an increased focus on working conditions, diversity and equal opportunities as well as health and well-being among employees, all of which contribute to their long-term satisfaction and performance. These issues are supported with targets and with actions relating to the operationalization of the strategy.

Further information about the ESG strategy can be found in the section "SBM-1 – Strategy, business model and value chain".

Code of Conduct

The information below addresses the following impacts and opportunities: i73, i79 and o75.

For this reason, unconditional compliance with all statutory provisions and internal rules as well as the integrity of each individual employee constitute the foundations of sustainable corporate governance. A Code of Conduct has been adopted as an overarching guideline. Further information about the Code of Conduct can be found in the section "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery". The Code of Conduct addresses relevant issues concerning support for equal opportunities for employees, the creation of an inclusive working environment and the maintenance and continued promotion of good working conditions.

HR strategy

The information below addresses the following impacts and opportunities: i73, i79, o75 and o76.

The objective of the HR strategy is to illustrate the Human Resources division's contribution to the successful implementation of the Growth and Relevance business strategy and forms part of the "Inspire Employees" strategic lever. It is used as the basis for the strategic positioning of Human Resources and the definition of key issues for HR work. LBBW's Human Resources division is responsible for implementing the HR strategy.

The HR strategy takes into account all employees of LBBW (Bank) and also acts as a basic framework to provide guidance for subsidiaries according to the IFRS consolidated group. The subsidiaries themselves are responsible for operationalization within their own organizations.

The HR strategy deals with key issues including a modern working environment, diversity and culture, collaborative ways of working and leadership, career paths and development as well as health and resilience. A target is defined for each of these issues and used to identify the relevant action to be taken. The content of the HR strategy rests on the knowledge and experience built up within LBBW. To make sure that the matter is looked at from every possible angle, further opinions have been sought from relevant representatives of HR from the fields of business and academia.

Between them, the Chair of the Board of Managing Directors and the divisional manager of Human Resources review the strategic direction of and necessary refinement of assignments within HR work as well as what aspects need to be focused on based on LBBW's overall strategy. They generally incorporate this matter into annual appraisals. The Board of Managing Directors, the divisional manager of Human Resources and the heads of the departments within HR maintain critical lines of communication to discuss environmental changes in Germany and abroad, for example taking account of emerging trends. Where necessary and given the appropriate prioritization, adjustments may be made to the strategic targets or new action plans drafted.

The 2025 HR strategy will continue to apply until it is necessary to make changes as a result of new environmental requirements or internal decision-making on new priorities. German and English versions of the strategy are available for all employees to read on the LBBW intranet. They are regularly reviewed and, if necessary, updated.

Group remuneration strategy

The information below addresses the following impacts and opportunities: i73 and o75.

LBBW's Group remuneration strategy sets out the foundations and key points for the Group's remuneration structure, which is geared toward medium and long-term strategies and risks that have been derived from the considerations of the top-level business strategy. It also describes how the remuneration tools and processes contribute to the successful implementation of the business and risk strategies, to the HR strategy and to the corporate culture. It sets out the minimum requirements for remuneration systems at all companies within the Group that are subject to supervision by LBBW as part of remuneration governance. Within that framework, the Group remuneration strategy is also underpinned by the German Transparency in Wage Structures Act (EntgTranspG).

The remuneration strategy expressly supports the principle of gender-neutral remuneration for the same or similar work or performance, and LBBW strives to provide every employee with fair, non-discriminatory remuneration. The Group remuneration strategy ensures that the remuneration systems are fundamentally based on performance, outcomes and the market, thereby ruling out the possibility of gender-based pay discrimination.

The Group remuneration strategy forms the basis for the structures of the remuneration systems of LBBW itself, its AIDAs (legally dependent institutions) and other non-independent entities, as well as all subordinate companies in Germany and abroad. Furthermore, LBBW reserves the right to extend its Group remuneration strategy to other companies in the LBBW Group at its discretion. The Group remuneration strategy applies to subsidiaries according to the IFRS consolidated group.

The Group's Board of Managing Directors is responsible for deciding on the structures and implementation of the remuneration systems for the workforce. Human Resources operates at a specialized level in preparing the structures of the remuneration systems as well as the decisions made by the Board of Managing Directors and carries them out. The Control Units are regularly included in the structuring and monitoring of the remuneration systems. At LBBW, these are Group Compliance, Financial Controlling, Group Auditing, Risk Control and all of Risk Management.

The Group remuneration strategy is publicly available for all employees to read in German and English. They are regularly reviewed and, if necessary, updated.

Protection from discrimination

The information below addresses the following impact: i79.

The subject of diversity and equal opportunities are supported at LBBW (Bank) by an inclusion officer and the diversity management.

The LBBW (Bank) Anti-discrimination and Fairness at the Workplace Works Agreement includes the principle that no person may be disadvantaged on account of their race, ethnic origin, gender, religion or ideology, disability, age or sexual identity. All measures that could be perceived as discriminatory, harassing or offensive must be avoided. It also governs how employees of LBBW (Bank) treat each other and third parties as well as their rights and obligations under the German General Equal Treatment Act (AGG).

The works agreement was revised and the amended version came into effect on 2025. As part of this, the following grounds for discrimination are also included for further specification: skin color, sexual orientation, political opinion, national origin, social origin, other forms of discrimination covered by EU and national law. In addition, the complaints procedure, responsibilities, measures, information obligations and data protection provisions have been specified and further developed in the new version.

Representatives of Human Resources and the Staff Council ensured that the interests of both employer and employees were taken into account in the process of drawing up the works agreement (and continue to be considered when it is revised), as both parties are in regular contact with relevant stakeholders. The Human Resources division of LBBW (Bank) is responsible for implementing the Anti-Discrimination and Fairness at the Workplace Works Agreement. The revised version of the works agreement came into effect in 2025 and applies indefinitely. The works agreement may be revised and amended if the parties involved - Human Resources and the Staff Council - deem it appropriate. The works agreement is available for all employees to read on the LBBW (Bank) intranet (German only).

To prevent and eliminate discrimination, LBBW pursues an approach of providing training in diversity, equity and inclusion to the stakeholders involved in the design and implementation of policies, such as divisional heads, managers

and employees. This process is intended to ensure that everyone is fully aware of the factors involved in protecting against discrimination. In 2025, the individual, operational measures within the framework of a diversity policy in the annex to the HR strategy were better interlinked with each other in order to ensure that success can be measured in line with the LBBW business strategy and the HR strategy.

The subsidiaries in the IFRS scope of consolidation of LBBW that have at least 50 employees are informed that they must introduce an appropriate anti-discrimination works or company agreement.

Whistleblower system

The information below addresses the following impacts and opportunities: i79 and o75.

In addition to the Anti-discrimination and Fairness at the Workplace Works Agreement, the LBBW Rules of Procedure for Whistleblower Reports in Accordance with the German Supply Chain Act (LkSG), the German Whistleblower Protection Act (HinSchG) and the German Banking Act (KWG) outline the options open to whistleblowers (both LBBW employees and external personnel) for reporting to LBBW any information, tip-offs and complaints in connection with the requirements of the LkSG, the HinSchG and the KWG. The Rules of Procedure also encompass the reporting of tip-offs relating to other abuses or infringements at LBBW that breach statutory legislation or internal LBBW policies and are committed in the context of the relevant person's work at the Company. The aim of this reporting process is to identify any risks of illegal conduct or violations of regulations and bank policies, including by the Bank itself, and to provide an appropriate remedy.

Information and tip-offs can be submitted by any stakeholder as well as by external personnel, and whistleblowers can choose to give their names or remain anonymous. The Group Chief Compliance Officer is responsible for implementing the Rules of Procedure.

LBBW (Bank) conducts annual reviews of the effectiveness of the reporting process, as well as additional reviews where necessary. The Rules of Procedure are publicly available for all employees to read in German and English.

All subsidiaries in the LBBW IFRS consolidated group with at least 50 employees also provide appropriate reporting channels in accordance with the LkSG and HinSchG, or use those of LBBW (Bank).

Occupational safety

The information below addresses the following impacts and opportunities: i79 and o75.

The Occupational Safety Guidelines described the key products, roles, functions and normative duties in occupational safety in the context of occupational safety and accident prevention. All aspects of occupational safety are taken into account, including the design of the work processes in relation to human rights. The key normative basis for occupational safety is laid down in the requirements of the accident insurance provider. Separately, the occupational health service is tasked with handling all aspects of occupational health in relation to occupational safety and accident prevention.

These occupational safety guidelines apply to LBBW (Bank) and are relevant for all employees of the Occupational Safety division, all managers and all safety officers as well as for employees working on hardware and software implementation and for health management. They also apply to LBBW Corporate Real Estate Management GmbH.

The interests of LBBW have been taken into account in the implementation of the occupational safety organization in a way that is consistent with the business strategy of the LBBW Group. Human Resources is responsible for implementing the occupational safety guidelines and the requirements of the accident insurance provider. Both policies aid in the implementation of the requirements of the LkSG and the HinSchG.

The policies are reviewed every year as part of annual appraisals between the head of the Occupational Safety department and the divisional manager of Human Resources. The relevant documents are available for all employees to read on the LBBW intranet (German only).

All subsidiaries in the IFRS scope of consolidation of LBBW with at least 50 employees also maintain appropriate occupational safety policies.

Other works and company agreements

The information below addresses the following opportunity: o75.

There is also a series of other works agreements relating to matters such as flexible working hours, hybrid working, idea management, the company pension scheme, performance management and performance-based variable remuneration, appraisals and career development planning (as part of the performance dialog). These works agreements apply to employees of LBBW (Bank). Representatives of Human Resources and the workers' representative bodies have ensured that the interests of employees have been taken into account, as both parties are in regular contact with relevant stakeholders. Human Resources is responsible for implementation.

The LBBW (Bank) works agreements apply indefinitely. The works agreements may be revised and amended if the parties involved - Human Resources and the Staff Council - deem it appropriate. All works agreements are available for all employees to read on the LBBW intranet (German only).

All subsidiaries in the IFRS scope of consolidation of LBBW with at least 50 employees also maintain appropriate works agreements addressing all or some of the issues mentioned.

S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Based on the HR strategy, LBBW has, for the purpose of managing the material impacts and opportunities, set itself the goals of maintaining a high level of employee satisfaction, continuing to promote diversity, equity and inclusion and increasing the proportion of women in leadership positions. The targets of a high level of employee satisfaction and the further promotion of diversity, equal opportunities and inclusion are regarded as qualitative targets, as the measurability, results basis and time constraints are currently only partially accurate. All three of the targets specified below have additionally been bundled in the ESG strategy. Employees are a key element in achieving the ESG objectives defined in all respects: Transformation, Responsibility and Stability.

The information below addresses the following impacts and opportunities: i73, i79, o75 and o76.

- **High level of employee satisfaction:** Employee satisfaction is measured and assessed by means of the annual employee survey. This includes the topics of teamwork, leadership, satisfaction, information, general mood, competitive position, digitalization, strategy and direction, a modern working environment, cybersecurity, risk culture, team spirit, a results-focused approach and outstanding questions. The average score in the employee survey per division is a reliable and established indicator of the general mood among employees. The key performance indicator in the Inspire Employees strategic lever is considered using the values achieved in the categories satisfaction and teamwork. Where possible, the effectiveness of policies and measures at LBBW (Bank) is also measured and ensured using the results of the employee survey. The survey results are communicated to the target groups. Quantitative targets are generally set in relation to the results. Human Resources takes the lead with regard to the survey, which enables it to use KPIs to track improvements in the "Inspire Employees" metric for each division, identify variations within the Group and initiate any actions derived. Further positive developments in employee satisfaction were recorded in 2025. A direct comparison with the previous year's results of the employee survey is only possible to a limited extent, however, as the catalog of questions was redesigned in 2025 and subsidiaries were also invited to take part in the survey for the first time.

The information below addresses the following impacts and opportunities: i79 and o75.

- **Further promotion of diversity, equal opportunities and inclusion:** Diversity, equal opportunities and inclusion have long been priorities at LBBW and continuing to promote these issues is an enduring goal. A monitoring process to measure progress was set up in the reporting year as part of the operationalization of the ESG strategy. Working through the actions defined and regularly reviewing new actions will ensure its effectiveness. The ESG strategy came into effect on 1 January 2025. Consequently, ongoing monitoring to track the progress in achieving targets started in 2025, with semi-annual reports to be presented in the context of the ESG program. Based on the "Career and Family plus Diversity" audit, the organizational framework was created and the foundation stone thus laid for further developing the diversity measures in 2026. An important result from the diversity audit that has already been realized is the development of a supplementary diversity concept as part of the existing HR strategy. In addition, a target system defining the relevant KPIs for this topic has been developed as part of the action program derived from the audit.
- **Increasing the proportion of women in leadership positions:** The "Women as leaders" percentage refers to the proportion of leadership positions occupied by women across all management levels at the LBBW Group. That includes all managers, including team leaders with line management responsibility. The objective is to reach a particular percentage of leadership positions occupied by women, both at Group level and in the various divisions. An appropriate "Women as leaders" percentage improves diversity and makes the most of the whole pool of potential at

our disposal. Since 2019, LBBW has had a target of increasing the proportion of leadership positions occupied by women. The aim is for women to account for 30% of leadership positions by 2026. The interim target of 25% by 2022 has already been reached. Women occupied 29% (previous year: 28%) of leadership roles in the 2025 financial year. Monitoring the "Women as leaders" percentage enables Human Resources, which is in charge of this project, to track the "Inspire Employees" strategic lever and opportunities for career development and to take appropriate action to provide support.

Target-setting methods

The overall targets and requirements relating to employees are defined in the HR strategy. The content of the HR strategy rests on the knowledge and experience built up within LBBW. To make sure that the matter is looked at from every possible angle, further opinions are sought from relevant representatives of HR from the fields of business and academia.

The strategic direction of and necessary refinements to assignments within HR work are reviewed every quarter. In addition, the Chair of the Board of Managing Directors and the divisional manager of Human Resources conduct an annual review of which aspects need to be focused on based on the Bank's overall strategy. The Board of Managing Directors, the divisional manager of Human Resources and the heads of the departments within HR maintain critical lines of communication to discuss environmental changes throughout the year. Where necessary and given the appropriate prioritization, adjustments are made to the strategic targets and new actions are added.

Furthermore, as part of the Inspire Employees strategic lever, the priorities for the strategic lines of action are checked annually and then operational action to be taken is identified as a result of this reprioritization. Both endogenous and exogenous factors are taken into account in this process. Human Resources is in charge of implementation. The specialist divisions work together to sound out ideas during the design and roll-out of the measures.

Both employees and workers' representatives are involved in setting targets and monitoring performance in relation to the targets and as part of the identification of useful findings or opportunities for improvement in relation to the performance of the Company. They do this using the feedback from the employee survey and the Stakeholder Board. The latter takes place quarterly and provides a venue for Human Resources to present the latest developments in terms of action and targets and for those on the board to provide their feedback. The Stakeholder Board consists of employees who represent a cross-section of the workforce (covering different professional sectors, ages, genders and locations, as well as representatives of particular networks, such as the Women's Network). Members of the Staff Council also sit on the Stakeholder Board.

S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce and effectiveness of those actions

Throughout all its measures relating to the Company's workforce, LBBW bases its actions on the Code of Conduct. The aim of the Code is to create a reliable normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards. The Code applies to all LBBW divisions, the members of the Board of Managing Directors, all employees of LBBW across all levels and its subsidiaries.

The Inspire Employees strategic lever

The information below addresses the following impacts and opportunities: i73, i79, o75 and o76.

Five strategic levers support the implementation and operationalization of the current LBBW business strategy, which came into effect in 2023. Employees have been included as one of the most integral parts of the business strategy through the "Inspire Employees" strategic lever. This lever combines measures and initiatives aimed at boosting LBBW's appeal as an employer and at improving promotion and career development prospects for staff. Reports are produced on a quarterly basis. In the process, the permanent adoption of the "Inspire Employees" strategic lever is aiding in the pursuit of the overall objectives and requirements of the HR strategy. The effectiveness of this action is measured by the following targets: high level of employee satisfaction; continued promotion of diversity, equal opportunities and inclusion; and increasing the proportion of women in leadership positions. For further information on this subject, please see the section "S1-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities".

Action to make the "Inspire Employees" strategic lever an integral part of the business strategy began on 1 January 2023. This action is ongoing.

The action is divided into targets that describe how work at LBBW is intended to be experienced in the future: 1) Purpose, Employer Brand and Corporate Identity; 2) Modern working environment; 3) Diversity and Culture; 4) Teamwork and Leadership; 5) Careers and Development; 6) Health and Resilience. These targets offer a general framework for the "Inspire Employees" strategic lever. As such, they provide Human Resources with a vision that it can use to determine the operational action plan for each target.

These targets have been devised and refined in the course of workshops and panels in collaboration with and based on feedback from relevant stakeholders (Board of Managing Directors, managers, employees).

For further details of the actions derived from the "Inspire Employees" strategic lever, refer to the descriptions of the targets. Based on these six targets, Human Resources identifies action to be taken that will play a part in achieving the objectives that have been set, as outlined in the section "S1-5 – Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities". The action to be taken is determined with due consideration given to the confluence of topical issues relating to HR with the practical realities of business at LBBW.

The prioritized actions for each case are presented below. They are updated on a rolling basis.

"Purpose and employer brand" and "corporate identity" targets:

The information below addresses the following opportunity: o75.

New recruitment strategy including employer branding:

The "Employer branding and recruitment strategy" introduced in 2024 was transferred entirely to the Human Resources line management organization and implemented within the framework of a portfolio of actions in 2025. The actions continue to aim at strengthening the employer branding both in and outside the Bank and thus generating momentum for attracting and retaining highly qualified performers as well as creating a targeted response to the demographic challenges. The focus in the reporting year was target group-specific employer communication, more efficient recruitment processes and closer cooperation with the specialist divisions.

"Modern working environment" target:

The information below addresses the following impacts and opportunities: i73 and o75.

Compensation and benefits policy:

As part of the management and incentive systems, compensation and benefits constitute a vital element in systematically encouraging employees to achieve the corporate objectives and promote the principle of merit. In view of that fact, a compensation and benefits strategy was drawn up and implemented with the aim of offering competitive remuneration and additional benefits to attract and retain talented professionals, reward high performance and boost satisfaction and commitment among the existing workforce. This also means developing and refining systems, models and tools to ensure that the compensation and benefits are aligned with the changing needs of employees as well as sector-specific requirements. This will establish a modern working culture that positions the Bank as an attractive employer and both raises and rewards the long-term performance of employees while maintaining clear cost discipline and remaining sufficiently flexible to adapt to economic or portfolio-specific changes. The policy is reviewed on an ongoing basis and amended as necessary. The action is in the process of being implemented.

Hybrid working model:

The policy for developing hybrid working models introduced in 2023 is designed to increase flexibility and boost employee satisfaction by giving them the freedom to work in a way that is better suited to their own individual needs. At the same time, it allows LBBW as an employer to attract and retain talented staff and to bolster its ability to withstand the impact of unforeseen events. It additionally encourages employees to take personal responsibility, which leads to improved motivation and performance. This action has been finalized and placed under the management of Human Resources.

"Diversity and culture" target:

The information below addresses the following impacts and opportunities: i79 and o75.

Promoting and reconfiguring diversity and inclusion

The objective of the diversity concept in the HR strategy is to create a diverse and inclusive organizational culture that facilitates innovation, improves employee retention and satisfaction and enhances the Company's image. This makes the Company an appealing employer for a diverse range of talented professionals and enables it to satisfy statutory requirements and operate successfully in global markets. The action is in the process of being implemented.

Encouraging social commitment (volunteering day)

The goal in this case is to boost workforce satisfaction and retention by giving employees an opportunity to make an active contribution to the common good in a way that is consistent with changing social values. At a time when there is growing appreciation for social responsibility and sustainability, social commitment promotes a positive corporate culture that emboldens employees to get involved in social issues and environmental matters. This strengthens the Company's reputation as a responsible actor and enables it to actively support the change in social values. The Human Resources division played its part in achieving the goals through the technical and legal integration of one volunteering a year dedicated to social commitment. This action has been finalized and placed under the management of Human Resources.

"Teamwork and leadership" target:

The information below addresses the following impacts and opportunities: i73, i79 and o75.

Strategic HR planning and active demographic management

Strategic HR planning and active demographic management are key for securing the Company's success over the long term through retaining expertise and experience, promoting diversity and inclusion, planning qualified successors, enhancing the ability to adjust to demographic changes and creating a positive employer image. The related actions are currently being designed or, in some cases, in the process of being implemented and are a priority for 2026.

"Career paths and development" target:

The information below addresses the following impacts and opportunities: i73, i79, o75 and o76.

New career models

Innovative career development paths suited to the skills and interests of each individual employee motivate the workforce and help LBBW to remain an attractive employer. Targeted assistance allows talented employees to be identified and supported to ensure a sustainable and diverse workforce for the future of the Bank. This strengthens the loyalty of highly qualified performers. The actions are in the process of being implemented and are scheduled to be rolled out in 2026.

Refinement and integration of training courses

The objective of refining and integrating our learning offers is to create a comprehensive and interlinked training landscape that offers LBBW staff a broad range of options for continual professional development and encourages information sharing and collaborative ways of working.

This is intended to help continuously reinforce the skills and capabilities of our employees, especially in view of the constantly changing skills requirements, and thereby secure the long-term success of the Bank. As part of the development of a new training and professional development strategy, a commitment to pursuing future skills and relevant megatrends was launched in 2025 to drive LBBW's innovative capabilities and resilience, among other things. Safeguarding and passing on our internal expertise as well as teamwork will continue to be promoted with the strengthening and further development of our internal pool of trainers. Implementation of the measure started in 2025 and its further development is planned for 2026.

New apprenticeship paths

By establishing apprenticeships in office management, dialog marketing and IT in 2023, LBBW has ensured that professional training and apprenticeships are aligned with its current and future requirements. This increases the availability of highly skilled workers, boosts innovation, makes the economy more adaptable and opens up a host of career opportunities. The same applies to subsidiaries that take on apprentices. They offer apprenticeships to suit their particular business interests. This action has been finalized and placed under the management of Human Resources.

Talent management

In terms of talent management, LBBW has since 2018 been pursuing an approach of focusing specifically on the target group of high-potential employees in addition to its wide-ranging personnel development program. The intention is to support and retain them through targeted development projects so that strategically important positions can be filled internally in the medium term. Investing in these employees helps to consolidate the Company's competitive position. The gradual implementation of the Talent Management 2.0 concept (2024) was started in 2025. Successes can be seen in the stronger networking of Group-wide talent programs and in the enhanced quality of the structured nomination process. The goals of structured succession planning and cross-silo change are continuously driven forward by standardized processes throughout the Group and targeted offers. The scope of the regular reporting for the purpose of measuring outcomes will continued to be broadened and additional processes are to be given the technological backing of SAP SuccessFactors. Implementation of the measure started in 2025 and its further development is planned for 2026.

The successful implementation of objectives calls for a tightly focused approach to the execution of actions and targeted use of the relevant resources. As a result, Human Resources works on the implementation of specific high-priority actions rather than carrying out a large number of actions at the same time. Responsibility for implementing the actions is assigned on the basis of the target-setting agreements between the divisional manager and the heads of departments within Human Resources. The prioritization of HR issues can be adjusted where necessary to respond to relevant influencing factors and ensure that normal operations can be maintained. Because the "Inspire Employees" strategic lever is subject to regular review, the overview of actions presented may be amended. Human Resources is in charge of implementing the actions and works in concert with the specialist divisions on sounding out ideas during the design and roll-out stages.

The necessary funding and personnel resources are made available within LBBW for the design and implementation of the actions from the "Inspire Employees" strategic lever.

S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Maintaining open lines of communication with the workforce is a major contributing factor in the success of LBBW. Only a receptive and inviting culture of feedback makes it possible to identify the needs of employees and to recognize and realize potential for improvement. The LBBW company guidelines state, for instance:

"Our managers provide guidance by means of clear and open communication and honest feedback. They are themselves interested in feedback and actively solicit it."

"We communicate openly and honestly. Even when we are representing differing interests, we cooperate with each other and work to find the best solution for both sides. (...) We make it clear what each party expects and attempt to find common ground. (...) and if something is not quite right, we discuss the matter candidly."

Constructive communication requires employees to be informed about all the relevant issues and to provide as much transparency as possible. Employees receive information of a general nature as well on issues specific to their groups or areas of specialization via the LBBW intranet and indirectly through managers (for example in information sessions for employees, divisional/departamental meetings, regular discussion sessions at the organizational unit level).

The employee identity defined in the company guidelines is also reflected in the requirements for personnel management. These requirements are broken down into defined skills via the LBBW skills model (including social and communication skills) and explained. The skills in the skills model are a relevant selection criterion in the structured process for appointing managers and in their professional development.

Direct engagement with employees

Engagement with employees (as part of the Company's own workforce) with regard to actual and potential impacts takes place directly by means of permanently established formats.

The following formats in particular are involved:

- **Employee survey:** The LBBW (Bank) employee survey is carried out every year, with responses anonymized. Before it is conducted, the employee survey and its content (specific questions) are the subject of detailed discussions with the working group of the Group Staff Council and subsequently put forward for approval by the latter. The responses are passed to Human Resources, which reads through them and forwards them to the relevant units for review as applicable. The questionnaire for the employee survey includes the topics of teamwork, leadership, satisfaction, information, general mood, competitiveness, digitalization, strategy and direction, a modern working environment, cybersecurity, risk culture, team spirit, a results-focused approach and outstanding question and also offers the option of providing comments and suggestions for improvement in a free text field. Subsidiaries with at least 50 employees also conduct regular employee surveys.
- **Dialog with the Chair of the Board of Managing Directors and management:** Employees of LBBW (Bank) can e-mail the Chair of the Board of Managing Directors directly with their suggestions and queries at any time. The Chair of the Board of Managing Directors also has a page in the Bank's internal community, providing another avenue for digital dialog. These options are available permanently. Subsidiaries with at least 50 employees also offer additional ways for employees to communicate with the management.
- **Sounding boards/pilot projects:** Wherever suitable and possible, sounding boards and/or pilot projects are generally used alongside a selected iterative process to obtain feedback from employees (usually via separate employee surveys) in the course of the implementation of new initiatives at LBBW (Bank). Feedback from stakeholders – among which the workforce counts as a permanent member – is gathered at an early stage as appropriate, and this process continues from design to roll-out. This has proved to be effective and enables adjustments to be made early in ongoing processes. This also applies to LBBW Corporate Real Estate Management

GmbH, LBBW Immobilien Management GmbH, LBBW Service GmbH, MMV Bank GmbH and LBBW Asset Management Investmentgesellschaft mbH.

- **Idea management:** Idea management is a tool that LBBW (Bank) employees can use to contribute their suggestions for products, processes and services. Employees are welcome to do so at any time and on any subject. Ideas can come from LBBW-managed brainstorming sessions via moderated groups or designated topics to meet specific needs as well as through spontaneous sessions organized by employees and not managed by LBBW. Suggestions for improvements can be submitted via the idea management tool. Depending on the type of idea involved, decisions on implementation are made either by the manager or by central idea management. At LBBW (Bank), the process is based on a works agreement entered into with the Group Staff Council. Employees can receive recognition for ideas that have a beneficial effect. Subsidiaries with at least 50 employees generally provide similar tools for their employees.
- **Performance dialog:** Each employee appraisal doubles as what is known as a "performance dialog". This is an annual format for a regular and structured discussion between a manager and an employee. In addition to the performance review, they can identify and agree on action that can be taken for training and career development. Similar discussions centering on career development and on the setting and accomplishment of targets are also carried out at subsidiaries with at least 50 employees.

Staffing capacity for the development, implementation, supervision, performance and ongoing development of these formats, as well as funding for technical and logistical implementation and the supervision of the formats within the relevant systems, have been and will continue to be made available and incorporated into scheduling.

Indirect employee engagement via workers' representatives

LBBW considers it extremely important to involve workers' representatives in compliance with the requirements of the Baden-Württemberg Staff Representation Act and the German Works Constitution Act. At LBBW (Bank) and the subsidiaries with at least 50 employees, workers' representatives and therefore, indirectly, the workforce as a whole are involved in advance of implementation and on an ongoing basis in the consideration of actual and potential impacts in accordance with the following principles:

- Close relationships built on trust established with the workers' representatives and Works Councils in accordance with the requirements of the Baden-Württemberg Staff Representation Act and the German Works Constitution Act;
- Information provided to the workers' representatives and Works Councils in good time prior to organizational decisions resulting in actions that will require their involvement in accordance with the requirements of the Baden-Württemberg Staff Representation Act and the German Works Constitution Act;
- Regular meetings generally every one to four weeks or monthly between representatives of LBBW (Bank) as the employer with the workers' representatives or between the management/employer representatives of subsidiaries with the relevant Works Councils (beyond what is required by law);
- The implementation of regular or ad hoc working groups comprising employer representatives and workers' representatives or the Works Council to discuss specific topics in depth;
- A range of works agreements are used to devise relevant issues requiring involvement by mutual agreement and to regulate them in detail (see section "Policies related to own workforce [S1-1]"). Changes to works and company agreements are subject to the requirements of co-determination, meaning that workers' representatives and/or the Works Council need to be involved in these cases as well;
- Inviting members of workers' representative bodies and Works Councils to company staff events that are relevant to a certain degree is a way to foster good working relationships.

LBBW (Bank) also has a number of other formats for indirect employee engagement via workers' representatives:

- Regular communication between the Board of Managing Directors and the overall LBBW (Bank) workers' representative body (generally three to four meetings per year);
- Information formats for the worker' representative body of LBBW (Bank) (generally every two weeks for information events).

In the event of operational restructuring that affects employees, the workers' representatives and/or Works Councils are involved at an early stage in the process to find socially responsible solutions.

Staff meetings are held by the respective local workers' representative bodies and Works Councils once a year (sometimes up to four times a year) in accordance with the requirements of the Baden-Württemberg Staff Representation Act and the German Works Constitution Act. The Chair of the Board of Managing Directors as well as the other Board members and the management are also invited to attend. These meetings provide another opportunity for the members of the workers' representative bodies and Works Councils, members of the Board of Managing Directors and the management and other employees to get together and discuss matters.

Workers' representatives and the works group from the ver.di trade union also use the LBBW intranet to post updates and articles.

The Board of Managing Directors exercises its responsibility via the formats for direct and indirect employee engagement, addresses offers of involvement to the workforce and establishes processes that enable the outcomes of this communication to be incorporated into the corporate strategy.

Processes for including the viewpoints of members of the workforce who are particularly susceptible to impacts and/or could be marginalized

There are institutionalized formats in place for seeking insight into the perspectives of those who may be particularly susceptible to impacts and/or marginalized. These include the representative body for employees with disabilities, the Psychosocial Service, Occupational Safety and the diversity/inclusion officers. Viewpoints and insight are also obtained via bottom-up formats at LBBW (Bank) from the various networks (Women's Network, Culture@LBBW, BRAVE, women@LBBW) and community pages. The Women's Network and the women@LBBW initiative at LBBW (Bank) also advocate gender equality and a better work-life balance. They employ various formats for finding inspiration and putting ideas into action, such as the breakfast online chats and the women's power break. The topic of diversity in all its forms – gender, nationality, ethnic and social background, religion, ideology, disability, sexual orientation and identity – is also covered in the content of the Diversity Days and by interviews on the Day of People with Disabilities. These offers are open to all LBBW employees in principle, while LBBW Immobilien Management GmbH has additionally developed its own format. In addition, all employees of LBBW (Bank) received training on the new LBBW (Bank) Anti-Discrimination and Fairness at the Workplace Works Agreement.

Employees at LBBW (Bank) with severe disabilities are advised and represented by the relevant representative bodies for employees with disabilities. At LBBW (Bank), these are four regional representative bodies for employees with disabilities and one General Representative Body for Employees with Disabilities. The duties of the representatives include providing personal advice and assistance, helping with internal and external job interviews and selection interviews, assisting with workplace design and providing support during consultations with the employer, the local staff councils and the Group Staff Council. Representative bodies for employees with disabilities are also established at ALVG Anlagenvermietung GmbH and LBBW Immobilien Management GmbH. Even if no representation for employees with disabilities has been implemented, employees of LBBW can contact the representative bodies for employees with disabilities of LBBW (Bank) with confidence. All rights and obligations stipulated in Book IX of the German Social Code (SGB) are observed.

Staffing capacity and funding have been and will continue to be made available and incorporated into scheduling.

Regulations concerning respect for human rights

The Code of Conduct sets out Group-wide regulations stipulating that the human rights of every single individual must be respected and maintained at all times. Internal policies and guidelines also follow not only the relevant statutory requirements but also the recognized international standards and voluntary commitments referred to in section "S1-1, S3-1, S4-1 – Respect for human rights". Works agreements are negotiated and entered into between LBBW (Bank) as the employer and the workers' representatives on behalf of employees. The same is true in principle for German subsidiaries. The German Works Constitution Act is applicable because of the legal form; interests are represented by works councils. This ensures that the interests and viewpoints of employees are taken into account (see section "S1-2 – Indirect employee engagement via workers' representatives").

Assessing the effectiveness of the way in which the Company works with its employees

Employee surveys are used by LBBW (Bank) and, as a rule, the subsidiaries that conduct their own surveys as the tool for assessing the effectiveness of the way in which the Company works with its employees and to identify any action that needs to be taken.

S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

"Inspire Employees" is a strategic lever for LBBW. Advancing the interests of employees is consequently an integral part of a sustainable corporate strategy. To ensure the long-term health and satisfaction of employees and provide an early warning system for negative impacts, LBBW provides specialist organizational units, regular appraisals ("performance dialogs") and regular employee surveys. LBBW also offers employees informal mechanisms for reporting to various designated representatives as well as formal processes for effectively addressing concerns, problems and complaints.

General approach

The general approach is for the specialist units at Human Resources to focus on monitoring the working atmosphere and analyzing employee concerns, identifying negative impacts and, on the basis, initiating precautionary and remedial action. These include the Human Resources units for all employee matters, and particularly the organizational units for health and prevention, occupational safety, the Psychosocial Service, the diversity management and inclusion officer. LBBW also works on the basis of the employee life cycle model so that it can systematically keep track of physical and mental health, retention and motivation throughout specific phases such as recruitment, onboarding, professional development and advancement and offboarding and in the context of the working culture and performance management, and also so that it can proactively address staff needs and identify any action that needs to be taken. There are also the representative bodies for employees with disabilities, the staff councils and works councils at the subsidiaries, the youth and apprentice representatives, the data protection officers and the human rights officers, who advocate for the interests of employees. For further information about the involvement of workers' representatives, see section "S1-2 – Processes for engaging with own workforce and workers' representatives about impacts".

Involvement in remedial action takes place by means of the implementation of regular opportunities for discussion and open lines of communication with all the aforementioned stakeholders in the interests of employees. In addition, HR Management plays a key role as strategic partners for the managers and the employees to ensure that the concerns of the employees are taken into account.

Formal processes and reporting channels

All LBBW employees have the opportunity to initiate complaints via the whistleblower system. Information about the process for submitting complaints via the whistleblower system can be found in the section entitled "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery".

LBBW (Bank) has two further formal reporting channels for employees to raise their concerns, depending on what those concerns are. The processes for handling complaints differ depending on which reporting channel is involved. These are described in more detail below.

LBBW (Bank) offers its workforce a standardized process for handling employee concerns in the form of a ticket system that allows for efficient and transparent reporting via the HR Direct Hotline or the Ticket Self Service in the HR portal. When a ticket is closed, the employee who submitted the report receives a detailed explanation of the decision.

There is also an option to submit a complaint to the complaints unit in cases of discrimination or if employees feel that they have been disadvantaged in some other way. This procedure is conducted at LBBW (Bank) in accordance with the Anti-Discrimination and Fairness at the Workplace Works Agreement, the new version of which came into effect in 2025. This agreement stipulates that all employees who feel they have been discriminated against by LBBW (Bank), by employees of LBBW or by third parties or otherwise disadvantaged have a right to make a complaint. The company complaints unit is a permanent institution as referred to in section 13 AGG.

In addition, the Staff Council, the diversity management and the inclusion officer, the HR management, the youth and apprentice representatives, the representatives for employees with disabilities, the Psychosocial Service and their own supervisors are available to the employees of LBBW (Bank) as informal points of contact for complaints.

The Anti-Discrimination and Fairness at the Workplace Works Agreement, the points of contact and the designated representatives in the complaints unit can be contacted at any time via the intranet. The complaints unit, which comprises two members of Human Resources, one representative of the Group Staff Council and one representative of the relevant local Staff Council, decides on the complaints in accordance with the above-mentioned works agreement.

The formal complaints process begins when the report is submitted to the points of contact. Reports can be made in person, by telephone or via the electronic mailbox. Once it is aware of the complaint, the HR management will take the precautionary and remedial action appropriate for the specific case in question so as to prevent, end or minimize the scale of any such infringement. All complaints are handled confidentiality as a matter of principle. The duties of confidentiality, impartiality and independence also apply to the reporting channels, the complaints unit and the designated representatives who are consulted by the complainant or in the course of the investigation into the case.

If subsidiaries in accordance with the IFRS scope of consolidation with at least 50 employees do not make use of the LBBW (Bank) complaints unit, they have similar regulations in place or know how to implement these. Two subsidiaries with at least 50 employees, SüdFactoring GmbH and SüdLeasing GmbH, do not have a formal complaints process. Instead, they have a Works Council committee that is convened in the event of complaints concerning discrimination.

Employees also have various other means of communicating their concerns at their disposal, which are described in more detail in the section "S1-2 – Processes for engaging with own workforce and workers' representatives about impacts". The employee survey and the performance dialogs are notable examples.

The combination of the various reporting channels and designated representatives lays a reliable and effective foundation for identifying and addressing specific employee concerns. In the confidential complaints process through the complaints unit, which offers transparency for the complainant, LBBW provides a safe space for employees to express their concerns openly. Those involved in the complaints process are kept informed of the decisions made and action to be taken. This ensures a systematic response to justified employee concerns. Employees are able to see that their concerns are being listened to and that changes are genuinely being made. Easily accessible reporting options and the wide variety of possible contact persons and reporting channels, be they online, over the phone or in person, give employees the freedom to choose whichever channel best suits their preferences. This removes potential psychological barriers and makes it considerably easier for employees to take the step of actually reporting their concerns. The whole procedure is subject to continuous monitoring and an evaluation. The complaints processes are embedded in a system of reporting and risk analysis.

All employees can visit the intranet to access the information about the reporting channels they can use to report their concerns and needs to LBBW so that they can be investigated. Furthermore, all LBBW employees receive training and are informed about the reporting channels and complaints processes. This training is mandatory for all staff.

Protecting individuals from reprisals

The section "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery" of this sustainability statement outlines the strategies used to protect individuals from reprisals.

One principle that applies to the complaints process under the Anti-Discrimination and Fairness at the Workplace Works Agreement is that employees must not suffer any disadvantages as a result of exercising their right to complain and that LBBW (Bank) will take all action possible, appropriate and necessary to protect such employees. The duty of confidentiality applies to complainants and to persons named in reports. Only those responsible for receiving and handling the reports, as well as any assistants, have access to the reports and are permitted to know the identities of the persons named. The designated representatives involved in providing information and advice and in the reporting and complaints processes act impartially, independently and discreetly.

S1-6 – Characteristics of the undertaking's employees

Unless otherwise indicated, the following groups of employees are included in all disclosures reported about the workforce: full-time and part-time employees who have an employment contract with LBBW. This includes employees working part-time during parental leave, employees still working while in partial retirement, trainees (external and internal) and temporary staff.

All figures shown in this section refer to the reporting date of 31 December of the financial year, unless otherwise indicated.

Number of employees (headcount)	31/12/2025	31/12/2024
Female	5,455	5,470
Male	5,365	5,307
Non-binary	0	0
Not specified	1	0
<i>Total number of employees</i>	<i>10,821</i>	<i>10,777</i>

The LBBW Group uses the criteria of "female", "male", "non-binary" and "not specified" to categorize gender. The characteristics "female", "male" and "not specified" were indicated by employees in the financial year. The "non-binary" category is not reported separately in the following tables as no employees reported being in this category on this occasion. "Not specified" is shown if no conclusions can be drawn about the employees. All employees are always included in the sum totals.

Germany is the only country to account for more than 10% of the total workforce. The actual number is shown in the following table:

Number of employees (headcount)	31/12/2025	31/12/2024
Germany	10,444	10,420

The most representative figures in the annual report for the information in this section are as follows:

- The number of employees in the "Key figures" table in the annual report: any discrepancies between the figures in the annual report and those given in this section are due to the fact that the figures in this section refer only to Germany.
- Note 57, "Employees", in the consolidated financial statements: any discrepancies between the figures presented and those in the notes on the consolidated financial statements are due to the use of averages in the latter, whereas this section uses figures from the reporting date.

Information about employees by contract type and region

The following tables contain information about employees based on their contract types, broken down by gender and region.

	31/12/2025				31/12/2024			
	Female	Male	not specified	Total	Female	Male	not specified	Total
Number of employees (headcount)	5,455	5,365	1	10,821	5,470	5,307	0	10,777
with permanent employment contracts	5,421	5,334	1	10,756	5,399	5,262	0	10,661
with fixed-term employment contracts	34	31	0	65	71	45	0	116
Number of on-call employees	0	0	0	0	0	0	0	0
Number of full-time employees	2,873	5,014	1	7,888	2,881	4,969	0	7,850
Number of part-time employees	2,582	351	0	2,933	2,589	338	0	2,927

	31/12/2025					
	Germany	Western Europe (excluding Germany)	North America	Asia/Pacific	Other	Total
Number of employees (headcount)	10,444	109	91	150	27	10,821
with permanent employment contracts	10,384	109	91	145	27	10,756
with fixed-term employment contracts	60	0	0	5	0	65
Number of on-call employees	0	0	0	0	0	0
Number of full-time employees	7,524	98	91	149	26	7,888
Number of part-time employees	2,920	11	0	1	1	2,933

	31/12/2024					
	Germany	Western Europe (excluding Germany)	North America	Asia/Pacific	Other	Total
Number of employees (headcount)	10,420	99	76	155	27	10,777
with permanent employment contracts	10,308	99	76	151	27	10,661
with fixed-term employment contracts	112	0	0	4	0	116
Number of on-call employees	0	0	0	0	0	0
Number of full-time employees	7,507	89	74	154	26	7,850
Number of part-time employees	2,913	10	2	1	1	2,927

Staff turnover

The number of employees that left the LBBW Group in the financial year totaled 561 (previous year: 601). That number includes both employee-initiated and employer-initiated departures. It also encompasses employees who retired (including those taking early retirement) and employees who died during the year. As a proportion of all employees, this amounts to staff turnover of 5.2% (previous year: 5.7%) for the LBBW Group as a whole. The total number of employees is used to calculate the rate of turnover as an average based on the quarterly reporting dates for staff headcount for the financial year.

S1-8 – Collective bargaining coverage and social dialogue

Collective bargaining coverage

Figures from the reporting date of 31 December of the financial year provided the data used as a basis for the calculations in this section.

The percentage of all employees of the LBBW Group who covered by collective bargaining agreements and whose employment relationship is designated as "pay-scale employee" came to 47% in the financial year (previous year: 49%). The rate of collective bargaining coverage broken down by country can be found in the table provided in this section.

LBBW (Bank) (not including branches outside Germany or representative offices) is bound by collective bargaining agreements under collective bargaining law through its membership of the VÖB. As an alternative, the Collective Bargaining Agreement for the Public Sector (TVöD) for the savings bank service sector applies to a defined small group of employees from predecessor banks via a recognition agreement. In the case of employees covered by collective bargaining agreements, the applicable collective bargaining agreements apply irrespective of any obligations under collective bargaining law both in the collective bargaining agreement for banks and in the TVöD via a reference in the individual employment contracts. This establishes equivalence with employees subject to collective bargaining law (in other words, unionized employees), which means that trade union membership is not relevant in operational practice.

Remuneration of employees not covered by collective bargaining agreements and senior executives at LBBW (Bank) is exempt from pay scales. These employees are largely equivalent to employees covered by collective bargaining agreements in terms of other benefits. Reference is made in relevant areas of the standard employment contract for non-pay-scale staff to the applicable collective bargaining agreements for public banks. In part, equivalence is established via collective arrangements.

Branches outside Germany and representative offices are not bound by collective bargaining agreements, and nor do collective bargaining agreements apply via reference clauses. The branches outside Germany follow German remuneration policies, albeit always subject to local legislation and regulations.

The subsidiaries of the LBBW Group are generally not bound by collective bargaining agreements under collective bargaining law, although this is the case specifically at MMV Bank GmbH. In principle, the applicable collective bargaining agreements for public banks also apply in specific cases of subsidiaries not subject to collective bargaining law due to the references in the employment contracts of employees covered by collective bargaining agreements. In selected areas, the applicable collective bargaining agreements apply via a reference in the individual employment contracts or regulations at operational level in the case of employees not covered by collective bargaining agreements, as at LBBW (Bank). The process of drafting contracts and collective bargaining agreements at subsidiaries outside Germany is subject to the legislation of the respective countries.

Social dialog

The percentage of all employees of the LBBW Group represented by workers' representative bodies (staff councils or works councils) at various locations in Germany for the financial year is 96% (previous year: 95%). This figure does not include senior staff employed locally at the branches and locations outside Germany or employees of individual subsidiaries.

The rate of employees represented by workers' representatives broken down by country can be found in the table provided in this section.

Due to their legal status as institutions incorporated under public law (Germany) and/or their location in Germany, LBBW (Bank) and its subsidiaries in Germany do not meet the requirements for the formation of a European works council, a European Company (Societas Europaea - SE) works council or a European Cooperative Society (Societas Cooperativa Europaea - SCE) works council. Branches of LBBW (Bank) outside Germany also do not have such works councils.

The following table presents the rate of employees covered by collective bargaining agreements and represented by workers' representatives, broken down by country. LBBW has more than 50 employees accounting for at least 10% of the total number of employees only in Germany. The information in the table therefore applies only to Germany.

	31/12/2025		31/12/2024	
	Collective bargaining coverage	Social dialog	Collective bargaining coverage	Social dialog
	Employees (EEA only) (for countries with >50 employees accounting for >10% of the total)	Representation at the workplace (EEA only) (for countries with >50 employees accounting for >10% of the total)	Employees (EEA only) (for countries with >50 employees accounting for >10% of the total)	Representation at the workplace (EEA only) (for countries with >50 employees accounting for >10% of the total)
Coverage rate				
0–19%	-	-	-	-
20–39%	-	-	-	-
40–59%	Germany	-	Germany	-
60–79%	-	-	-	-
80–100%	-	Germany	-	Germany

S1-9 – Diversity metrics

Gender distribution at the top level of management

The top level of management at the LBBW Group is defined as one level below the administrative and supervisory bodies, meaning managers at the second level of LBBW (Bank) (heads of divisions/AIDAs and divisional managers) as well as managers at the top levels of relevant subsidiaries. This is relevant to subsidiaries included in reporting that have at least 50 employees and either are direct subsidiaries of LBBW (Bank) or, if a direct subsidiary is a non-operational company, represent the indirect subsidiary that constitutes the closest operational company in hierarchical terms. The following subsidiaries are thus taken into account with regard to the relevant managers: LBBW Asset Management Investmentgesellschaft mbH, LBBW Corporate Real Estate Management GmbH, LBBW Immobilien Management GmbH, LBBW Service GmbH, MMV Bank GmbH, SüdFactoring GmbH, SüdLeasing GmbH.

The following table shows gender distribution at the top level of management by number and by percentage. Figures from the reporting date of 31 December of the financial year provided the data used as a basis for the calculations in the table.

Gender	31/12/2025			31/12/2024		
	Female	Male	Total	Female	Male	Total
Number of employees at the top level of management	18	69	87	13	63	76
Percentage of employees at the top level of management	20.7%	79.3%	100%	17.1%	82.9%	100%

Age distribution of employees

The following table shows the age distribution of employees at the LBBW Group by number and by percentage. Figures from the reporting date of 31 December of the financial year provided the data used as a basis for the calculations in the table.

Age	31/12/2025			31/12/2024		
	Under 30	30–50	Over 50	Under 30	30–50	Over 50
Number of employees	1,339	4,626	4,856	1,324	4,715	4,738
Percentage of employees	12.4%	42.8%	44.9%	12.3%	43.8%	44.0%

S1-10 – Adequate wages

All employees of LBBW receive adequate wages. To ensure appropriate and competitive remuneration, LBBW conducts regular pay benchmarks to review how the salaries it pays compare with the external market. To do so, LBBW bases its calculations on total remuneration at comparable companies. As a result, pay above the statutory minimum wage is ensured for both pay-scale and non-pay-scale employees. Further information about collective bargaining coverage can be found in the section "S1-8 – Collective bargaining coverage and social dialogue". The branches and subsidiaries outside Germany follow German remuneration policies, albeit always subject to local legislation and regulations.

S1-11 – Social protection

All employees of LBBW are protected by public programs and/or benefits offered by the Company to protect against loss of earnings due to any of the following events: illness, unemployment, workplace accidents and incapacity for work, parental leave, retirement.

S1-12– Persons with disabilities

The information on "Persons with disabilities" refers to LBBW (Bank).

The following table shows the percentage of employees with disabilities or equivalent status. Figures from the reporting date of 31 December of the financial year provided the data used as a basis for the calculations in this table. These figures include employees with disabilities as defined in section 2(2) SGB IX or equivalent status as defined in section 2(3) SGB IX and or those subject to reporting in accordance with the applicable legislation in the country in question. "Not specified" is not shown here so that no conclusions can be drawn about the employees. All employees are always included in the sum totals.

Gender	31/12/2025			31/12/2024		
	Female	Male	Total	Female	Male	Total
Proportion of employees with disabilities	2.5%	1.7%	4.2%	2.4%	1.6%	4.0%

S1-13 – Training and skills development metrics

The information on "Training and skills development metrics" refers to LBBW (Bank).

The following table shows the average number of hours of professional development and training per employee of LBBW (Bank), broken down by gender. "Not specified" is not shown here so that no conclusions can be drawn about the employees. All employees are always included in the sum totals.

Average hours of professional development and training per employee	31/12/2025	31/12/2024
Female	21.3	18.8
Male	23.7	22.2
Total	22.5	20.5

This breakdown includes the following types of professional development and training: in-person training, online seminars, web-based training, certification, language training and part-time degree courses.

The average number of hours of professional development and training was calculated based on the number of hours of professional development and training completed in the full financial year.

The calculations did not include part-time degree courses lasting several years. In these cases, the total number of hours of professional development and training involved is included in the calculation for the year in which the student graduates. The hours increased year-on-year in almost all types of professional development and training; the largest growth resulted from the rise in degree courses completed.

The difference between the average hours of professional development and training for male and female employees is due largely to the fact that male employees are generally more likely to take up the offer of part-time degree courses. This gap narrowed in 2025, as more female employees completed a study program or a certificate course than in the previous year.

The number of employees is calculated as an average based on the quarterly reporting dates for staff headcount for the financial year.

S1-14 – Health and safety metrics

Coverage by the health and safety management system

The percentage of LBBW employees covered by a health and safety management system totaled 100% in the financial year (previous year: 100%).

Deaths attributable to work-related injuries and illnesses

There were no employee deaths attributable to work-related injuries and illnesses in the financial year (number of deaths: 0 (previous year: 0)). This figure is based on data from the relevant accident insurance provider and information available to the occupational health service and occupational safety. At certain subsidiaries with fewer than 50 employees, reporting is based on information available to the management. As far as LBBW is aware, there were no deaths among any of the other workers at company locations in the reporting year.

Reportable workplace accidents

The number of reportable workplace accidents for employees of the LBBW Group came to 8 in the financial year (previous year: 11). That equates to a rate of work-related accidents of 0.5 per million hours worked (previous year: 0.7). The workplace accidents considered are those deemed reportable according to section 193 SGB VII or the legislation applicable in the respective country. They do not include commuting accidents. The number of hours actually worked used to calculate the rate is assessed per employee for LBBW (Bank) in Germany and for subsidiaries connected to the time recording system. Scheduled working hours are used for senior executives (divisional managers and heads of department) as they are exempt from time recording. For LBBW (Bank) locations outside Germany and subsidiaries not connected to the time recording system, the hours actually worked are extrapolated based on scheduled working hours per week. A standard figure of ten weeks is subtracted from that total (30 days of annual leave, an average of ten days of absence due to illness and ten days for public holidays falling on business days). This results in an assumed effective total of 42 working weeks per employee.

S1-15 – Work-life balance metrics

The information on work-life balance metrics refers to LBBW (Bank).

99.9% (previous year: 100.0%) of the employees of LBBW (Bank) are entitled to take leave for family reasons.

The types of absence and leave listed below are factored into reporting and form part of the aggregate data used as a basis for calculation. These are aimed at statutory, collective bargaining and company regulations and differ in the design and scope of the leave of absence regulations in the individual countries.

- Protected maternity period
- Parental leave
- Family year out following parental leave
- Time covered by employment restrictions due to pregnancy
- Leave taken to care for a sick child
- Leave taken in accordance with German family care leave legislation

Employees entitled to take family leave are counted only once in the following aggregate data.

Employees entitled to take family leave who have done so	31/12/2025	31/12/2024
Female	6.8%	6.7%
Male	2.9%	2.0%
<i>Total</i>	9.6%	8.7%

The total number of employees at LBBW (Bank) was used as the denominator in this calculation. Figures from the reporting date of 31 December of the financial year provided the data used as a basis for the calculations in this section. The databases of employees of LBBW (Bank) in Germany were presented as at 31 December 2024.

S1-16 Remuneration metrics (pay gap and total remuneration)

Gender pay gap

The unadjusted gender pay gap (GPG) for the LBBW Group was 25.6% in the financial year (previous year: 27.4%).

The workforce as at 31 December of the financial year are taken into account here. The calculation of average gross hourly pay is based on annual pay for full-time employees. It includes fixed components of remuneration, such as base salary and any additional allowances, as well as variable remuneration components. It does not include the company pension scheme. The contractually agreed working hours on a full-time basis are used to calculate gross hourly pay. Average gross hourly pay is calculated as an arithmetic mean for male employees and for female employees.

Because this figure does not allow any detailed conclusions to be drawn regarding possible causes of differences in pay, comprehensive analyses of personnel and remuneration data are also carried out and the adjusted gender pay gap is calculated. This was far below 5% (previous year: far below 5%). This figure is based on LBBW (Bank) in Germany, which makes up roughly 80% of the total workforce. The results therefore constitute a robust and representative basis that also fulfills data protection requirements within the Group.

In the calculation of the adjusted GPG, pay differences are systematically adjusted to account for factors that are gender-neutral and for which no discriminatory influences can be assumed. In particular, these include calculated job value and other characteristics that can lead to different pay levels irrespective of gender. This adjustment process ensures that salaries are analyzed solely on the basis of comparable conditions. It includes all material components of remuneration, such as base salary, any additional allowances and variable remuneration components. Certain additional benefits that are awarded in a non-discriminatory way due to a lack of scope for discretion, such as the company pension scheme, are not included.

LBBW's Group remuneration strategy states that men and women must receive equal pay.

Total rate of remuneration

The ratio of the total annual remuneration of the highest-paid individual to the median total annual remuneration of all employees of the LBBW Group was 30:1 in the financial year (previous year: 31:1).

Total annual remuneration includes both fixed and variable remuneration components and represents remuneration on a full-time basis for an entire financial year. The total rate of remuneration was calculated on the basis of the workforce as at 31 December of the financial year.

S1-17 – Incidents, complaints and severe human rights impacts

Four cases of discrimination (previous year: three), including harassment, were reported in the LBBW Group in the 2025 financial year. These cases were recorded in 2025 and are currently going through the established investigation and follow-up processes. There is zero tolerance for discrimination or harassment at LBBW. When reports are received, precautionary measures are taken immediately and incidents are systematically investigated, with further suitable action offered and taken.

LBBW records all cases that, in accordance with the General Equal Treatment Act, the applicable Anti-Discrimination and Fairness at the Workplace Works Agreement, the Supply Chain Act or, outside Germany, the applicable local regulations, are received as complaints via the Company's official reporting channels or have been reported externally through legal representation or interest groups. Furthermore, the cases reported in the respective reporting period are used as the basis for reporting.

In 2025, no cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises in the downstream value chain in connection with affected communities, consumers or end users were reported to LBBW.

S3, S4 – Social issues in the portfolio

S3-1 – Policies related to affected communities

For its internal policies and guidelines, LBBW follows not only the relevant statutory requirements and regulations but also recognized international standards and voluntary commitments at all times. Further information on this can be found in section "S1, S3, S4 – Respect for human rights".

ESG strategy – Focus topic: "Society"

The information below addresses the following impacts: i98 and i98a.

The contents of the ESG strategy reflect the potential impacts on affected communities that LBBW addresses as part of its lending processes. Accordingly, LBBW's goal is to actively support social justice.

Further information about the ESG strategy can be found in the section "SBM-1 – Strategy, business model and value chain".

Lending rules for reputation and sustainability risks

The information below addresses the following impacts: i98 and i98a.

The lending rules for reputation and sustainability risks set out clear requirements for minimizing reputation and sustainability risks to LBBW during the lending process. LBBW thereby protects affected communities from potential negative impacts that could result from its financing activities.

In the case of transactions that identifiably have negative consequences for indigenous peoples, including their cultural heritage, it is mandatory to take into account respect for human rights, the environmental impact on the region concerned and consideration of the appropriate land rights. LBBW considers it important for companies in which it invests or to which it provides financing not to establish or support settlements in occupied territories, in accordance with international humanitarian law.

Further information on the lending rules for reputation and sustainability risks can be found in section "E1-2 – Policies related to climate change mitigation and adaptation". Parts of this policy are also used by subsidiaries of LBBW when they do not have policies of their own governing matters relating to affected communities.

2025 LBBW business strategy

The information below addresses the following impact: i98a.

With its 2025 business strategy, LBBW is pursuing the goal of financing the following sectors in terms of infrastructure financing: renewable energies (including the relevant interim technologies), infrastructure (such as the expansion of data centers) and social and other infrastructure. Its activities are focused on Europe and North America. Renewable energies – mostly photovoltaics and onshore/offshore wind energy – make up roughly one third of the infrastructure portfolio and, as such, play a crucial role in this business area. Furthermore, as part of its Sustainable Transformation strategic lever, LBBW focuses on transformation financing that ultimately benefits communities and the general population. By financing transformation projects, the infrastructure financing business area plays a crucial role in the implementation of this part of the business strategy. The LBBW Group's Board of Managing Directors decides on and approves the LBBW business strategy. All relevant stakeholders are involved in the process of drawing up the business strategy for infrastructure financing. In the infrastructure financing segment, a wide range of financing projects (directly or indirectly) make a contribution to society, for example through projects in the areas of renewable energies, through the expansion of data centers or social infrastructure such as schools, hospitals or public transit.

The process takes place as part of annual new business planning and is finalized and reviewed at the end of each year. The business strategy for infrastructure financing is not made public or released to stakeholders.

Social bond framework

The information below addresses the following impacts: i98 and i98a.

LBBW (Bank) drew up its Social Bond Framework back in 2018 in accordance with the Social Bond Principles of the ICMA (International Capital Market Association) and, in doing so, fulfilled the voluntary ICMA guidelines for transparency, disclosures and reporting.

The Social Bond Framework 2025, revised in 2025, follows the integration of Berlin Hyp AG into Landesbank Baden-Württemberg (LBBW) on 1 August 2025.

LBBW's Social Bond Framework is based both on the ICMA Social Bond Principles (2023) and the minimum standards for social covered bonds published by the Verband deutscher Pfandbriefbanken (Association of German Pfandbrief Banks) in March 2021. An amount that is equivalent to the social bonds issued under the Social Bond Framework is used exclusively for the complete or partial financing and/or refinancing of eligible social financing with which projects in the following categories are financed or refinanced:

- Affordable housing (for example, loans to finance/refinance social housing)
- Affordable basic infrastructure (for example, loans for financing/refinancing water/sewage infrastructure, public transit)
- Access to essential services (for example, loans for financing/refinancing healthcare, social care, education and vocational training)

The ESG Bond Committee (formerly the Social Bond Committee) monitors the entire social bond process, including the evaluation and selection of eligible loans from relevant divisions. The net proceeds or the equivalent value of the net proceeds of the social bonds are managed by LBBW using a portfolio method. LBBW will not intentionally use the net proceeds from the social bonds issued under the Social Bond Framework to finance or refinance activities in the area of nuclear or fossil energy or activities that, in LBBW's opinion, fall under the scope of arms and defense, coal mining or tobacco.

As long as LBBW has social bonds in circulation, LBBW (Bank) will publish an allocation report and an impact report annually in accordance with the voluntary ICMA guidelines and, where possible, report on the social added value that is connected with the eligible loans.

ISS-Corporate has evaluated the LBBW (Bank) Social Bond Framework and published a Second Party Opinion confirming that it is in compliance with the ICMA Social Bond Principles (The Second Party Opinion referred to is not subject to examination by the independent auditor).

The Framework, the allocation report and the impact report are publicly accessible. These can be accessed on the LBBW (Bank) website (The framework, the allocation report and the impact report are not subject to examination by the independent auditor).

LBBW's Articles of Association

The information below addresses the following impact: i98a.

Article 4(2) of LBBW's Articles of Association defines the duties of LBBW (Bank) as follows: "The Landesbank [...] provides its services in the interest of the people, the economy, and the public sector, taking into account market requirements." This part of LBBW's range of duties has a distinctly positive impact on local communities. The Municipal and Quasi-Municipal Enterprises division is responsible for providing services to the public sector. In accordance with the objectives set out in the Articles of Association, it provides support to municipalities and their operations, joint municipal associations, districts and institutions incorporated under public law with guarantee obligations, focusing on Baden-Württemberg, Rhineland-Palatinate and Saxony. Effectiveness is monitored via the ongoing and annual planning and reporting process.

LBBW's Articles of Association are based on the Landesbank Baden-Württemberg Act of 11 November 1998, last amended on 19 December 2013. The Articles of Association are publicly accessible on the LBBW website.

S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

LBBW has defined the following qualitative targets (qualitative because the measurability, results basis and time constraints are currently only partially reliable) for managing material negative impacts and advancing positive impacts in relation to local communities:

Increasing social assets as part of the sustainable finance volume

The information below addresses the following impacts: i98 and i98a.

LBBW is constantly seeking to increase its volume of social assets as part of its sustainable finance volume and has defined this as a target in its ESG strategy.

An active supporter of social transformation

The information below addresses the following impacts: i98 and i98a.

The sustainable transformation of the economic system presents a broad array of challenges for businesses and society. At the heart of this are the requirements of the transformation facing LBBW's customers, many of which are very complex. As a supporter of and player in the transformation, LBBW takes these needs into consideration and develops suitable solutions to allow it to assist its customers with their transformation projects. The specialist divisions worked on the following actions in the financial year and thus made an important contribution to LBBW's goal of being an active supporter of social transformation:

- Financing of projects with a social purpose, for example in infrastructure and the transport system
- Initiatives in the area of corporate volunteering
- Arrangement of financial education to strengthen financial knowledge

A monitoring process for reviewing specific actions from the LBBW ESG Program was approved as part of the operationalization of the two targets mentioned above. Working through the actions defined and regularly reviewing new actions will ensure its effectiveness. The ESG strategy came into effect on 1 January 2025. This monitoring process has been introduced to follow up on the objectives derived from the ESG Strategy and thus to systematically track the progress and results of these objectives. The process consists of tracking the successful implementation of the actions, evaluating new actions and reviewing relevant key figures. The monitoring process is carried out every six months, i.e. at the end of the first half of the year and at the end of the year.

Target-setting methods

The ESG strategy serves as a model for all sustainability activities and, especially with the designated core topics, provides the framework for ESG in the LBBW Group. It also defines the strategic ESG targets.

Implementation of the sustainability targets in respect of the affected communities is ensured in the various sales and specialist divisions by the mandatory application of internal requirements and guidelines. Progress in terms of the targets set is assessed as part of the existing target achievement process, including the identification of any opportunities for improvement.

S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Throughout all its measures relating to "Affected communities", LBBW bases its actions on its Code of Conduct. The aim of the Code is to create a reliable normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards. The Code of Conduct applies to all divisions of LBBW, to the members of the Board of Managing Directors and to all employees at every level of LBBW and its subsidiaries. No serious problems or incidents relating to human rights in connection with LBBW's "Affected communities" were reported in 2025.

The necessary funding and personnel resources are made available within LBBW for the design and implementation of the relevant actions.

The measures that LBBW takes to manage the material impacts with regard to affected communities are presented below:

Operationalizing the lending rules

The information below addresses the following impacts: i98 and i98a.

LBBW uses portfolio-specific checklists to evaluate potential ESG risks in credit exposures. The environment (E), social (S) and governance (G) risk clusters include defined questions that help front office and risk management to identify and measure potential ESG risks. Further information on the ESG checklists can be found in section "E1-3 – Actions and resources in relation to climate change policies".

ESG checklist

The ESG checklist is used to analyze and assess LBBW lending business for potential negative impacts relating to the living standards of "affected communities". If the thresholds for the ESG score set out in the credit risk strategy are exceeded, suitable persons responsible in accordance with the decision-making hierarchy for lending business must decide whether to approve the loan in question.

Operationalizing LBBW's Articles of Association and 2025 business strategy

Finance for municipalities and quasi-autonomous municipal corporations as well as projects with a social purpose

The information below addresses the following impact: i98a.

LBBW supports local authorities such as districts, cities, municipalities and their various operations and joint authority boards in fulfilling their duties associated with the provision of public services. This includes solutions to assist in the sustainable transformation of transportation, housing, infrastructure, energy supply and healthcare, as well as digitalization projects.

LBBW also provides finance with a positive impact on local communities as part of its real estate and infrastructure financing. For example, LBBW finances housing associations that provide social housing as well as social facilities such as hospitals, schools and public transit. In addition, LBBW has been a leading player in the market for green electricity and renewable energy finance for many years and is also involved in the essential expansion of the fiber-optic network and charging infrastructure for electric vehicles.

In the municipal development business area, LBBW Immobilien Management GmbH also advises cities and municipalities on urban and community development, social infrastructure, local energy supplies and electric vehicles and has a positive impact on the affected communities as a result.

With these actions, LBBW is therefore helping cities, municipalities and social enterprises to perform their duties and to carry out transformation projects (such as those relating to housing, infrastructure and transportation) and, in doing so, indirectly also aiding local/affected communities and thereby fulfilling its social responsibility in accordance with LBBW's Articles of Association. The contribution or outcome of each of these actions can be seen through new business finance in the relevant segments of LBBW and projects in the community development business area at LBBW Immobilien Management GmbH. The effectiveness of the (financing) activities of the Municipal and Quasi-Municipal Enterprises division is monitored as part of the ongoing and annual planning and reporting process. The situation is similar for the activities of LBBW Immobilien Management GmbH.

With regard to the methods used to determine which actions are necessary and appropriate to respond to negative impacts on "affected communities", refer to the section entitled "S3-3, S4-3 – Processes to remediate negative impacts and channels for "affected communities" as well as "Consumers and end users" to raise concerns", which explains the general approach and methods.

S3-2 – Processes for engaging with affected communities about impacts

Through its lending rules for reputation and sustainability risks and the mandatory review process by means of ESG checklists, LBBW has put in place the prerequisites for ensuring that its financing activities are as environmentally and socially responsible as possible – including with regard to affected communities. Because, as a provider of finance, LBBW has an indirect relationship at most with (local) "affected communities", it does not have any specific process for engaging with them directly.

LBBW Immobilien Management GmbH is required to use a site analysis to verify the marketability of a building design, taking into account the micro-level and macro-level situation, in the course of its new construction and existing building projects. Corresponding opportunities and risks for "affected communities" are also required to be analyzed in the process. This ensures that the viewpoints of "Affected communities" are taken into account.

S4-1 – Policies related to consumers and end-users

For its internal policies and guidelines, LBBW follows not only the relevant statutory requirements and regulations but also recognized international standards and voluntary commitments at all times. Further information on this can be found in section "S1, S3, S4 – Respect for human rights".

ESG strategy – Focus topic: "Customers"

The information below addresses the following impact: i101.

With its ESG strategy, LBBW is supporting the continuation of its growth trajectory and setting out its strategic direction for the years ahead based on the dimensions of environment, social and governance. This produces focus topics for consumers and end-users that are backed by targets and actions: The focus in the customer area is on the establishment and development of customer relationships, support for the transformation and customer satisfaction. Customers are given support in relation to sustainable finance services and investment, particularly in the social sector.

Further information about the ESG strategy can be found in the section "SBM-1 – Strategy, business model and value chain".

Code of Conduct

The information below addresses the following impacts: i101, i103 and i103b.

For LBBW unconditional compliance with all statutory provisions and internal rules as well as the integrity of each individual employee constitute the foundation of sustainable corporate governance. A Code of Conduct has been adopted as an overarching guideline. Further information about the Code of Conduct can be found in the section "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery". The Code of Conduct addresses interactions with customers and business partners.

Guidelines for Retail and Business Customer Advice at BW-Bank

The information below addresses the following impacts: i101 and i103.

The sustainable approach to financial advisory services and the rules for systematic implementation and review are set out in the Guidelines for Retail and Business Customer Advice at BW-Bank. These guidelines ensure responsible interaction with customers. The company employs an integrated approach that involves focusing on the specific needs of each individual.

The executive business area for retail and business customers is responsible for defining the guidelines, which every financial advisor is required to implement. Compliance with the guidelines in relation to the advisory process and the quality of the advice given are subject to regular checks by Quality Management.

The Board of Managing Directors and the manager of the retail and business customers executive business area were involved in drawing up the guidelines. This took place as part of the approval process for the advisory policies. The guidelines are available in German to all employees.

Similarly, LBBW Immobilien Management GmbH has a relevant policy associated with the leasing of real estate to retail customers.

S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The information below addresses the following impacts: i101 and i103.

LBBW's overarching qualitative target (qualitative because the measurability, results basis and time constraints are currently only partially reliable) is to develop long-term customer relationships; this also applies to the Private Customers segment. This goal addresses the material impacts i101 and i103 (see section "SBM-3 – Material impacts, opportunities and risks and their interaction with strategy and business model", table "Consumers and end-users"). Various actions have been initiated to this end. These are outlined in section "S4-4 – Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions". The satisfaction of BW-Bank's customers also reached a high level in 2025. The 2025 customer satisfaction survey showed that, especially in the area of business customers, significant increases were recorded both in overall satisfaction and in the level of willingness to recommend LBBW.

The effectiveness of the policies and actions in terms of target achievement is measured as part of ongoing product sales planning and sales controlling. Both qualitative and quantitative indicators are used for this on an annual basis.

Target-setting methods

The ESG strategy serves as a model for all sustainability activities and, especially with the designated core topics, provides the framework for ESG in the LBBW Group. It also defines the strategic ESG targets.

The sustainability targets are implemented at the various sales and specialist divisions in the context of product sales planning and the individual target-setting agreements. Progress in terms of the targets set is assessed as part of the existing target achievement process. Although no external stakeholders are involved in target-setting, performance monitoring at LBBW regarding targets does involve consulting customers by means of the annual customer survey, as well as through complaints management. These tools are also used to engage with external parties in the identification of potential improvements.

S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Throughout all its measures relating to consumers and end users, LBBW bases its actions on the Code of Conduct. The aim of the Code is to create a reliable normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards. The Code applies to all of LBBW's divisions, to the members of the Board of Managing Directors and to all employees at all levels and all Group companies. No serious problems or incidents relating to human rights in connection with LBBW's consumers and/or end users were reported in 2025.

The necessary funding and personnel resources are made available within LBBW for the design and implementation of the relevant actions.

Operationalizing the ESG strategy – Customers

Regular reviews of and adjustments to the Code of Conduct

The information below addresses the following impact: i101.

A corporate culture that fosters trust in LBBW among customers is an essential prerequisite for the success of LBBW. The Code of Conduct has been adopted as an overarching guideline for behavior and ethics that provides a reliable normative frame of reference or guidance for responsible behavior by each individual at the LBBW Group. To keep up with changing circumstances and ensure compliance with statutory requirements at all times, the Code of Conduct is reviewed regularly and amended whenever necessary. This action contributes to the targets of the ESG strategy in that LBBW's customers can always count on receiving support based on a reliable normative frame of reference or guidance in the course of the sustainable transformation, one that safeguards and promotes the provision of information to customers in a way that satisfies the applicable information and disclosure obligations.

Commitment to financial knowledge and advisor training

The information below addresses the following impact: i103.

To prevent potential excessive debt, the Private Customers segment of BW-Bank makes a social contribution in the area of financial knowledge through its school service. Basic financial skills are taught to schoolchildren in workshops. Subjects include income and expenditure in everyday life, how to handle money responsibly, contracts, financing wishes and aspirations, and in particular, how to avoid excessive debt.

In addition, BW-Bank uses a systematic qualification and training program for all employees involved in credit advice and lending decisions (service staff, financial advisors, credit advisors) to prevent private customers from getting into excessive debt. The training program covers all relevant areas – from real estate financing and consumer loans to the use of overdraft facilities – and ensures that the customer's financial strength is correctly assessed.

Additional guidelines and consulting assistance support lending that is responsible and in compliance with the law.

Expanding and refining the product range

The information below addresses the following impact: i101.

LBBW (Bank) helps its customers to invest their assets in responsible, ethical and environmentally friendly ways and, for this purpose, provides investment in sustainability-related products that demonstrate that it is possible to combine financial yields with added value for the environment and society as a whole.

LBBW (Bank) employees receive information about sustainability in general and the range of sustainable investment products through specialist product training courses and professional development programs. Each market area at BW-Bank has at least one advisor who is designated as an advocate for sustainable investments and has received appropriate training.

In 2025, the range of sustainability-related products was examined to identify further potential, with additions made where reasonable. This action is due to be completed in 2026 and is planned to continue in its final state from then onward. The goal of the action is to analyze further areas of potential and to begin implementation where possible.

In that respect, the action contributes to the targets of the ESG strategy in that it makes it possible to assist LBBW's customers as part of the sustainable transformation and support social justice by means of a targeted focus on customers and the alignment of financial and investment products with customer needs. Access to financial products is also made easier across all customer segments. The effectiveness of the action is tracked as part of ongoing product sales planning and sales controlling.

Regular customer surveys

The information below addresses the following impact: i101.

Actions relating to the LBBW (Bank) product range are assisted by the annual process of conducting customer surveys and identifying basic potential for improvement. The results are analyzed and the findings used as necessary to identify appropriate action aimed at realizing potential for improvement. Any noteworthy issues with the process or products are discussed with the appropriate divisional managers and initiatives to rectify them are initiated and carried out. Further information on this subject can also be found in the section "S4-2 – Processes for engaging with consumers and end-users about impacts".

This action gives LBBW (Bank) insight into customer opinions, providing inspiration for ways in which to align services with customer needs more effectively and to open up new markets and customer groups. This supports the target of the ESG strategy to assist customers with the sustainable transformation and increase social justice.

Methods of defining actions

Material negative impacts were identified in the course of the materiality analysis. With regard to the methods used to determine which actions are necessary and appropriate to respond to negative impacts on consumers and end users, please refer to section "S3-3, S4-3 – Processes to remediate negative impacts and channels for affected communities as well as consumers and end-users to raise concerns", which explains the general approach and methods.

S4-2 – Processes for engaging with consumers and end-users about impacts

The information below addresses the following impact: i101.

BW-Bank uses three institutionalized formats for working with consumers and end-users to gain insight into their viewpoints and to enable and promote material positive impacts relating to easier access to financial products and the provision of information to customers.

Every year, an independent market research institute surveys retail customers of BW-Bank about its products, services and advice, as well as digitalization and topical issues. A representative study is carried out to determine both overall satisfaction with BW-Bank and satisfaction with individual market areas. The results of the study are incorporated into the BW-Bank target system. In a follow-up process, the results are discussed and action that can be taken to bring about improvements is identified.

BW-Bank also regularly dispatches "mystery shoppers" to its branches. These are tasked with testing out the quality of the advice and services in particular. The results of the mystery shopper visits are systematically analyzed and discussed in workshops and then implemented in initiatives to improve services and advice.

Customers are also occasionally involved by various means, such as interviews or surveys, during the design of products. In the case of major product launches, BW-Bank does this itself, while customer surveys conducted through the Association of Savings Banks are used for smaller product actions.

The methods described ensure engagement with "consumers and end users" in relation to the products and services offered, as well as the advisory process. The needs-based assessment of findings from these methods and the resultant implementation of improvements are ensured by the relevant product managers.

Operational responsibility for engagement with consumers and end users and for making sure that the results are taken into account and incorporated into the corporate strategy rests with the board member responsible for the Private and Business Customers/Savings Banks segment.

S3-3, S4-3 – Processes to remediate negative impacts and channels for affected communities and consumers and end-users to raise concerns

LBBW aims to ensure that customer complaints are handled swiftly and appropriately. The statutory requirements for a central complaints management function are implemented for this reason. Every relevant Group unit is required to create and implement an effective and appropriate complaints process that defines aspects such as the submission of complaints, confirmation of receipt, the handling of complaints including responsibilities, the process for tracking any action taken and the internal reporting procedure. Any expression of dissatisfaction related to the provision of banking services qualifies as a complaint.

The findings from the complaints handling process are required to be documented and retained so that any recurring or systematic problems as well as any potential legal and operational risks can be identified and rectified.

Furthermore, every relevant LBBW Group unit is required to provide easily accessible information about its methods of handling complaints (e.g. in brochures, leaflets or contract documents or on its website). Communication with complainants must take place in clear, easy-to-understand language. The complaint management principles of LBBW, BW-Bank and AidA Berlin Hyp are publicly available on the websites of LBBW, BW-Bank and AidA Berlin Hyp.

LBBW's complaint processes state that all customers, employees and stakeholders, such as affected communities, can contact LBBW by telephone, by mail, using an online contact form or in person at an LBBW or BW-Bank branch.

Unless stipulated otherwise by law, every relevant Group unit must respond to any complaint without undue delay. If it is not possible to provide a response within the period stipulated by the relevant Group unit in its internal requirements, the complainant must be informed of this fact. The relevant Group unit must endeavor to compile and examine all evidence and information relevant to the complaint.

In the event of a final decision that does not entirely satisfy the demands of the complainant, they must be made aware of the option to continue the complaint (for example, the option to make use of an alternative dispute settlement procedure).

To settle disputes with the bank, consumers can contact the consumer arbitration body set up by the Bundesverband Öffentlicher Banken Deutschlands (VÖB – Association of German Public Banks). Non-consumers (business customers) can also refer to this arbitration board in the event of disputes regarding payment services and electronic money. Further details can be found in the rules of procedure of the VÖB arbitration board, which can be provided on request. The bank participates in the dispute resolution proceedings before this recognized consumer arbitration board.

Complainants also have the options of lodging a complaint with the Federal Financial Supervisory Authority (BaFin), if their complaints relate to an alleged infringement of provisions monitored by BaFin, or taking legal action. In the event of disputes with the bank that are subject to the requirements of the Swiss Financial Services Act (FIDLEG), complainants in Switzerland can also contact the Ombudsman's Office for Financial Service Providers (OFD), an arbitration board.

All complaints, the handling of those complaints, the action taken and the final decisions must be documented without undue delay.

In addition to the channels specified, customers, employees and stakeholders, such as affected communities, also have the option to use the whistleblower system to report tip-offs. The whistleblower system is explained in section "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery" of this sustainability statement.

For details of the way in which problems reported and addressed are tracked and monitored, see the information about the general approach and the methods for the performance of or involvement in remedial action.

The statutory requirements for a central complaints management function have been established. Within that framework, it is ensured that the effectiveness criteria for extrajudicial complaints processes are fulfilled in accordance with the United Nations Guiding Principles on Business and Human Rights. The same applies to the whistleblower system, which has been implemented in accordance with the statutory requirements of the LkSG and the HinSchG.

Information about the protection of individuals from reprisals is provided in section "G1-1, G1-3, G1-4 – Corporate culture and business conduct policies, prevention and detection of corruption and bribery and confirmed incidents of corruption or bribery" of this sustainability statement.

Governance information

G1-1, G1-3, G1-4 – Business conduct policies and corporate culture, prevention and detection of corruption and bribery and incidents of corruption or bribery

Targets associated with business conduct (corporate governance) and the prevention and detection of corruption and bribery

The information below addresses the following impacts and risks: i129a, r68 and r68a.

LBBW's objective is to use clear and transparent processes and organizational action to ensure that compliance violations are prevented wherever possible and that, if they do occur, they are detected, investigated and rectified without delay internally. The policies and ongoing preventive measures cited below help to achieve this objective.

Corporate culture

LBBW has a sustainable human resources policy. It is permanently committed to being an attractive employer of and reliable partner to its employees.

All employees should be valued regardless of their gender, nationality, ethnic origin, religion or ideology, disability, sexual orientation or identity. LBBW does not tolerate any form of discrimination within the Bank or with respect to its employees, customers, business partners, suppliers or other persons.

LBBW fosters an appreciative approach and a dialog-focused corporate culture. LBBW embraces open communication across hierarchies and promotes it among its employees through various opportunities for dialog and transparent internal communication:

- Dialog with the Chair of the Board of Managing Directors: Employees can e-mail the Chair of the Board of Managing Directors directly with their suggestions and queries at any time. The Chair of the Board of Managing Directors also has a page in the Bank's internal community, providing another avenue for digital dialog.
- Dialog with the members of the Group's Board of Managing Directors: The "Xchange - In dialog with..." event format gives all LBBW employees an opportunity to communicate personally with the members of the Group's Board of Managing Directors.
- LBBW has conducted bank-wide employee surveys since 2011, as well as a subsequent follow-up process. The survey gives LBBW an idea of the mood across the Bank as a whole and offers possible starting points for improving teamwork within and between organizational units, for example. The subjects here relate to teamwork, leadership, satisfaction, information, general mood, competitiveness, digitalization, lifelong learning, innovation and a results-focused approach
- Community: This communication platform allows all employees to contribute and talk to others. This is how LBBW encourages collaboration across hierarchies and departments and, in turn, an open corporate culture.
- Wiki: The flexible, self-organizing tool for collaborative work on business-related topics is available to all LBBW employees. Teams from various organizational units can jointly collect and share knowledge and accounts of experiences from any location, such as in the project environment or the design of work processes.
- Culture@LBBW: This Group-wide initiative aims to provide comprehensive and attentive support to employees and managers as they navigate cultural change. Organized discussions and information sessions across all levels of management and areas of work concerning a range of cultural topics take place at various locations for this purpose. They are accompanied by cultural initiatives led by Human Resources.

HR-Culture provides the management and the divisions with comprehensive and tailored advice on all matters relating to transformation, change and cultural projects. The various initiatives within LBBW are also interlinked and managed as part of this process.

Code of Conduct

The information below addresses the following risks and opportunities: 68, r68a and o129a.

Sustainable business success is built on trust. In the long term, LBBW can be competitive only if it meets its responsibilities to customers, shareholders, competitors, business partners, regulatory bodies and, last but not least, its own employees. For this reason, unconditional compliance with all statutory provisions and internal rules as well as the integrity of each individual employee constitute the foundations of sustainable corporate governance. A Code of Conduct has been adopted as an overarching guideline by the Group Chief Compliance Officer. This Code applies to all LBBW divisions, the members of the Board of Managing Directors, all employees across all levels and the Group companies worldwide. The aim of the Code is to create a reliable normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards.

Many parts of the Code of Conduct consider the interests of relevant stakeholders (employees, managers, customers, the general public). By setting out clear behavioral guidelines and expectations for employees, managers and customers, the Code of Conduct ensures a safe and respectful working environment. To safeguard the interests of employees, for example, the Staff Council was involved in the last update from an early stage. The Code of Conduct is published on LBBW's website, which means that external parties (customers, the public) can access the information as well.

By adhering to the Code of Conduct, LBBW declares its commitment to the protection of universal human rights in accordance with the United Nations Global Compact, as well as fundamental labor rights in accordance with the core labor standards of the International Labour Organization. Digitalization, sustainability and the implementation of regulatory requirements have increasingly become part and parcel of the Group's everyday business over the last few years. Through its sustainability policy, the LBBW Group has committed to act according to the six Principles for Responsible Banking (PRB) of the UNEP FI (UN Environmental Program Finance Initiative). Geopolitical developments and the stricter legal provisions that they entail (e.g. the Supply Chain Act) have also changed the risk situation perceptibly. In view of this, the internal bank Code of Conduct is regularly updated by Group Compliance. Care is always taken to ensure that its content is easy to understand and self-explanatory for LBBW employees and all other stakeholders. In addition to specific behavioral guidelines, the Code of Conduct includes a section dedicated to the whistleblower system.

LBBW runs recurring compliance training sessions for all employees to teach them about and regularly remind them of the guidelines and principles described in the Code of Conduct. They provide information on the content of the Code and applicable legal regulations. There are also examples demonstrating both legally correct and ethically correct actions. German and English versions of the Code of Conduct are available for all employees to read.

LBBW strives to be honest, appreciative and respectful in all its interactions with its customers and business partners, and naturally expects the same in return. LBBW will not enter into any business relationship with partners that are blatantly breaking the law or international conventions, disguising their true identities or ownership structures, engaging in money laundering or financing terrorism.

Compliance

The information below addresses the following impacts, risks and opportunities: i129a, r68, r68a and o129a.

Responsible corporate action is based on compliance with external and internal rules and laws. Effective compliance management primarily prevents criminal acts, such as money laundering, terrorism financing, fraud, corruption and insider trading, as well as ensuring data protection and monitoring of financial sanctions.

LBBW has a regulatory compliance function that meets minimum requirements for risk management (MaRisk AT 4.4.2). At Group level, this helps to counter risks that may arise as a result of a failure to observe material legal regulations and standards.

The "compliance mandate" adopted by the Group's Board of Managing Directors is a foundation of the compliance function. The mandate is the basis for designing the compliance function and, in particular, sets out the roles and responsibilities of Group Compliance. Information on this subject is available to all LBBW employees on the intranet (blue.net).

In addition to its statutory obligations, one major concern for LBBW is taking action to prevent both internal and external criminal offenses so as to avert or, if possible, eliminate any material risk to the assets of LBBW and its customers. Group Compliance performs the Group-wide duties of the "Central Office" in accordance with section 25h of the German Banking Act (KWG) to prevent other prosecutable offenses and, in doing so, sets bank-wide standards for the first and second lines of defense, advises and trains managers and employees at the first line of defense and conducts monitoring activities for fraud prevention purposes.

A whistleblower system is available to enable illegal conduct or practices to be reported. This offers employees and external personnel a means of reporting irregularities, abuses, illegal and unlawful activity within LBBW, violations of statutory regulations and infringements of internal guidelines and directives. For further information, there is a separate section dedicated to the whistleblower system.

The information in the remainder of this section aligns with the United Nations Convention against Corruption.

The independence of the compliance function is a cornerstone of corporate governance. The most important element of that independence is the organizational independence of Group Compliance, which is sustained by the principles of the mandate approved by the Group's Board of Managing Directors and operationalized by the instructions of Group Compliance. The independence of Group Compliance is ensured by the fact that Group Compliance reports operationally to the Group's Board of Managing Directors.

The compliance function provides the management with regular updates on the latest developments in the key compliance sub-risk types of money laundering and terrorism financing, financial sanctions and embargoes, fraud, capital market compliance, data protection and outsourcing. It does so by the following means:

- Weekly reporting to the relevant board members (division updates)
- Quarterly reporting plus annual progress reports and risk analyses for the Board of Managing Directors and the Audit Committee;
- Quarterly non-financial report to the Board of Managing Directors and half-yearly report to the Supervisory Board's Risk Committee;
- Alongside regular reporting, Group Compliance submits ad hoc reports on urgent and extraordinary events to the Group's Board of Managing Directors wherever necessary.

In addition, Group Auditing gathers information it considers relevant in regular and special audits and reports to the Group's Board of Managing Directors in accordance with the Group Auditing regulatory framework, and also submits quarterly summaries to the Audit Committee.

The written policies are available for all LBBW employees to read on the intranet. The compliance portal on blue.net supports sorting by topic to make it easier to find the most relevant written policies. The various compliance training courses, including the tests at the end, additionally ensure that participants have understood the content.

Whistleblower system

The information below addresses the following impacts, risks and opportunities: i129a, r68, r68a and o129a.

The LBBW whistleblower system is governed by the LBBW Rules of Procedure for Whistleblower Reports in Accordance with the German Supply Chain Act (LkSG), the German Whistleblower Protection Act (HinSchG) and the German Banking Act (KWG). LBBW's Group Chief Compliance Officer is responsible for implementing them. German and English versions of the Rules of Procedure are available for all employees and members of the public to read. Concerns regarding illegal conduct or practices that contravene the Code of Conduct can be raised via the whistleblower system, and whistleblowers can choose to give their names or remain anonymous. Information and tip-offs can be submitted both by LBBW employees and by external parties.

The designated representatives maintain contact with whistleblowers either directly or through the ombudsperson, if possible. If necessary, they will discuss the case with the whistleblower and request further information. If it appears reasonable, the designated representatives may offer the whistleblower an amicable settlement. The designated representatives will investigate the case and determine the veracity of the report. If necessary, other personnel within LBBW may be involved in the investigation. If the investigation determines that a violation of the LkSG, the HinSchG or internal LBBW regulations has occurred at an LBBW division or a supplier, or that a violation of a protected legal position appears possible or that knowledge of a possible risk has been obtained, LBBW will take suitable remedial action on a case-by-case basis to prevent, end or minimize the scale of any such infringement. The designated representatives or persons responsible in the Compliance division will coordinate with the divisions concerned and, where necessary, take appropriate and reasonable action with the management. If the violations or imminent breaches of duty concern a supplier to LBBW, the specific remedial actions that may be necessary will be discussed with those responsible. These can range from investigating the case to terminating the contract.

To protect whistleblowers against any discrimination, punishment or reprisals, their reports are handled confidentially as a matter of principle. As a legal practitioner, the ombudsperson has a duty of confidentiality. The ombudsperson cannot pass information concerning whistleblowers and their identities to LBBW without their consent. The duty of confidentiality also applies to the designated representatives at Group Compliance. In each case, confidentiality covers the whistleblower, the person who is the subject of the report and any other persons named in the report.

Only the designated representatives responsible for receiving and handling the reports, as well as any assistants, have access to the reports and are permitted to know the identities of the persons named. The designated representatives involved in the reporting process act impartially, independently and discreetly. Exceptions to the duty of confidentiality may be made if a report refers to an imminent and serious risk to life and limb.

LBBW provides its employees with information on the whistleblower system through its in-house intranet and via regular training sessions. The employees responsible for receiving reports also take part in training courses run by external providers to learn more about what is required of a whistleblower system.

Fraud and corruption prevention

The information below addresses the following impacts and risks: i129a, r68 and r68a.

At LBBW, the purpose of fraud prevention is to prevent criminal acts that could expose the assets of the LBBW Group or its customers to the risk of loss or that could harm the LBBW Group's reputation. Risks are analyzed, leading indicators are tracked, and transaction-related and customer-related security systems and controls are implemented. In an annual threat analysis, all possible internal and external risks in connection with prosecutable offenses relevant to the Bank and the Group are identified and evaluated, and suitable preventive measures are developed on this basis. In addition, LBBW adheres to the overarching OECD Guidelines for Multinational Enterprises, which also contain recommendations on corruption prevention.

To reinforce fraud and corruption prevention, all employees of the LBBW Group, regardless of role and any activity-related contact, are required to act in a way that helps to prevent bribery and corruption.

The rules and regulations for the Bank and the Group for combating criminal activity primarily comprise fraud and corruption prevention guidelines for the Bank and the Group. These guidelines provide a general framework for appropriate risk management and suitable fraud and corruption prevention processes and procedures from LBBW's perspective (e.g. organization of fraud and corruption prevention at the Bank and the Group, role of the Central Office (channel for reporting suspicious activity, point of contact) and the material preventive measures).

The material preventive measures include:

- Transaction monitoring (e.g. of fraudulent accounts or suspicious customer behavior)
- Exchange of information with other banks and authorities regarding fraudulent accounts
- Collaboration with local authorities on fraud prevention
- Staff training
- Raising awareness among employees
- Raising awareness among customers via security alerts in the online branch or at customer events

The LBBW Fraud Prevention Board (FPB) is among the areas governed by the fraud and corruption prevention guidelines. The FPB is a cross-divisional committee led by Group Compliance and comprising experts from various organizational units of LBBW whose duties include combating and preventing other prosecutable offenses (including Legal, Human Resources, Group Compliance, Corporate Security and Information Security). This collaborative approach allows LBBW to consider the Bank-wide risk in terms of other prosecutable offenses from a comprehensive perspective. Members work together for the long term in an atmosphere of mutual trust. In particular, the committee works on sharing information and knowledge and on advice and communication, as well as evaluating other prosecutable offenses and passing on recommendations for preventive measures (Fraud Prevention Board rule of procedure).

The aim of the fraud and corruption prevention guidelines is to uncover risks and early indications of other prosecutable offenses at an early stage to prevent damage to LBBW, its employees or its customers. The guidelines are supervised by the Group Chief Compliance Officer and apply to all employees of the LBBW Group. They are available for employees to read in German and English and can be accessed on the intranet or provided by Group Compliance.

The requirements of the fraud and corruption prevention guidelines are implemented in the guidelines for giving and receiving benefits (gifts, invitations, events), for example. According to these guidelines (the "gift guidelines"), employees may give or receive benefits in the context of their business activities only if doing so does not compromise either their objectivity or their freedom of action in business relationships and also does not give the impression of venality or the exertion of influence. In addition, benefits given and received must be disclosed.

The types of fraud to which customers and LBBW are exposed are still extremely multifaceted. Perpetrators always take their cue from current social issues. For this reason, LBBW employs numerous preventive measures to protect customers and bank assets from the consequences of fraud and, in particular, financial losses. These include technical payment transaction measures such as extensive transaction monitoring and recalling payments in the event of fraud. Customers are also made aware of the issue on an ongoing basis, for example using security alerts on the website or at customer events.

Accordingly, the LBBW Group has developed Group-wide business-related and customer-related security systems and controls for preventing money laundering and terrorism financing. These include, for example, rules on relationships with politically exposed persons, the process for customer onboarding, the updating of customer data, and continual monitoring of business relationships as well as the integration of the anti-money-laundering officer in the new products process.

By enforcing the applicable money laundering legislation across all three lines of defense and employing state-of-the-art methods to ensure compliance with principles such as the Know Your Customer (KYC) standard, LBBW is able to take early action to minimize risks arising from money laundering and terrorism financing. The objective of KYC is to make LBBW's business relationships and transactions as transparent as possible – insofar as is legally possible – by means of LBBW clearly identifying and documenting its customers during onboarding and throughout the subsequent customer relationship. LBBW also pursues a risk-based approach in clarifying the origins of the assets used in the course of the business relationship or transaction. Internal safeguards such as training for employees and monitoring of business relationships help LBBW to identify discrepancies that suggest money laundering or terrorism financing. LBBW reports any suspicious behavior to the local authorities (such as the Financial Intelligence Unit in Germany) on the basis of the official regulations in the region.

The compliance function according to the Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organization, and Transparency ("Mindestanforderungen an die Compliance-Funktion und die weiteren Verhaltens-, Organisations- und Transparenzpflichten für Wertpapierdienstleistungsunternehmen" (MaComp)) is responsible for ensuring compliance with statutory rules applicable to securities trading and related regulatory requirements.

Compliance with external and internal standards is monitored regularly. In addition to centralized reviews of documents, processes and directives, monitoring is also conducted on site, e.g. at the branches, advisory centers and central units. If any shortcomings are found, the compliance function according to MaComp works with the relevant divisions to bring them into conformity with the rules.

Another responsibility of the compliance function according to MaComp is to prevent market abuse and ensure compliance with the provisions on financial market regulation set out in the revised EU Markets in Financial Instruments Directive (MiFID II). We have a zero-tolerance policy towards market abuse and market manipulation. Compliance with requirements is closely monitored and regularly checked to ensure it is up to date.

According to the rules for the compliance function according to MaComp, conflicts of interest in connection with securities and related services must also be avoided. Employees of the compliance function according to MaComp are available to help identify, avoid and manage conflicts of interest.

As part of the tax compliance management system (Tax CMS), the Board of Managing Directors has set itself the goal of ensuring compliance with tax laws and standards and avoiding violations. All employees are briefed on this annually.

The Board of Managing Directors and the Supervisory Board receive an annual report on the work processes and findings of the CMS. The system itself is audited by the Internal Auditing department and advised by external consultants on an ongoing basis. This means that the basic elements, regulations, procedures and annual measures are themselves subject to a continuous improvement process.

LBBW does not advise customers to establish international structures with the purpose of tax avoidance. Neither the Bank nor its subsidiaries participate in transactions involving international structures that are evidently intended to avoid tax.

Compliance with legal requirements requires safeguards to be put into place. One of these safeguards is to raise awareness and train LBBW employees. Their compliance knowledge must be up to date at all times. Self-study programs (web-based training) have proved a good and time-effective way of imparting this information. Each training session includes a test at the end to check whether the learning objectives have been achieved. The key contents of the compliance training are: basics of Capital Markets, dual banking system regulations, market abuse, money laundering prevention and fraud prevention.

The web-based compliance training policy applies across the Bank and throughout the Group. Compliance – where necessary in coordination with the specialist divisions in question – determines the relevance of the training for each self-study program specifically for each individual organizational unit. LBBW's representative offices and branches are fully linked via the HR-lerncampus online platform. As a rule, all subsidiaries receive web-based training through HR-Lerncampus. Group companies that are not linked to HR-Lerncampus receive tailored training from their compliance officers in accordance with Group guidelines.

Employees who do not complete the required training within the period stipulated (usually 30 days) automatically receive an e-mail on the date by which it should have been completed. After the fourth warning and if the deadline is missed by more than 90 days, the divisional manager is informed of the failure to complete training on time each month by e-mail and asked to rectify this. If the deadline is missed by more than 120 days, the divisional manager must assess the employee's reliability, document this assessment and inform Group Compliance of the result. Managers can view which training sessions their employees have completed via HR-lerncampus. Using an integrated function, managers can generate and send an e-mail individually and as needed to the employees who have failed to complete any training.

Employees are required to complete the web-based training courses regularly, meaning at intervals of one to three years depending on the compliance training in question.

LBBW offers its employees a range of compliance training courses to prevent corruption and bribery. These include courses on preventing fraud and money laundering, capital market compliance and the LBBW whistleblower system. Both basic and advanced training courses are available.

All employees of the LBBW Group were fully covered by the relevant compliance training in the reporting year.

LBBW specifically supports onboarding for members of the Board of Managing Directors and the Supervisory Board as well as systematic ongoing training.

New members of the Board of Managing Directors and the Supervisory Board are informed as soon as possible about the culture, values, conduct and strategy of the Bank, its management and its administrative or supervisory body.

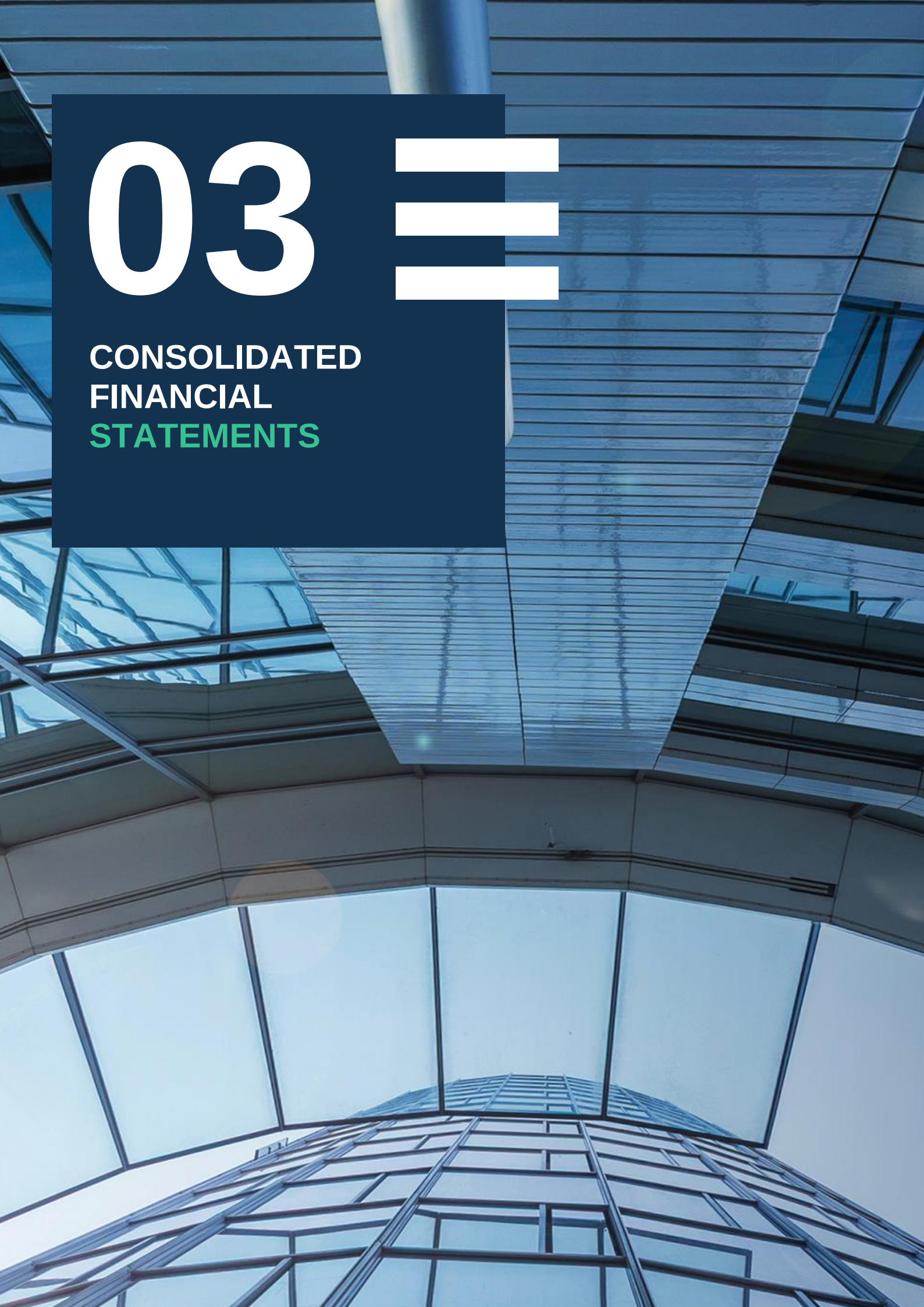
As a matter of principle, the members of the Supervisory Board assume responsibility for taking part in the training and development measures that they require to perform their duties. They receive appropriate support for this from LBBW, which, for example, designates specific seminars and offers relevant specialist presentations. The Supervisory Board and its committees also undergo regular training, particularly with regard to changes in the regulatory environment and LBBW's business model as well as general trends and developments in the industry and the general economic environment.

Reports and actions

The supervisory authorities responsible did not identify any violations of money laundering requirements on the part of LBBW in 2025.

To the best of LBBW's knowledge, no corruption proceedings were conducted against the LBBW Group in 2025. No fines were imposed in this context.

Given the absence of any violations relating to corruption or bribery, it was not necessary to take any relevant action in the reporting period.

A low-angle, upward-looking photograph of a modern skyscraper with a glass facade. The building's structure is composed of a grid of dark metal frames and large glass panels. The perspective creates a sense of height and scale, with the building converging towards the top of the frame. The sky is visible through the glass panels, appearing as a pale blue. A dark blue rectangular overlay is positioned in the upper left corner, containing the page number and title.

03



CONSOLIDATED
FINANCIAL
STATEMENTS

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Income statement

for the period 1 January to 31 December 2025

EUR million	Notes	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net interest income	10	2,730	2,631
Interest income and current income from equity instruments		29,721	43,171
of which interest income from financial assets measured at amortized cost		9,427	10,972
of which interest income from financial assets measured at fair value through other comprehensive income		816	830
Interest expenses and current expenses from equity instruments		– 26,992	– 40,540
of which interest expenses from financial liabilities measured at amortized cost		– 8,141	– 9,796
Net fee and commission income	11	689	635
Fee and commission income		911	845
Fee and commission expenses		– 222	– 209
Net gains/losses on remeasurement and disposal	12	411	315
of which allowances for losses on loans and securities		– 332	– 360
Other operating income/expenses	14	89	81
Administrative expenses	15	– 2,538	– 2,388
Expenses for resolution fund and deposit guarantee system	16	– 77	– 52
Net income/expenses from restructuring	17	– 19	10
Consolidated profit/loss before tax		1,284	1,232
Income taxes	18	– 341	– 368
Net consolidated profit/loss		942	864
of which net income/loss of which attributable to non-controlling interest after tax		– 3	– 8
of which attributable to shareholders after tax		945	872

Statement of comprehensive income

for the period 1 January to 31 December 2025

EUR million	Notes	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net consolidated profit/loss		942	864
Items that will not be transferred subsequently to the income statement			
Retained earnings	52	– 48	65
Actuarial gains/losses before tax		29	93
Realized gains/losses from own credit rating		– 2	0
Realized gains/losses from the sale of equity instruments		– 32	0
Income taxes	18	– 43	– 28
Measurement gains/losses from own credit rating	52	– 37	– 2
Measurement gains/losses from own credit rating before tax		– 55	– 2
Transfer to realized gains/losses from own credit rating		2	0
Income taxes	18	17	1
Measurement gains/losses from equity instruments (financial assets measured at fair value through other comprehensive income)	52	52	– 7
Measurement gains/losses before tax		11	– 2
Transfer to realized gains/losses from the sale of equity instruments		32	0
Income taxes	18	9	– 6
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)		270	– 33
Measurement gains/losses before tax		399	– 91
Change in allowances for losses on loans and securities		– 1	– 2
Transferred to income statement		– 35	31
Income taxes	18	– 92	28
Currency translation differences		– 13	5
Changes before tax		– 13	5
Net consolidated profit/loss in equity		224	28
Net consolidated total comprehensive income		1,167	892
of which total net income/loss of which attributable to non-controlling interest after tax		– 3	– 8
of which attributable to shareholders after tax		1,169	900

Statement of financial position

as at 31 December 2025

Assets

EUR million	Notes	31/12/2025	31/12/2024
Cash and cash equivalents	26	14,357	10,336
Financial assets measured at amortized cost	27	244,450	250,698
Loans and advances to banks		81,532	92,396
Loans and advances to customers		155,634	154,157
Debentures and other fixed-income securities		7,284	4,145
Financial assets measured at fair value through other comprehensive income	28	33,976	37,839
Financial assets designated at fair value	32	959	956
Financial assets mandatorily measured at fair value through profit or loss	33	47,071	48,351
Shares in investments accounted for using the equity method	9	182	185
Portfolio hedge adjustment attributable to assets		– 407	– 194
Intangible assets	45	152	205
Investment property	46	944	880
Property and equipment	47	899	1,009
Current income tax assets	18, 49	180	268
Deferred income tax assets	18, 49	790	973
Other assets	50	3,735	4,850
Total assets		347,288	356,355

Equity and liabilities

EUR million	Notes	31/12/2025	31/12/2024
Financial liabilities measured at amortized cost	35	300,331	310,831
Deposits from banks		72,344	70,239
Deposits from customers		136,563	140,765
Securitized liabilities		87,537	95,329
Subordinated capital		3,887	4,498
Financial liabilities designated at fair value	36	3,939	3,395
Financial liabilities mandatorily measured at fair value through profit or loss	37	22,492	21,883
Portfolio hedge adjustment attributable to liabilities		– 1,120	– 1,174
Provisions	51	1,798	1,808
Current income tax liabilities	18, 49	187	195
Deferred income tax liabilities	18, 49	29	26
Other liabilities	50	2,328	2,662
<i>Equity</i>	52	17,304	16,730
Share capital		3,484	3,484
Capital reserve		8,240	8,240
Retained earnings		3,918	3,462
Other comprehensive income		– 40	– 312
Net consolidated profit/loss		945	872
Shareholders' equity		16,547	15,746
Additional equity components		745	970
Equity attributable to non-controlling interests		12	14
<i>Total equity and liabilities</i>		347,288	356,355

Statement of changes in equity

for the period 1 January to 31 December 2025

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 ²	Equity attributable to non-controlling interests	Total
<i>Equity as at 01/01/2024</i>	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	65	- 7	- 33	- 0	- 2	5	0	28	0	0	28
Net consolidated profit/loss	0	0	0	0	0	0	0	0	872	872	0	- 8	864
Net consolidated total comprehensive income	0	0	65	- 7	- 33	- 0	- 2	5	872	900	0	- 8	892
Servicing of additional equity components	0	0	- 42	0	0	0	0	0	0	- 42	0	0	- 42
Other changes in equity	0	0	- 14	0	0	0	0	0	0	- 14	225	1	213
<i>Equity as at 31/12/2024</i>	3,484	8,240	3,462	- 49	- 344	1	54	25	872	15,746	970	14	16,730
<i>Equity as at 01/01/2025</i>	3,484	8,240	3,462	- 49	- 344	1	54	25	872	15,746	970	14	16,730
Allocation to retained earnings	0	0	872	0	0	0	0	0	- 872	0	0	0	0
Distribution to shareholders	0	0	- 330	0	0	0	0	0	0	- 330	0	- 0	- 330
Net consolidated profit/loss in equity	0	0	- 48	52	270	0	- 37	- 13	0	224	0	0	224
Net consolidated profit/loss	0	0	0	0	0	0	0	0	945	945	0	- 3	942
Net consolidated total comprehensive income	0	0	- 48	52	270	0	- 37	- 13	945	1,169	0	- 3	1,167
Servicing of additional equity components	0	0	- 31	0	0	0	0	0	0	- 31	0	0	- 31
Other changes in equity	0	0	- 7	0	0	0	0	0	0	- 7	- 225	1	- 231
<i>Equity as at 31/12/2025</i>	3,484	8,240	3,918	3	- 74	2	17	12	945	16,547	745	12	17,304

¹ Profit and loss carryforwards from prior periods are also recognized under "Retained earnings".

² The AT1 bond issued in the 2019 financial year was repaid in full after a repurchase of EUR 520 million was made in 2024. LBBW also issued a new AT1 bond of EUR 745 million in 2024.

Cash flow statement

for the period 1 January to 31 December 2025

EUR million	Notes	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net consolidated profit/loss		942	864
Non-cash items in net consolidated profit/loss and reconciliation to cash flow from operating activities			
Depreciation, write-downs and reversals of impairment losses on receivables, property and equipment, and financial investments (including equity investments)		433	399
Increase in/reversal of provisions		397	260
Other non-cash expenses/income		– 1,930	1,708
Gains/losses from the sale of equity investments, property and equipment and intangible assets		– 2	– 2
Other adjustments (net)		– 2,478	– 2,330
Subtotal		– 2,638	899
Changes in assets and liabilities from operating activities			
Financial assets measured at amortized cost		5,368	– 12,476
Loans and advances to banks		10,868	– 10,133
Loans and advances to customers		– 2,446	– 1,639
Debentures and other fixed-income securities		– 3,054	– 704
Financial assets measured at fair value through other comprehensive income		4,239	– 892
Debentures and other fixed-income securities		3,676	– 899
Loans and advances		559	9
Equity instruments		4	– 2
Financial assets designated at fair value		– 16	– 97
Financial assets mandatorily measured at fair value through profit or loss		18,066	– 2,272
Shares in investments accounted for using the equity method		4	7
Other assets from operating activities		1,104	567
Financial liabilities measured at amortized cost		– 9,772	23,545
Deposits from banks		2,097	– 2,683
Deposits from customers		– 4,052	13,482
Securitized liabilities		– 7,817	12,747
Financial liabilities designated at fair value		570	114
Financial liabilities mandatorily measured at fair value through profit or loss		– 5,910	– 1,647
Other liabilities from operating activities		– 755	– 531
Dividends received		44	18
Interest received		26,336	38,117
Interest paid		– 32,021	– 45,571
Income taxes paid		– 182	– 427
Cash flow from operating activities		4,439	– 645
Proceeds from the sale of		155	21
Equity investments		114	8
Property and equipment		38	13
Intangible assets		2	0
Payments for the acquisition of		– 136	– 329
Equity investments		– 20	– 74
Property and equipment		– 77	– 198
Intangible assets		– 40	– 56
Cash flow from investing activities		18	– 308
Payments for servicing additional equity components		– 31	– 42
Dividends paid		– 330	– 400
Proceeds from the issue of additional equity components		0	745
Payments from the repayment of additional equity components		– 225	– 520
Net change in cash and cash equivalents from other capital		– 635	– 117
Cash flow from financing activities		– 1,221	– 334

EUR million	Notes	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Cash and cash equivalents at the beginning of the period</i>	26	10,336	12,026
Cash flow from operating activities		4,439	– 645
Cash flow from investing activities		18	– 308
Cash flow from financing activities		– 1,221	– 334
Changes to cash and cash equivalents owing to exchange rates, basis of consolidation and measurement		786	– 402
<i>Cash and cash equivalents at the end of the period</i>	26	14,357	10,336

The cash flow statement shows the change in cash and cash equivalents resulting from cash flows from operating, investing and financing activities during the financial year.

Cash and cash equivalents correspond to the LBBW Group's cash reserve and include cash, balances with central banks, public-sector debt instruments eligible for refinancing operations and bills.

Cash flow from operating activities is determined indirectly from net consolidated profit/loss. Cash flows that are primarily connected with the revenue-producing activities of the LBBW Group or cash flows resulting from activities that cannot be allocated to investing or financing activities are allocated to cash flow from operating activities. At the LBBW Group, outgoing payments for the interest and repayment components of lease liabilities and payments for short-term leases and low-value lease assets are shown in cash flow from operating activities. Total cash outflows from leases amounted to EUR – 48 million in the reporting year.

Cash flow from investing activities shows proceeds and payments relating to the disposal or acquisition of non-current assets.

All proceeds and payments from transactions relating to equity and subordinated capital are included in cash flow from financing activities. 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. During the period under review, the volume of subordinated capital held decreased by EUR – 610 million from the previous year. The change is due largely to a cash reduction of EUR – 527 million. The change also resulted from measurement effects of EUR – 4 million and the effects from present value accounting of EUR – 12 million. Furthermore, changes in exchange rates of EUR – 63 million and other effects of EUR – 4 million altered the amount of subordinated capital.

Notes on the consolidated financial statements

for the 2025 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; as of February 2025: Am Victoria-Turm 2, 68163 Mannheim) and Mainz (Rheinallee 86, 55120 Mainz). The commercial register numbers at the responsible district court in Germany are: 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 is present in its regional core markets of Baden-Württemberg, Rhineland-Palatinate and Saxony and in attractive metropolitan areas such as Berlin, Hamburg, Munich and Frankfurt, while also leveraging national and international growth opportunities in selected economic regions. It is supported in this by a network of foreign branches and German centers that provide customers with financial solutions and comprehensive advisory services related to their international activities.

LBBW offers the full range of products and services throughout Germany that a mittelstand-minded 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 leasing, factoring, asset management, real estate development/financing or equity finance diversify and supplement LBBW's portfolio of services within the Group.

Pursuant to section 315e(1) of the German Commercial Code (HGB) and Commission Regulation (EU) No 1606/2002 of the European Parliament and of the Council dated 19 July 2002 (International Accounting Standards, IAS regulation), the consolidated financial statements for the 2025 financial year were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), as adopted in the European Union. The standards and interpretations published at the time the financial statements were prepared, adopted by the European Union and relevant and binding for the Group, apply.

The consolidated financial statements were approved for publication by the Board of Managing Directors on 13 March 2026.

2. Accounting principles

The consolidated 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 annual financial statements of the fully consolidated companies or investments accounted for using the equity method are prepared as at the reporting date of the consolidated financial statements of LBBW. In addition, please refer to the commentary in the report on the results of operations, net assets and financial position in the Group management report for information on major changes.

The functional currency and reporting currency of LBBW is the euro (EUR). The amounts in these consolidated 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 the IFRS Accounting Standards 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 Accounting Standards applied for the first time

The following IFRS Accounting Standards were applied for the first time in the 2025 financial year:

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

Explanations of material IFRS Accounting Standards applied for the first time

In the 2025 reporting year, the amendment to the standard (Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability) had no material impact on LBBW's income statement, statement of comprehensive income, statement of financial position or disclosure requirements.

The amendment to the standard essentially relates to regulations for currency translations for currencies not freely exchangeable (as at the end of the reporting period). LBBW analyzed its portfolio of currencies affected and determined that there were no material portfolios that would have to be reported under these regulations.

IFRS Accounting Standards to be applied in the future

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

Title of IFRS Accounting Standard	First-time adoption expected in	Endorsement (yes/no)	IFRS Accounting Standard subject matter
Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	2026 financial year	Yes	The amendments approved include a clarification on the classification of financial assets linked to environmental, social and governance (ESG) and similar characteristics. This amendment also specifies the process of meeting liabilities using electronic payment systems. Furthermore, additional notes have been introduced for certain financial instruments.
Annual Improvements Volume 11	2026 financial year	Yes	The Annual Improvements include numerous mostly editorial amendments to a range of standards.
Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	2026 financial year	Yes	These amendments clarify how contracts referencing nature-dependent electricity supply agreements are to be reported and presented in the case of the "own use" exemption and for cash flow hedges.
IFRS 18 Presentation and Disclosure in Financial Statements	2027 financial year	Yes	The standard IFRS 18 replaces IAS 1. New categories have been introduced to the income statement, banks are subject to special rules in this respect. New subtotals have also been added to the income statement. In addition, new disclosure requirements for management-defined performance measures have been introduced. There are also new rules for the aggregation and disaggregation of information for both the statement of financial position/income statement and the notes.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	2027 financial year	No	IFRS 19 Subsidiaries without Public Accountability: Disclosures allows certain subsidiaries to apply the IFRS Accounting Standards with less extensive notes. Public accountability requirements are considered satisfied particularly if the subsidiary has listed equity or debt instruments on a public market.
Amendments to IFRS 19 – Subsidiaries without Public Accountability: Disclosures	2027 financial year	No	IFRS 19 allows certain subsidiaries to apply the IFRS with reduced disclosure requirements. The amendment includes reduced disclosure requirements for standards issued or amended between February 2021 and May 2024.
Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency	2027 financial year	No	The amendment to the standard clarifies the method that has to be applied when translating a non-hyperinflationary functional currency into a hyperinflationary presentation currency, how non-hyperinflationary presentation currencies of subsidiaries have to be translated into the hyperinflationary presentation currency of the parent company as well as transition provisions when presentation currencies are no longer hyperinflationary.

Adjustments

Estimates and assumptions were made in accordance with the accounting standards concerned for determining the assets, liabilities, income and expenses recognized in the consolidated financial statements. These are based on historical experiences and other factors such as plans and – as far as can currently be judged – probable expectations and forecasts of future events. Significant estimates of this kind can change from time to time and significantly affect the net assets and financial position as well as the results of operations.

In addition, discretionary decisions were reached when preparing the financial statements regarding the determination of the scope of consolidation, the classification of the financial instruments, investment property, the leasing relationships and the allocation to the levels pursuant to IFRS 13.

Estimates and assumptions mainly relate to the calculation of the fair value of financial instruments and investment property, the value of assets and the calculation of the allowances for losses on loans and securities, as well as the recognition and measurement of subordinated capital, provisions and taxes, including incidental tax charges and benefits. Moreover, estimates and assumptions are made regarding specific cash flows. Where significant estimates and/or complex judgments were required, the assumptions made are explained in detail in the Notes on the corresponding items.

The estimates and assumptions are each based on the level of knowledge currently available about the expected future business performance and trends in the global and sector-specific or regulatory environment. Where actual values differ from the estimates made, the underlying assumptions and – if necessary – the carrying amounts of the relevant assets and liabilities are adjusted accordingly on a prospective basis.

The potential impact of the changes made to estimates on future reporting periods are, in particular, dependent on the development of market parameters and expectations in the future. A quantitative determination of the effects on future reporting periods is therefore possible only on the basis of models and to a limited extent.

As a result of technical improvements, some disclosures in the notes were determined in more detail or re-determined in the financial year, in particular in Note 35. The relevant prior-year figures were restated accordingly to improve clarity and transparency. This affects only 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

The consequences of the escalation of the conflict in the Middle East starting on 28 February 2026 cannot be reliably determined at present. LBBW is therefore following the ongoing developments very closely and will continually review its risk assessments.

B. Group of companies

5. Basis of consolidation

A subsidiary is an entity that is controlled by another entity (known as the parent). Control is assumed to exist if the parent can exert direct or indirect authority over the relevant activities of a company, obtains variable benefits from a company or has rights to variable benefits, or can use its authority to draw on the account of the company to influence the amount of its variable benefits. In assessing whether LBBW exercises a controlling influence, the purpose and structure as well as the company's relevant activities must be taken into consideration. Voting rights are a key aspect in this regard.

The following factors are also taken into consideration when assessing the possibility of control:

- Voting rights relate only to administrative duties. Relevant activities, however, are governed by contractual agreements.
- Functions and rights granted give power of control together with other parties.
- The company carries a burden of risk or rights to variable benefits from liquidity lines provided and from interest and fees paid, among other things.

LBBW usually obtains control over a company by gaining a majority of voting rights (directly or indirectly). In exceptional cases, LBBW does not obtain control if at least one other investor has the practical capability to unilaterally determine the relevant activities (for example, due to statutory provisions or agreements). Furthermore, LBBW can also control a company without holding a majority of voting rights if it has the practical capacity to unilaterally control the relevant activities. This applies particularly to structured entities where voting rights relate only to administrative duties and comparable rights are the dominant factor when determining control. For example, this is the case for securitization platforms initiated by LBBW or funds launched by LBBW (authority over contractual rights) and for some project companies (power of control together with the rights of other parties because of the financing structure). It also bears a burden of risk or has rights to variable benefits from financing the companies.

In addition to LBBW (Bank) as the parent company, a total of 85 subsidiaries (31 December 2024: 86) including five structured entities were included in the consolidated interim financial statements.

A total of 47 subsidiaries and structured entities (31 December 2024: 46) 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 LBBW is not significant. These mainly comprise former general partner and non-operational mobile asset leasing companies and shelf companies.

The appropriateness of the consolidation decisions made previously is reviewed regularly and on an ad hoc basis.

The following changes were made in respect of the fully consolidated subsidiaries in the 2025 financial year:

- On 1 August 2025, LBBW took over all relationships of Berlin Hyp AG related to a creditor or debtor status in the course of a partial universal succession with retroactive effect from 1 April 2025. The subsidiary was renamed LBBW Berlin Beteiligungs-AG in this connection.
- LBBW Leasing GmbH i.L. was deleted from the commercial register with effect from 30 January 2025.

Three joint ventures (31 December 2024: four) and four associated companies (31 December 2024: five) were included in the consolidated financial statements based on the equity method.

The joint venture Bad Kreuznacher Entwicklungsgesellschaft mbH i. L. (BKEG) was deleted from the commercial register with effect from 31 July 2025.

The associate BWK Holding GmbH Unternehmensbeteiligungsgesellschaft was merged with BWK GmbH Unternehmensbeteiligungsgesellschaft on 5 September 2025 with retroactive effect from 1 January 2025.

Joint ventures are joint agreements whereby LBBW and other parties exercise joint control over the agreement and have rights to the net assets of the agreement.

A joint agreement is an agreement where two or more contractual parties are linked by means of a contractual agreement and exercise joint control over the participating interest. A joint agreement can be a joint venture or a jointly controlled operation. LBBW has only joint ventures.

An associate is a company over which LBBW exercises significant influence but no controlling influence over the financial and operating policy decisions. Associates are companies in which LBBW holds a voting interest of between 20% and 50% (rebuttable presumption of association) or an unambiguous proof of association and an LBBW voting interest of less than 20%.

6. Principles of consolidation

The subsidiaries and structured entities are consolidated according to the acquisition method in accordance with IFRS 10.B86 in conjunction with IFRS 3. Accordingly, all of the subsidiaries' assets and liabilities recognized from the acquirer's perspective at the time of acquisition or at the time when controlling influence is acquired are recognized at their fair value. The remeasured assets and liabilities are taken over into the consolidated statement of financial position, taking deferred taxes into account, and are treated according to the standards to be applied in the subsequent periods.

Where the cost for the business combination exceeds the fair value of the assets and liabilities at initial acquisition, goodwill (goodwill in proportion with the investment) is recorded under intangible assets. The share of the equity or of the net gain/loss of the fully consolidated companies of LBBW not attributable to shareholders is reported separately in the item "Equity attributable to non-controlling interests" or in the item "Net income/loss of which attributable to non-controlling interest after tax" in the income statement. Negative goodwill is recognized in the income statement at the date of acquisition.

Intra-group receivables and liabilities as well as expenses, income and interim results were adjusted by adjusting debt and profit or the elimination of the interim result.

7. Currency translation

Currencies are translated within the Group in accordance with the provisions of IAS 21. The functional currency is determined for each of LBBW's group companies. The items included in the financial statements of the relevant group company are measured using this functional currency and translated into the reporting currency (euro).

A foreign currency transaction must be initially recognized at the spot rate between the functional currency and the foreign currency at the transaction date. Monetary assets and liabilities denominated in foreign currency and unsettled foreign currency spot transactions are always translated into euros at the prevailing closing rate. Non-monetary items measured at amortized cost are translated at the historical rate at the transaction date. Non-monetary items measured at fair value are translated at prevailing exchange rates on the date of the measurement (closing rate).

Exchange differences are generally recognized in profit or loss in the period in which they occur. Exceptions are non-monetary items for which fair value adjustments are recognized in "Other comprehensive income". Resulting translation differences are also recognized in "Other comprehensive income".

In the consolidated financial statements, the statement of financial position items of consolidated companies whose reporting currency is not the euro are translated at the exchange rate on the statement of financial position date. Average annual rates are used to translate the expenses and income of these companies. Equity is translated at historic prices. All the resulting translation differences are recognized in "Other comprehensive income" (currency translation reserve).

The exchange rates used for the most important currencies at LBBW at the closing date are as follows:

Amount per EUR 1 in the respective currency	31/12/2025	31/12/2024
USD	1.1761	1.0389
SGD	1.5105	1.4118
MXN	21.1226	21.1833

8. Shares in investments accounted for using the equity method

Investments in associates or joint ventures accounted for using the equity method are carried at cost in the consolidated statement of financial position once a significant influence is obtained or on formation of the company. This also comprises goodwill from the acquisition of an associate or a joint venture and hidden reserves. In subsequent years, the amount accounted for using the equity method is adjusted by the Group's share in the associate's equity. The proportion of profit or loss generated by the investment is reported in the income statement as "Net income/expenses from investments accounted for using the equity method". Changes in the investment's other comprehensive income are recognized directly and proportionately in LBBW's "Other comprehensive income".

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

EUR million	31/12/2025	31/12/2024
Associates	182	185
<i>Total</i>	<i>182</i>	<i>185</i>

9. Disclosure of interests in other entities

Significant restrictions on the Group's ability to access or use the Group assets

Assets are held within the Group that are subject to contractual, legal or regulatory disposal restraints, which can restrict LBBW's ability to access these assets and use them to meet the Group's liabilities. The restrictions result from the cover pools of the covered bond business, assets for the collateralization of liabilities from repurchase transactions and from the pledging of collateral for liabilities from OTC derivative transactions, as well as for liabilities issued by consolidated structured entities. Regulatory requirements, requirements of central banks and local company law rules can restrict the usability of assets.

There are no significant restrictions from property rights of non-controlling interests that restrict the ability of the Group to transfer assets or meet liabilities.

The carrying amounts of the assets with significant restrictions amounted to:

EUR million	31/12/2025	31/12/2024
Assets with restrictions on disposal		
Financial assets measured at amortized cost	90,749	91,311
Loans and advances to banks	30,217	30,394
Loans and advances to customers	60,199	60,378
Debentures and other fixed-income securities	333	538
Financial assets measured at fair value through profit or loss	1,826	1,443
Financial assets measured at fair value through other comprehensive income	2,570	2,682
Other assets	1,580	1,612
<i>Total</i>	<i>96,726</i>	<i>97,047</i>

The assets with significant restrictions mainly comprised the EUR 55,036 million (previous year: EUR 54,970 million) in cover assets in the covered bond business, financial assets of EUR 38,026 million (previous year: EUR 38,438 million) that have been transferred but not fully derecognized, especially in securities repurchase or lending transactions and development loan transactions (see Note 34) as well as collateral pledged for liabilities from OTC derivative transactions in the amount of EUR 1,061 million (previous year: EUR 996 million).

Shares in consolidated structured entities

As in the previous year, a total of five structured entities where their relevant activities are not influenced by voting or comparable rights were included in the consolidated financial statements. LBBW maintains business relationships with these companies and also acquires commercial paper from the consolidated structured entities as part of investment decisions.

As at 31 December 2025, liquidity lines totaling EUR 4,592 million (previous year: EUR 4,273 million) were provided to the consolidated structured entities.

Shares in joint agreements and associates

LBBW did not have any material joint ventures at the current reporting date.

As before, two associates remain of material importance to LBBW due to the carrying amount of the equity investment or the total assets and proportionate earnings and are accounted for using the equity method.

Summarized financial information for each associate that is material to LBBW is shown in the following table:

EUR million	BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart ^{1, 2}		Hypo Vorarlberg Bank AG, Bregenz ^{1, 2}	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Revenues	53	34	562	698
Profit/loss from continuing operations	13	– 33	51	55
Net consolidated profit/loss in equity	0	0	1	– 0
Net consolidated total comprehensive income	13	– 33	52	55
Current assets	103	59	4,111	4,676
Non-current assets	173	205	11,203	10,668
Current liabilities	4	4	6,383	6,108
Non-current liabilities	8	8	7,458	7,800
Contingent liabilities	0	0	319	302
Net assets of the associate	265	252	1,473	1,437
Share of capital (in %)	40	40	23	23
Share of net assets	106	101	341	332
Other adjustments	– 27	– 27	– 243	– 234
Carrying amount of the equity investment	79	74	98	98

1 Principal place of business.

2 Strategic equity investment.

The summarized financial information represents contributions of the associated entity, adjusted to the Group-wide accounting rules.

The "Other adjustments" item includes mainly impairments on the equity investments.

BWK GmbH Unternehmensbeteiligungsgesellschaft, in which LBBW holds a 40% stake in the capital and voting rights, is an investor with a long-term perspective that offers equity solutions to SMEs.

Hypo Vorarlberg Bank AG, in which LBBW has a 23% share of the capital and voting rights, offers banking services for retail and corporate customers.

During the year under review, LBBW received dividends of EUR 0 million (previous year: EUR 6 million) from its equity investment in BWK GmbH Unternehmensbeteiligungsgesellschaft and of EUR 2 million (previous year: EUR 1 million) from Hypo Vorarlberg Bank AG.

The shares in the success and the carrying amount of the share for each joint venture and associate, which are deemed insignificant individually and are accounted for using the equity method, are shown in the following table:

EUR million	Associates	
	31/12/2025	31/12/2024
Portion of the profit or loss from continuing operations	0	1
Share in net consolidated total comprehensive income	0	1
Total carrying amounts of the Group shares	4	12

As in the previous year, there were no other unrecognized liabilities in connection with shares in associates.

Shares in non-consolidated structured entities

Structured entities are entities designed in such a manner that voting and comparable rights do not represent the dominant factor when determining which party exercises controlling influence. This is the case, for example, when the voting rights relate solely to administrative duties and the relevant activities that significantly influence the entities' returns are controlled by contractual agreements or virtual positions of power.

A structured entity is often defined by several or all of the following characteristics:

- limited activities;
- narrow and clearly defined purpose;
- insufficient equity capital to conduct its relevant activities without secondary financial support;
- funding through the pooling of credit and other risks (tranches) in the form of multiple contractual instruments that are linked to the investors.

Accordingly, structured entities are consolidated in the principles shown in Note 6, if LBBW can exercise a controlling influence because of its relationships with the structured entity. The information on the non-consolidated structured entities is based on structured entities that are not consolidated as LBBW Group cannot exercise any controlling influence over them. This must be reported if LBBW is subject to variable returns from the activities of the structured entities from its contractual and non-contractual relationships (shares). Shares in non-consolidated structured entities comprise loans and credits, equity instruments, various types of derivative, guarantees and liquidity facilities.

LBBW has business relationships with the following types of non-consolidated structured entities:

- Funds: LBBW provides customers with opportunities to invest in funds established and sponsored by LBBW itself, and invests in funds established and sponsored by third parties. Funds allow investors to make targeted investments in assets in line with a fixed investment strategy. Financing is generally provided through the issue of fund units and usually secured by the assets held by the structured entity. LBBW may operate as manager of the structured entity, investor, trustee for other investors or in another function.
- Securitization vehicles: Securitization vehicles offer investment opportunities to investors in diversified portfolios of different assets, such as leasing and trade receivables. The securitization vehicles are financed through the issue of tranchised debentures, whose disbursements are dependent on the performance of the assets of the securitization vehicles and from the position of the respective tranche within the payment waterfall. LBBW participates in the funding or structuring of such vehicles.
- Financing companies: Financing companies (including leasing companies) are established for the purpose of funding various assets or transactions. They follow a specific company purpose, which means that the relevant activities are predetermined or not controlled by voting or comparable rights. As a lender, LBBW provides funding for these structured entities that are secured by assets held by the company.
- Other: Other structured entities are entities that cannot be assigned to any of the types stated above.

The scope of a structured entity depends on its type:

- Funds: Volume of assets under management
- Securitizations: Nominal value of the issued securities
- Financing companies: Total assets
- Other structured entities: Total assets

The scope of non-consolidated structured entities without publicly available data is stated with the nominal value of LBBW's exposure.

The scope of the non-consolidated structured entities was as follows:

EUR million	Securitization vehicle		Funds		Financing companies		Other		Total	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Scope of the structured entities	4,764	4,515	436,151	418,926	6,875	6,585	574	1,018	448,365	431,043

The following table shows the carrying amounts of the assets and liabilities, the nominal values of the off-balance-sheet obligations that concern the shares in non-consolidated structured entities, and the items in the consolidated statement of financial position in which these assets and liabilities are recognized, depending on the type of structured entity:

EUR million	Securitization vehicle		Funds		Financing companies		Other		Total	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets measured at amortized cost	1,807	1,692	5,685	3,635	1,731	1,336	512	57	9,735	6,720
Loans and advances to customers	130	279	5,447	3,635	1,731	1,336	512	57	7,820	5,307
Debentures and other fixed-income securities	1,677	1,413	238	0	0	0	0	0	1,915	1,413
Financial assets mandatorily measured at fair value through profit or loss	1,666	1,539	4,343	1,530	34	46	62	1,018	6,104	4,132
Trading assets	1,024	986	4,178	1,355	34	46	62	961	5,298	3,348
Positive fair values from derivative hedging instruments	0	0	0	1	0	0	0	0	0	1
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	642	553	164	174	0	0	0	57	806	783
Financial assets measured at fair value through other comprehensive income	79	77	0	0	0	0	0	0	79	77
Other assets	0	0	0	1	0	0	0	0	0	1
Total assets	3,552	3,308	10,028	5,165	1,764	1,382	574	1,075	15,918	10,930
Financial liabilities measured at amortized cost	9	13	6,352	6,442	137	86	2	3	6,500	6,544
Deposits from banks	0	0	55	25	0	0	0	0	55	25
Deposits from customers	9	13	6,297	6,417	137	86	2	3	6,445	6,519
Financial liabilities mandatorily measured at fair value through profit or loss	1	2	154	63	8	2	0	0	163	68
Trading liabilities	1	2	154	61	8	2	0	0	163	66
Negative fair values from derivative hedging instruments	0	0	0	2	0	0	0	0	0	2
Other liabilities	0	0	0	40	0	0	0	0	0	40
Total equity and liabilities	10	15	6,507	6,546	145	88	2	3	6,663	6,652
Off-balance-sheet transactions	0	0	868	897	196	128	0	0	1,064	1,025

The maximum potential losses from shares in non-consolidated structured entities depend on the type of shares. The maximum risk of loss on assets presented in the table corresponds to the statement of financial position figures (after allowances for losses on loans and securities if necessary). Of the derivatives with a carrying amount of EUR 98 million (previous year: EUR 280 million) and EUR 159 million (previous year: EUR 65 million) included in the trading assets and trading liabilities respectively and of the off-balance-sheet obligations, including loan commitments, guarantees and liquidity facilities, the nominal amounts represent the maximum potential losses. The nominal value for derivatives with a positive replacement value was EUR 3,653 million (previous year: EUR 8,645 million), while that for derivatives with a negative replacement value was EUR 8,366 million (previous year: EUR 2,983 million). The maximum risk of loss does not correspond to the expected loss and does not take into account existing collateral and hedge relationships that limit the economic risk.

LBBW received interest income and fee and commission income from financing its shares in these non-consolidated structured entities. Further income was generated from management fees and, where applicable, profit-sharing within the scope of fund management operations by LBBW. In addition, income was realized from the valuation or sale of securities issued by non-consolidated structured entities.

Sponsored non-consolidated structured entities in which LBBW does not hold any shares as at the reporting dates

LBBW participated as a sponsor for the launch or marketing of various structured entities in which it held no shares as at the end of the reporting period. A structured entity is considered to be sponsored if it is reasonably associated with LBBW and supported by LBBW. Support in this respect can comprise the following services:

- Using the name "LBBW" for the structured entity.
- LBBW assets are transferred or sold to this structured entity.
- The structured entity was funded by LBBW and/or start-up capital provided by LBBW.

LBBW received gross income of EUR 6 million (previous year: EUR 6 million) from fees and commission from business transactions with sponsored, non-consolidated funds and securitizations in which LBBW holds no shares as at the reporting date. As in the previous year, no assets were transferred from third parties to sponsored, non-consolidated structured entities in financial year 2025.

C. Segment reporting

LBBW's segment reporting for the 2025 financial year is also drawn up in accordance with the provisions of IFRS 8. Following 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.

LBBW's segment reporting is divided into the following segments:

- The Corporate Customers segment comprises the business with SMEs and major corporate customers around the world with a particular focus on the DACH region. In line with the universal bank approach, a very wide range of products and services are offered. These range from classical to structured and off-balance-sheet financing as well as services in the areas of cash management, working capital management, interest rate, currency and commodities management. Services also cover asset and pension management as well as leasing and factoring business.
- The Real Estate and Infrastructure Financing segment primarily focuses on commercial real estate financing business and on structured project finance. In addition to conventional financing, property, portfolio and corporate financing structures are also offered as an arranger or syndicate bank with a supplementary range of liability, interest rate and currency management products. The range of real estate services also includes asset management, municipal development and development products.
- The Capital Markets Business segment offers products for the management of interest rate, currency, credit risk and liquidity management for institutional, banks, savings banks and public sector customer groups. Also offered are equity and debt financing solutions on the primary market, along with asset management services and custodian bank services. In addition it also includes trading activities for customers. All treasury activities are also allocated to this segment.
- The Private Customers/Savings Banks segment comprises all activities with private customers in retail banking in addition to services for high net-worth private clients. Business customers including non-medical practitioners, freelancers and tradespeople are also assigned to this segment. The product range extends from checking accounts and card business to financing solutions and investment advice. Selected business activities connected with the Bank's function as the central bank for savings banks are also included in this segment.
- The Corporate Items/Reconciliation/Consolidation segment comprises all business activities not included in the segments mentioned above. In particular, these are the financial investments and the management of the Bank's portfolio of buildings. The segment additionally includes purely consolidation adjustments and shows the reconciliation of internal financial control data to external financial reporting data.

Further information on the operating segments can be found in the Group overview in the combined management report section of this 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 with the Group figures in accordance with IFRS accounting standards are presented in the reconciliation statement.

LBBW's income and expenses are allocated to the individual segments in which they arise. There is therefore 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. the investment income from tied-up 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 tied up equity within the segments is calculated based on the determined risk-weighted assets and an imputed capital allocation rate. The segment's return on equity (RoE) is calculated from the (annualized) profit/loss before tax in relation to the average tied-up equity of the reporting period (for definitions of group return on equity (RoE) and cost/income ratio (CIR), see the report on the results of operations, net assets and financial position).

Segment results

01/01/2025 – 31/12/2025 EUR million	Corporate Customers	Real Estate and Infrastructure Financing	Capital Markets Business	Private Customers/ Savings Banks	Corporate Items/ Reconciliation/ Consolidation	LBBW Group
Net interest income	1,269	955	113	480	– 88	2,730
Net fee and commission income	230	10	139	318	– 8	689
Net gains/losses on remeasurement and disposal ¹	– 36	– 254	699	– 14	17	411
of which allowances for losses on loans and securities	– 79	– 253	0	– 17	18	– 332
Other operating income/expenses	27	67	8	1	– 14	89
<i>Total operating income/expenses</i>	<i>1,490</i>	<i>778</i>	<i>958</i>	<i>785</i>	<i>– 93</i>	<i>3,918</i>
Administrative expenses	– 768	– 462	– 626	– 583	– 99	– 2,538
Expenses for resolution fund and deposit guarantee system	– 19	– 12	– 40	– 5	– 2	– 77
Net income/expenses from restructuring	0	– 3	0	0	– 17	– 19
<i>Consolidated profit/loss before tax</i>	<i>704</i>	<i>301</i>	<i>292</i>	<i>198</i>	<i>– 211</i>	<i>1,284</i>
Income taxes						– 341
<i>Net consolidated profit/loss</i>						<i>942</i>
Assets ² (EUR billion)	70.7	61.6	173.9	43.3	– 2.2	347.3
Risk-weighted assets ³ (EUR billion)	35.2	21.8	17.3	8.7	3.7	86.7
Tied-up equity ³ (EUR billion)	5.0	2.8	2.4	1.2	4.9	16.4
Return on equity (RoE) (in %)	14.0	10.7	12.0	16.9		7.8
Cost/income ratio (CIR) (in %)	50.1	46.2	69.6	73.2		62.0

¹ The results from companies accounted for using the equity method allocated to the segments and gains/losses from the disposal of such companies amounted to EUR 7 million in the Corporate Customers segment (including EUR – 5 million from impairment losses) and EUR 0 million in the Real Estate and Infrastructure Financing segment.

² The shares of companies accounted for using the equity method allocated to the segments amounted to EUR 178 million in the Corporate Customers segment and EUR 4 million in the Real Estate and Infrastructure Financing segment.

³ Disclosures in accordance with CRR III.

01/01/2024 – 31/12/2024 EUR million	Corporate Customers ⁴	Real Estate and Infrastructure Financing ⁴	Capital Markets Business ⁴	Private Customers/ Savings Banks ⁴	Corporate items/ Reconciliation/ Consolidation ⁴	LBBW Group
Net interest income	1,145	916	136	476	– 42	2,631
Net fee and commission income	226	4	126	287	– 8	635
Net gains/losses on remeasurement and disposal ¹	– 198	– 146	653	– 13	19	315
of which allowances for losses on loans and securities	– 201	– 152	4	– 16	6	– 360
Other operating income/expenses	43	43	13	10	– 27	81
<i>Total operating income/expenses</i>	<i>1,216</i>	<i>817</i>	<i>929</i>	<i>759</i>	<i>– 59</i>	<i>3,662</i>
Administrative expenses	– 749	– 419	– 595	– 557	– 68	– 2,388
Expenses for resolution fund and deposit guarantee system	– 14	– 6	– 22	– 9	– 1	– 52
Net income/expenses from restructuring	1	4	– 1	0	6	10
<i>Consolidated profit/loss before tax</i>	<i>454</i>	<i>396</i>	<i>311</i>	<i>193</i>	<i>– 121</i>	<i>1,232</i>
Income taxes						– 368
<i>Net consolidated profit/loss</i>						<i>864</i>
Assets ² (EUR billion)	68.7	65.6	181.8	43.2	– 2.9	356.4
Risk-weighted assets ³ (EUR billion)	41.4	27.3	16.5	8.8	3.1	97.1
Tied-up equity ³ (EUR billion)	5.2	3.4	2.1	1.1	3.8	15.8
Return on equity (RoE) (in %)	8.7	11.6	14.5	16.9		7.8
Cost/income ratio (CIR) (in %)	53.8	43.4	66.8	73.1		60.4

1 The results from companies accounted for using the equity method allocated to the segments and gains/losses from the disposal of such companies amounted to EUR – 13 million in the Corporate Customers segment (including EUR – 12 million from impairment losses), EUR 0 million in the Real Estate and Infrastructure Financing segment and EUR – 2 million in Corporate Items (including EUR – 2 million from impairment losses).

2 The shares of companies accounted for using the equity method allocated to the segments amounted to EUR 181 million in the Corporate Customers segment, EUR 4 million in the Real Estate and Infrastructure Financing segment and EUR 0 million in Corporate Items.

3 Disclosures in accordance with CRR II.

4 Restatement of prior-year amounts due to restructuring and 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 – 31/12/2025	01/01 – 31/12/2024 ²	01/01 – 31/12/2025	01/01 – 31/12/2024 ²	01/01 – 31/12/2025	01/01 – 31/12/2024 ²
Net interest income	– 59	– 34	– 28	– 8	– 88	– 42
Net fee and commission income	1	4	– 10	– 11	– 8	– 8
Net gains/losses on remeasurement and disposal	7	– 11	9	30	17	19
of which allowances for losses on loans and securities	18	6	0	– 0	18	6
Other operating income/expenses	– 14	– 27	0	0	– 14	– 27
<i>Total operating income/expenses</i>	<i>– 65</i>	<i>– 69</i>	<i>– 29</i>	<i>10</i>	<i>– 93</i>	<i>– 59</i>
Administrative expenses	– 99	– 68	0	0	– 99	– 68
Expenses for resolution fund and deposit guarantee system	– 2	– 1	– 0	0	– 2	– 1
Net income/expenses from restructuring	– 17	6	0	– 0	– 17	6
<i>Consolidated profit/loss before tax</i>	<i>– 183</i>	<i>– 131</i>	<i>– 29</i>	<i>10</i>	<i>– 211</i>	<i>– 121</i>
Assets (EUR billion)	1.4	0.4	– 3.6	– 3.3	– 2.2	– 2.9
Risk-weighted assets ¹ (EUR billion)	4.1	4.6	– 0.5	– 1.6	3.7	3.1
Tied-up equity ¹ (EUR billion)	5.1	3.9	– 0.2	– 0.1	4.9	3.8

1 Disclosures in accordance with CRR III, prior-year CRR II.

2 Restatement of prior-year amounts due to restructuring and methodology changes that resulted in more detailed segment allocation.

Reconciliation of segment results to the consolidated income statement and consolidated statement of financial position

The reconciliation of the segment results includes matters arising from consolidation. In addition, this is where the management indicators used in internal reporting are reconciled to the figures reported in the external financial statements, which also includes effects from the application of the market interest rate method.

Disclosures at the company level

Information about products and services

With regard to the allocation of income to products and services required under IFRS 8.32, please refer to the explanations entitled "Notes to the income statement" in the Notes.

Segmentation by geographical region

The allocation of results to geographical regions is based on the head office of the branch or Group company and is as follows for LBBW:

01/01/2025 – 31/12/2025 EUR million	Germany	Europe (excl. Germany)	America	Asia	Recon- ciliation/ consolidation	LBBW Group
Total operating income/expenses	3,618	161	92	97	– 50	3,918
Consolidated profit/loss before tax	1,096	114	38	40	– 5	1,284

01/01/2024 – 31/12/2024 EUR million	Germany	Europe (excl. Germany)	America	Asia	Recon- ciliation/ consolidation	LBBW Group
Total operating income/expenses	3,189	183	221	109	– 40	3,662
Consolidated profit/loss before tax	863	143	171	59	– 4	1,232

D. Income statement

10. Net interest income

The interest income and expense items include interest paid and received, accrued interest and pro rata reversals of premiums and discounts from financial instruments. The classification of "silent partners' contributions" as debt under certain circumstances in accordance with IAS 32 means that the expenses to typical silent partners are also reported under interest expenses.

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Interest income and current income from equity instruments</i>	29,721	43,171
Interest income	29,678	43,153
Trading derivatives	11,959	20,668
Lending and money market transactions	9,976	11,822
Hedging derivatives	4,729	7,449
Fixed-income securities and debentures	1,112	1,119
Early termination fees ¹	37	29
Leasing business	443	398
Other	1,416	1,661
Positive interest expenses from financial liabilities	5	6
Current income from equity instruments	44	18
Equities and other non-fixed-income securities	33	11
Equity investments and affiliates	10	7
<i>Interest expenses and current expenses from equity instruments</i>	– 26,992	– 40,540
Interest expenses	– 26,986	– 40,535
Trading derivatives	– 12,210	– 20,866
Hedging derivatives	– 4,623	– 7,369
Deposits	– 5,004	– 6,739
Securitized liabilities	– 3,008	– 2,973
Leasing business	– 51	– 53
Lease liabilities	– 3	– 3
Subordinated capital	– 156	– 187
Other	– 1,927	– 2,339
Negative interest income from financial assets	– 3	– 6
Current expenses from equity instruments	– 6	– 6
Transfer of losses	– 6	– 6
Total	2,730	2,631

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

11. Net fee and commission income

Revenue from contracts with customers is recognized in line with the provisions of IFRS 15. 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.

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net fee and commission income from		
Securities and custody business	273	252
Payments business	117	113
Brokerage business	45	37
Loans and guarantees	136	125
Leasing business	– 3	– 3
Factoring business	14	12
Asset management	105	95
Other	2	5
Total	689	635

The following table shows the itemization of the service types from a gross perspective broken down by income and expenses:

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Fee and commission income</i>	<i>911</i>	<i>845</i>
Securities and custody business	401	365
Payments business	144	141
Brokerage business	51	42
Loans and guarantees	177	168
Lending business	92	86
Financial guarantees	18	17
Guarantee business	66	65
Factoring business	20	19
Asset management	105	95
Other	14	15
<i>Fee and commission expenses</i>	<i>– 222</i>	<i>– 209</i>
Securities and custody business	– 128	– 114
Payments business	– 27	– 29
Loans and guarantees	– 41	– 43
Lending business	– 14	– 12
Guarantee business	– 28	– 31
Brokerage business	– 5	– 4
Leasing business	– 3	– 3
Factoring business	– 6	– 7
Other	– 11	– 11
Total	689	635

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

12. Net gains/losses on remeasurement and disposal

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Net income/expenses from investments accounted for using the equity method	7	– 15
Net gains/losses from financial assets measured at amortized cost	– 336	– 360
Net gains/losses from financial instruments measured at fair value through other comprehensive income	36	– 30
Net gains/losses from financial instruments measured at fair value through profit or loss	704	719
Total	411	315

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

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Net gains/losses on measurement</i>	7	– 15
Net gains/losses from investments in associates	7	– 13
Current expenses	0	– 17
Current income	17	14
Impairment	– 10	– 12
Reversals of impairment losses	0	2
Result from shares in joint ventures	0	– 2
Impairment	0	– 2
Total	7	– 15

The improvement in earnings can primarily be attributed to the discontinuation of a negative measurement effect in the previous year and a positive disposal effect at an associate in the current financial year.

Net gains/losses from financial assets measured at amortized cost

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Net gains/losses on remeasurement (allowances for losses on loans and securities)</i>	– 333	– 362
Reversal of/disposals from allowances for losses on loans and securities	556	462
Net gains/losses from provisions for lending business	10	– 32
Recoveries on loans and securities previously written off	11	13
Direct loan write-offs	– 20	– 5
Gains/losses from financial assets that were already impaired when purchased or originated	27	0
Additions to allowances for losses on loans and securities	– 916	– 801
<i>Realized gains/losses</i>	– 3	2
Lending business net gains/losses on disposal	1	2
Securities net gains/losses on disposal	– 4	0
Total	– 336	– 360

Gains or losses recognized in profit or loss due to derecognizing financial assets measured at amortized cost resulted from the following:

31/12/2025 EUR million	Deconsolidation gain	Deconsolidation loss
Derecognition due to sale	4	– 8
Derecognition for other reasons	1	0

31/12/2024 EUR million	Deconsolidation gain	Deconsolidation loss
Derecognition due to sale	2	0

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

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Net gains/losses on remeasurement (allowances for losses on loans and securities)</i>	1	2
Reversal of/disposals (from allowances for losses on loans and securities)	2	3
Additions to allowances (for losses on loans and securities)	– 1	– 1
<i>Realized gains/losses</i>	35	– 31
Net gains/losses on disposal	35	– 31
Total	36	– 30

The key factor here was gains on disposals of debt instruments that were recognized in the context of active portfolio management.

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

As well as net gains/losses on remeasurement and disposal from financial instruments held for trading, this item also includes gains or losses from the fair value measurement and derecognition of financial instruments mandatorily measured at fair value through profit or loss. All net income from the currency translation of financial assets and liabilities, regardless of their measurement category, is recognized as currency gains/losses within net trading gains/losses.

In addition, realized and unrealized gains and losses from financial assets and liabilities voluntarily designated at fair value (fair value option) are also recognized in this item.

Changes in the value of the hedged items and hedging instruments designated as hedge accounting resulting from the hedged risk (interest risk, foreign currency risk), as well as any ineffectiveness, are recognized in net gains/losses from hedging transactions. The hedging costs of the hedging derivatives used to hedge foreign currency risks are included in cumulative other comprehensive income in equity. Micro hedges are used exclusively to hedge interest rate risks. Group hedges serve to hedge foreign currency risks.

In addition, net income from non-consolidated investments and affiliates for which the option to measure at fair value through other comprehensive income was applied is shown here.

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Net gains/losses from hedging transactions</i>	- 17	- 33
Portfolio fair value hedge	- 7	- 45
of which hedged items	- 396	14
of which hedging instruments	389	- 59
Micro fair value hedge	- 11	12
of which hedged items	- 37	6
of which hedging instruments	26	5
Group fair value hedge	- 0	- 0
of which hedged items	- 2	0
of which hedging instruments	2	- 0
<i>Net trading gains/losses</i>	642	736
Lending business	16	14
Equity transactions	494	58
Foreign exchange transactions	- 18	50
Economic hedging derivatives	193	65
Interest rate transactions	- 83	556
Gains/losses from foreign exchange/commodity products	41	- 7
<i>Net gains/losses from financial instruments designated at fair value</i>	65	- 42
Realized gains/losses	1	- 3
Unrealized gains/losses	64	- 39
<i>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</i>	14	59
Net gains/losses from bills	- 7	- 0
Net gains/losses from credits and loans	3	22
Net gains/losses from equity investments	15	10
Net gains/losses from investments in affiliates	2	3
Net gains/losses from shares and other equity instruments	1	24
Total	704	719

Currency translation differences recognized in currency gains/losses from financial instruments not measured at fair value through profit or loss amounted to EUR 129 million (previous year: EUR 79 million).

13. Net gains/losses from financial instruments

Net gains/losses from financial instruments by category comprise measurement gains/losses and realized gains/losses.

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Financial assets/liabilities mandatorily measured at fair value	1,074	741
Net gains/losses recognized through profit or loss	1,074	741
Financial assets designated at fair value	– 15	3
Financial liabilities designated at fair value	43	– 47
Net gains/losses recognized through profit or loss	80	– 45
Net gains/losses recognized in other comprehensive income	– 37	– 2
Financial assets measured at amortized cost	– 587	– 276
Financial liabilities measured at amortized cost	316	– 257
Equity instruments measured at fair value through other comprehensive income	52	– 8
Financial debt instruments measured at fair value through other comprehensive income	– 203	163
Net gains/losses recognized in other comprehensive income	– 239	192
Net gains/losses transferred from other comprehensive income to the income statement after derecognition	36	– 30

14. Other operating income/expenses

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Other operating income</i>	397	340
Disposal of inventories	140	68
Reversal of other provisions	30	39
Revenue from property services	19	20
Income from cost refunds by third parties	37	30
Operating leases	23	27
Property and equipment and intangible assets	2	3
Lease income from investment property	55	53
Net income from the fair value measurement of investment property	31	33
Foreign currency translation on investment property	0	7
Miscellaneous operating income	61	60
<i>Other operating expenses</i>	– 309	– 259
Disposal of inventories	– 130	– 50
Addition to other provisions	– 4	– 14
Impairment of inventories	– 24	– 49
Operating leases	– 10	– 12
Operating expenses for leased properties	– 11	– 11
Net losses from the fair value measurement of investment property	– 14	– 29
Foreign currency translation on investment property	– 5	0
Miscellaneous operating expenses	– 111	– 94
<i>Total</i>	89	81

The sub-item income and expenses from the disposal of inventories includes income and expenses from project development, from the real estate business, from the sale of new properties, from construction services, from unfinished development measures and from the sale of undeveloped land in accordance with IFRS 15.

15. Administrative expenses

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Staff costs</i>	– 1,330	– 1,236
Wages and salaries	– 944	– 899
Expenses for pensions and benefits	– 90	– 92
Social security contributions	– 166	– 149
Other staff costs	– 130	– 96
<i>Other administrative expenses</i>	– 1,024	– 1,025
IT costs	– 576	– 536
Legal and consulting expenses	– 122	– 139
Expenses from leases	– 4	– 4
Cost of premises	– 96	– 115
Association and other contributions	– 57	– 56
Advertising, public relations and representation costs	– 36	– 40
Audit costs	– 13	– 12
Miscellaneous administrative expenses	– 119	– 123
<i>Depreciation, amortization and write-downs¹</i>	– 185	– 128
Amortization and write-downs of intangible assets	– 91	– 59
Depreciation and write-downs of property and equipment	– 58	– 33
Depreciation and write-downs on right-of-use assets	– 36	– 36
Total	– 2,538	– 2,388

¹ This includes scheduled and unscheduled write-downs. The partial amount of the unscheduled write-downs can be found in Notes 45 and 47.

In addition to salary adjustments and increases in collectively agreed wages, an increase in the number of employees to accompany the growth of business also had an adverse impact. Social security contributions also rose substantially as a result.

Non-recurring expenses in connection with the technical IT support accompanying the integration of Berlin Hyp AG in LBBW as well as investments in the IT infrastructure combined to drive up costs. In addition, the implementation of targeted investments in the ongoing development of IT and in cyber defense, with a focus on supporting more secure and efficient IT systems, as well as the introduction of regulatory requirements (including DORA) led to further increases in expenses. Moreover, LBBW significantly expanded its use of AI in 2025, especially in the further development of blue.gpt and the extension of the AI platform Core AI to provide operational support for the core business.

The increase mainly reflects unscheduled write-downs in connection with the integration of Berlin Hyp AG, with the shutdown of IT systems and a shortened remaining useful life for software having a negative impact here. Write-downs on buildings of Berlin Hyp AG also had to be implemented as a result of updated market valuations.

For further explanations on leasing business, please see Note 48.

Expenses for pensions and other benefits included:

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Expenses for defined benefit obligations</i>	– 79	– 82
Net interest income from defined benefit plans	– 33	– 32
Service cost	– 48	– 51
Other income and expenses including income from the reversal of pension provisions and currency translation	1	1
<i>Other expenses for pensions and benefits</i>	– 6	– 6
<i>Expenses for defined contribution obligations</i>	– 4	– 3
Total	– 90	– 92

In addition to the expenses for pensions, LBBW paid EUR – 76 million (previous year: EUR – 72 million) into the German pension fund for employees in the financial year and reported this as an expense under social security contributions.

Fees for audit costs were expensed in the amount of EUR – 13 million in the financial year (previous year: EUR – 12 million). The (net) fees for audit costs in accordance with IDW RS HFA 36 broke down as follows:

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Audit services	– 10	– 9
Other audit-related services	– 1	– 2
<i>Total</i>	<i>– 11</i>	<i>– 11</i>

The audit services related above all to the audits of the annual financial statements and the consolidated financial statements of the parent company, as well as various audits of the annual financial statements of its subsidiaries including mandatory extensions of contract. Audit reviews of interim financial statements and clarification of specialist accounting and regulatory matters were integrated in the audit.

The other audit-related services concern mandatory or contractually agreed audits, such as the audit pursuant to section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and section 68 (7) of the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB), the audit of the SWIFT CSP assessment, the audit for assessing the contribution for the bank-related guarantee system of the Sparkassen-Finanzgruppe, which is recognized as a deposit guarantee system under section 5 (1) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG) and the issue of letters of comfort.

16. Expenses for resolution fund and deposit guarantee system

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Expenses for the deposit guarantee system (deposit protection fund)	– 0	– 52
Expenses for the DSGVO supplementary fund (institutional protection fund)	– 77	0
<i>Total</i>	<i>– 77</i>	<i>– 52</i>

As the target volumes for both the bank levy fund and for the statutory deposit guarantee system were reached, no further contributions were required in 2025.

Contributions to the institutional protection scheme of the savings banks for a newly established supplementary fund had to be paid for the first time in the year under review, however. The fund will supplement the existing security arrangement and not only fulfills supervisory requirements for banks, but will also enable a faster response in crisis situations as well flexible support for institutions that are affected.

17. Net income/expenses from restructuring

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Reversal of provisions for restructuring measures	19	11
Additions to restructuring provisions	– 38	– 1
Current expense/income from restructuring	0	– 1
<i>Total</i>	<i>– 19</i>	<i>10</i>

Additions to restructuring provisions were necessary in the course of the integration of Berlin Hyp AG in particular in view of the implementation of human resources measures to leverage efficiencies.

18. Income taxes

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
Current income taxes from the reporting period	– 266	– 309
Current income taxes from previous years	3	– 11
<i>Current income taxes</i>	– 263	– 320
<i>Deferred income taxes</i>	– 78	– 47
of which deferred income tax expense/income from change in temporary differences	– 73	19
of which deferred income tax expense/income from change in deferred tax assets from loss carryforwards	– 5	– 67
of which deferred tax expense/income from change in tax rates	5	0
of which deferred tax expense due to impairments or the reversal of previous impairments	0	– 13
of which decrease in deferred income tax expense from previously unrecognized loss carryforwards and tax credits	1	2
Total	– 341	– 368

The following reconciliation shows the relationship between reported and expected income taxes:

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Consolidated profit/loss before tax</i>	1,284	1,232
Applicable tax rate (in %)	30.525	30.525
<i>Expected income taxes</i>	– 392	– 376
Tax effects		
from non-deductible operating expenses	– 24	– 27
from tax-free income	33	7
from change to value adjustments	– 9	– 21
from taxes from the previous year recorded in the financial year	60	– 2
from permanent tax effects	– 24	9
from changes in tax rates	5	0
from differing tax rates affecting deferred taxes as shown in profit or loss	7	19
from other differences	3	23
Total	– 341	– 368

The tax rate used for the reconciliation is calculated as the combined corporate income tax rate including the solidarity surcharge of 15.825% applicable in Germany at the reporting date and the trade tax rate (average: 14.70%) depending on the relevant multiplier (Hebesatz).

Tax-free income includes in particular gains on disposals from non-consolidated equity investments.

Taxes from previous years that are recognized in the financial year result mainly from the change of the tax regime at the New York branch as part of the 2024 tax return as well as the successful conclusion of mutual agreement procedure.

The effect from changes in tax rates can be attributed to the "Gesetz für ein steuerliches Investitionssofortprogramm zur Stärkung des Wirtschaftsstandorts Deutschland" (Act for an immediate tax investment programme to strengthen Germany as a business location), which provides for a gradual reduction of corporate income tax from 2028 onward. This led to deferred tax income of EUR 5 million from the restatement of deferred tax assets and deferred tax liabilities of the German companies of the LBBW Group as at 31 December 2025.

The volume of tax loss and interest carryforwards, as well as the installments for which deferred tax assets are not recognized are shown in the following table. It is stated whether the loss and interest carryforwards not recognized can still be used in subsequent years according to the relevant tax law. Loss and interest carryforwards in companies subject to tax in Germany can be used for an indefinite period.

EUR million	01/01/2025 – 31/12/2025	01/01/2024 – 31/12/2024
<i>Loss and interest carryforwards</i>	1,561	1,623
of which loss and interest carryforwards for which deferred tax assets were created	262	298
of which loss and interest carryforwards for which no deferred tax assets were recognized	1,299	1,326
of which expire in 2026 and thereafter	7	7
of which non-forfeitable	1,292	1,319

No deferred tax assets (previous year: EUR 1 million) were recognized for Group companies that incurred a tax loss in the current or previous financial year that depends on the realization of future taxable profits that are higher than the impact on earnings from the reversal of existing taxable temporary differences.

Deferred tax assets are potential tax benefits arising from temporary differences between the carrying amounts of the assets and liabilities in the consolidated statement of financial position in accordance with IFRS accounting standards and the national tax base. Deferred income tax liabilities are potential income taxes payable arising from temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position in accordance with IFRS accounting standards and the national tax base.

Deferred tax assets and liabilities were recognized in connection with the following items in the 2025 financial year:

EUR million	Deferred tax assets		Deferred tax liabilities	
	2025	2024	2025	2024
Assets				
Financial assets measured at amortized cost	1,450	1,748	– 424	– 432
Financial assets measured at fair value through other comprehensive income	338	371	– 593	– 681
Financial assets designated at fair value	17	15	– 26	– 43
Financial assets mandatorily measured at fair value through profit or loss	258	276	– 1,679	– 2,309
Portfolio hedge adjustment attributable to assets	119	59	0	0
Non-current assets held for sale and disposal groups	1	0	0	0
Intangible assets	3	1	– 89	– 6
Property and equipment/investment property	74	0	– 138	– 198
Other assets	216	178	– 50	– 134
Equity and liabilities				
Financial liabilities measured at amortized cost	1,268	1,483	– 545	– 742
Financial liabilities designated at fair value	328	340	0	0
Financial liabilities mandatorily measured at fair value through profit or loss	4	808	– 414	0
Portfolio hedge adjustment attributable to liabilities	0	0	– 328	– 357
Provisions	526	569	– 2	0
Other liabilities	392	41	0	– 89
Loss and interest carryforwards	58	63	0	0
Outside basis differences	0	0	– 3	– 14
Net amount	– 4,262	– 4,979	4,262	4,979
Total	790	973	– 29	– 26
<i>Change in the balance from deferred taxes</i>	– 186	– 53		
of which changes recognized in profit or loss	– 77	– 48		
of which from valuation reserves (from FVOCI financial instruments)	– 83	23		
of which measurement gains/losses of financial liabilities	17	1		
of which retained earnings (provisions - actuarial gains/losses)	– 43	– 29		

No deferred tax liabilities were recognized for taxable temporary differences of EUR 7 million (previous year: EUR 5 million) from shares in subsidiaries and joint ventures, as a reversal of the temporary differences is not expected in the near future.

The OECD Pillar 2 Model Rules were transposed into German law at the end of 2023 (Mindeststeuergesetz, MinStG – Minimum Tax Act) and have had to be applied since the 2024 financial year. The LBBW Group falls within the scope of these regulations.

An analysis was carried out as at the reporting date to identify the jurisdictions where a global minimum tax could potentially affect the Group. This showed that the minimum tax affects the business operations in Singapore and the United States of America. As at 31 December 2025, the Group recognized a current tax expense of EUR 11 million (previous year: EUR 1 million) for the supplementary tax in connection with the global minimum tax. This is allocated to the tax effects from differing tax rates in the reconciliation.

The LBBW Group continues to closely monitor the legislative developments regarding a potential minimum tax in every country in which it operates.

The temporary exemption in IAS 12, which states that deferred tax assets and liabilities related to the global minimum taxation should neither be recognized nor disclosed, is applied.

E. Financial instruments

Accounting policies

19. Recognition

Financial instruments are initially recognized when LBBW (Bank) or a subsidiary included in the consolidated financial statements becomes a contractual party of the financial instrument. The financial instruments are derecognized if one of the following events occurs:

- Contractual rights to the cash flows from a financial asset expire (e.g. repayment of loans or expiry of options).
- The financial asset is sold in full or in part (e.g. sale of securities (true sale) or syndication).
- Cash flows, including the material opportunities and risks from the financial asset, are passed on to third parties via contractually arranged obligations ("pass through-arrangement").
- The contractual terms and conditions of a financial asset or liability have been substantially modified. The distinction between substantial and non-substantial modifications is based on judgments. At LBBW, a contractual amendment is considered a substantial modification if it results in a change of currency or changes the gross carrying amount of a financial asset or the amortized costs of a financial liability by 10% or more or if the changes to the contract mean that maintaining the previous measurement category is no longer permitted. By contrast, non-substantial modifications lead not to derecognition but to an adjustment of the gross carrying amount or amortized cost through profit or loss.
- The financial liability is repaid.
- The financial liability is repurchased.

If material opportunities and risks are neither transferred nor retained when transferring a financial asset to third parties, derecognition from the statement of financial position is conditional upon control of the asset being transferred. In this case, the financial asset is derecognized when the recipient is entitled and also able to sell or pledge the transferred financial asset to third parties without requiring the agreement of the transferring entity or needing to impose restrictions on resale. If control is not transferred, the transferred asset must continue to be recognized in LBBW's statement of financial position in the amount of the continuing involvement and an associated liability must also be recognized.

Spot purchases and sales of financial assets that are delivered not on the trade date but instead within a standard period on the settlement date are recognized on the settlement date, regardless of the category.

Genuine securities repurchase transactions and securities lending transactions

Securities under genuine repurchase transactions continue to be recognized in the pledgor's statement of financial position. The pledgor recognizes a liability to the pledgee and the pledgee recognizes a receivable from the pledgor. Both are measured at amortized cost. The pledgor is still entitled to interest and dividends from the securities and recognizes these through profit or loss. Any difference between the amounts received when the securities were originally transferred and the amount to be paid upon return must be allocated by the pledgor to the liability over the term of the repurchase agreement. The pledgee must recognize the receivable.

The same applies to securities lending transactions with cash collateral. By contrast, no liability or receivable is recognized for lending transactions without cash collateral. The consideration paid by the borrower is reported under net interest income.

Development loans

A two-stage transmission procedure is used at the public sector savings banks and Volks- and Raiffeisen banks to transmit development loans to final borrowers. In this transmission chain, LBBW is located between the development bank and the affiliated savings bank and must recognize a liability to the development bank and a receivable of the same amount from the savings bank for the development loans passed through. Given the volume of development loans, loans and advances to banks and deposits from banks are not comparable to the corresponding items at private banks. For this reason, these transmitted loans are disclosed separately under the two items.

Embedded derivatives

Derivatives embedded in financial liabilities must be separated and recognized as independent derivatives under the following conditions:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid contract is not measured at fair value through profit or loss.

20. Measurement

Financial instruments are recognized at fair value. Transaction costs for financial instruments measured at fair value through profit or loss are recognized directly in profit or loss. In all other cases, transaction costs - where material - are distributed on an accrual basis.

After acquisition, financial instruments are measured either at amortized cost or at fair value. For financial assets, amortized cost generally constitutes impairment. The following measurement categories are used:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss

Categorizing financial assets

Financial assets are assigned to one of these categories on the basis of a classification decision at the time of acquisition. The classification decision depends on the objectives of the respective business model for managing financial assets and whether the financial asset represents a simple loan agreement and thus generates solely payments of principal and interest within the meaning of IFRS 9.

The business models are determined at portfolio level and provide information about the investment strategies for assets included in a portfolio. LBBW has three business models: "Hold", "Hold to collect and sell" and "Sell". The business models are identified on the basis of portfolio-specific information on remuneration and measuring performance, internal reporting and risks and risk management. At LBBW (Bank), the portfolios are identified and the individual business models determined by the LBBW (Bank) Board of Managing Directors. For subsidiaries included in the consolidated financial statements, this is done by the management of the subsidiary in question. At LBBW (Bank), business models are generally determined at the segment level, with the exception of the Capital Markets segment, where business models are defined at a more granular level. As opposed to other segments, which (with some exceptions - syndicated loans) use the "Hold" business model, this segment features a diverse variety of portfolios under the business models "Hold", "Hold to collect and sell" and "Sell".

The "Hold" business model means that the intention is to hold the assets of a portfolio for the foreseeable future and to collect the payments of principal and interest over their term. Sales from these portfolios are not intended. Nevertheless, financial assets whose credit risk has increased since initial recognition could still be sold under a "Hold" business model. The same applies to sales made close to maturity, if the proceeds from the sales approximate the collection of the remaining contractual cash flows, and to infrequent sales and sales involving smaller volumes. Sales from portfolios operating under the "Hold" business model are subject to internal processes which monitor holding intent. For this purpose, sales agreements with third parties under civil law are considered sales, which lead to the assets sold being derecognized from the statement of financial position.

The "Hold to collect and sell" business model does not involve the strict intention to hold the financial assets in a portfolio in the long term. In addition to collecting cash flows from the financial assets held, the assets can also be sold in line with

the investment strategy of the portfolio. These kind of investment strategies can be found, to some extent, in portfolios in the Treasury's area of responsibility.

The "Sell" business model comprises all investment strategies that do not fall under the other two models. In particular, this includes financial assets acquired for trading and shares of loans intended for syndication. In the LBBW Group, loans intended for syndication are allocated to two portfolios with different business models. The part of the loan to be placed on the market is assigned to a "Sell" business model portfolio while the final take is assigned to a "Hold" portfolio. Syndicated loans for which placement was unsuccessful remain in the original "Sell" portfolio permanently.

The term "repayment" generally refers to the repayment of capital. For the purpose of classifying financial assets, the capital concept is defined not as the nominal value but as the fair value of the financial asset on initial recognition. The interest term also has its own definition for the purpose of classifying financial assets. It represents consideration for the provision of capital and can only include components which are also reflected in a simple credit agreement. These include:

- time value of money
- credit risk premium
- surcharges for other risks associated with a loan (e.g. liquidity risk)
- surcharges for costs associated with a loan (e.g. administrative costs)
- profit margin

Equity instruments and derivatives thus do not constitute financial assets comparable to a simple loan agreement. The same applies to debt instruments with embedded derivatives that generate leverage. Non-recourse financing, which primarily involves an investment risk, also constitutes a breach of a simple loan relationship. At LBBW, non-recourse financing includes financing of special investment vehicles, which are characterized by the limitation of the right of recourse of LBBW (Bank) to certain assets of the special investment vehicle or payments from these assets. At LBBW (Bank), this method of financing is therefore always consistent with a simple loan agreement if either the special investment vehicle is able to service its debt without selling the financing object or if sufficient unimpaired collateral has been provided by third parties.

Especially in lending business with corporate customers, LBBW's product portfolio also includes financial assets for which interest rates are linked to the debtor's achievement of ESG targets. These products generally have variable interest rates (e.g. 3M Euribor) and include a sustainability component as well as the usual features (e.g. 0% floor). These are contractually defined targets that make a statement on the debtor's sustainability and that are regularly reviewed. The targets agreed between LBBW and its customers frequently relate to receiving an ESG rating from or having an ESG rating confirmed by an ESG rating agency. There is also a wide range of other targets, from reducing CO₂ emissions to improving workplace safety to increasing the percentage of women in leadership positions. If the agreed targets are achieved, the interest rate for the subsequent period(s) is reduced by a contractually agreed amount. Conversely, the interest rate also increases if the contractual target is not achieved. These sustainability components can be found in a wide variety of loan products and are used in both syndicated loans and bilateral loans. The agreed interest rate premiums or discounts are often in the order of a few basis points and, in LBBW's opinion, do not preclude a simple loan agreement within the meaning of IFRS 9.

LBBW also chooses to voluntarily recognize selected equity investments not held for trading at fair value through other comprehensive income in order to keep net consolidated profit/loss free from measurement volatility arising from these equity investments (OCI option). Furthermore, LBBW voluntarily recognizes selected financial assets at fair value through profit or loss if this offsets or reduces fluctuations in results that are not justified from an economic viewpoint and that arise from countertransactions that must be recognized at fair value through profit or loss (fair value option).

Reclassification on account of a change in business model after acquisition is permitted only in exceptional cases.

Basis for measurement category

Business model	Simple loan relationship	Choice exercised	Category
Hold	Yes	No	Measured at amortized cost
		Yes (fair value option)	Measured at fair value through profit or loss
	No	No	Measured at fair value through profit or loss
		Yes (OCI option)	Measured at fair value through other comprehensive income
Hold to collect and sell	Yes	No	Measured at fair value through other comprehensive income
		Yes (fair value option)	Measured at fair value through profit or loss
	No	No	Measured at fair value through profit or loss
		Yes (OCI option)	Measured at fair value through other comprehensive income
Sell	Yes/no	n/a	Measured at fair value through profit or loss

Categorizing financial liabilities

Financial liabilities are to be categorized as "measured at amortized cost". However, this does not apply to financial guarantees or financial liabilities measured at fair value through profit or loss. At LBBW, the latter group primarily comprises financial liabilities held for trading and selected financial liabilities voluntarily measured at fair value through profit or loss to offset or reduce fluctuations in results that are not justified from an economic viewpoint and that arise from countertransactions that must be recognized at fair value through profit or loss (fair value option).

In financial liabilities measured at amortized cost, embedded derivatives are also to be recognized as independent derivatives at fair value through profit or loss under certain conditions.

21. Allowances for losses on loans and securities

In accordance with IFRS 9, impairment for credit risks is recognized using a three-stage impairment model on the basis of expected credit losses.

Calculating allowances for losses on loans and securities

A review is carried out on an ongoing basis to assess whether there is any evidence that a financial asset is credit-impaired. The criteria for this review are based on the regulatory definition of default in accordance with the Capital Requirements Regulation (CRR). This definition is also used for internal management. They apply to all customers, regardless of rating or scoring procedures.

If there is no evidence of credit impairment, impairment losses are recognized in the amount of the expected credit loss. The time frame for determining this essentially depends on whether the asset's default risk has risen significantly since initial recognition (Stage 2) or not (Stage 1). The entire remaining term of the financial instrument is recognized for Stage 2 assets, whereas a term of 12 months is generally recognized for Stage 1 assets. They are transferred to Stage 2 if there is reliable information indicating a significant increase in credit risk (SICR) of a financial instrument. The SICR analysis takes account of macroeconomic and sector-specific expectations, as well as forward-looking information. The SICR check is carried out for the individual transaction. If information for homogeneous sub-portfolios of financial instruments that exhibit a common risk characteristic and are assigned to Stage 1 based on an individual assessment is available that indicates a significant increase in the default risk of the sub-portfolio, the financial instruments included in the sub-portfolio are collectively transferred to Stage 2.

If there is evidence of credit impairment, the impairment loss for significant financial assets is calculated as the gross carrying amount of the financial instrument less the present value of the estimated cash flows (Stage 3). To calculate anticipated future cash flows, various probability-weighted scenarios are used to estimate expected proceeds from the financial instrument (payments of principal and interest) and any payments from the liquidation of collateral on the basis of their amount and accrual date. The procedure for financial assets that are not significant is the same as for Stage 2 assets (Stage 3 based on parameters).

For financial assets allocated to Stages 1 and 2 or measured on the basis of parameters under Stage 3, the expected credit loss is calculated based on the probability of default (PD), the estimated loss given default (LGD) and the expected exposure at default (EaD). For Level 3 financial instruments, a default probability (PD) of 100% is assumed.

Regardless of the remaining term, expected credit losses (calculated as the product of the three parameters already described) are discounted to the end of the reporting period using the effective interest rate of the financial instrument or an approximation of this rate. This does not apply to significant financial assets which already show credit impairment at initial recognition. In this case, the effective interest rate is adjusted by taking into account the life-time expected credit

losses, with the result that no further allowances for losses on loans and securities are reported on initial recognition. The credit-adjusted effective interest rate resulting from this is used for subsequent measurement.

LBBW has not used the simplified approach in accordance with IFRS 9.5.5.15 for lease receivables.

Inputs and assumptions

The process used to calculate expected losses is described in the Counterparty risk section of the combined management report under risk measurement. The section below considers some additional aspects specific to IFRS 9.

Specific rating and risk classification procedures are used for all relevant business activities. These procedures quantify the probability of default (PD) of the individual investments, which is initially standardized to 12 months. In addition, multi-year PDs are determined on the basis of many years of internal rating and default histories. Historical, current and forward-looking information is considered when determining customer creditworthiness, provided that this demonstrably improves the forecast quality. The PDs that are assigned to the regulatory ratings are transferred to cyclically adjusted PDs using macro models that include macroeconomic and sector-specific risk factors in addition to the regulatory PD.

The loss given default (LGD) is primarily determined by the probability of recovery and the collateral ratio of the underlying asset. There are specific forecasts for different types of collateral and customer groups. Model parameters are generally estimated based on internal loss histories, with appropriate weighting ensuring their representativeness for the transactions in the active portfolio. LGD is initially estimated for a default within the next 12 months. In addition, multiyear loss rates for defaults are determined using collateral value models and EaD forecasts for each potential default date for the obligor. As with the probability of default, forward-looking information is also taken into consideration and collateral values are adjusted for expected cyclical effects.

The expected exposure at default (EaD) is determined using various models on the basis of the characteristics of the underlying financial instrument. For non-revolving financial instruments, contractually agreed cash flows are taken into account that are expanded to include customer and transaction specific characteristics if financial instruments are not disbursed in full in order to determine the full disbursement date and a linear disbursement profile. For revolving commitments, different types of regression models are used to forecast expected use for any point in the future until the end of the contract. This is based on statistical business and customer characteristics, the period until the default date and the credit line's historical draw-down pattern. If this is not explicitly stipulated, the notice period is used to determine the term. A performance-based term that extends beyond the notice period is estimated on the basis of historic data only for overdrafts and credit cards. Guarantees, which are not fully used in the event of default, represent a special case. The amount at risk for these transactions is calculated by means of a credit conversion factor (CCF).

Consideration of changes to estimation techniques or assumptions

All models used to calculate expected credit losses in the reporting period were maintained regularly and adjusted if necessary. In particular, the methodology for taking personal collateral into consideration has been refined. Otherwise, no significant methodological changes affecting the calculation of expected losses have been carried out.

Consideration of forward-looking information

Allowances for losses on loans and securities are determined in principle using a probabilistic multi-scenario approach in which alternative future developments of macroeconomic, sector-specific and structural factors together with probabilities of occurrences are assumed. Following on from this factor projections, scenario forecasts are determined for the PD and LGD parameters using macro models. Inputs for the macro models are also determined using qualitative information and estimates. In contrast, the EAD parameter is assumed largely independently of future cyclical and structures developments.

Three criteria are used to assess whether to assign a financial instrument to Stage 1 or Stage 2:

- Quantitative transfer criterion: First, the expected probability of default at the end of the reporting period is calculated using the initial rating and expected migrations specific to the segment. If the current probability of default is significantly worse than the expected value at the end of the reporting period, the financial asset is transferred. If the current probability of default is three times the probability of default expected at the reporting date, based on the initial recognition of the financial instrument, a transfer is generally made to Level 2 (ECB backstop)
- "De minimis threshold" criterion: A change in the probability of default by a maximum of 10 basis points in comparison to the initial rating is considered low. The financial instrument is allocated to stage 1 in these cases.
- Qualitative transfer criterion "Warning signals": A financial instrument is always assigned to Stage 2 if certain warning signals are present. These include internal warning signals (e.g. observation case or seizure), 30-day arrears, actively intensified loan management and forbearance measures.

Securities are exempt from the above criteria; stages are allocated on the basis of the current rating. If the rating is investment grade, the securities are allocated to Stage 1. In all other cases, they are allocated to Stage 2. The definition of "investment grade" is based on international standards.

There is another exception for financial assets which already showed credit impairment at initial recognition. In this case, impairment loss is always measured using the life-time expected credit losses of the financial instrument, even when recovery is expected or actually occurs. There is no stage transfer for these instruments.

For the quantitative aspects of the transfer criterion, the current rating is considered. As shown by analysis in the context of maintaining and validating the transfer criterion, this is equivalent to measuring the probability of default over the remaining term.

If the criteria described above for allocation to stages 2 and 3 cease to apply, it is transferred back to stage 1 following a period of compliance.

Depreciation, amortization and write-downs

A financial instrument is written down directly if an actual, potentially only partial, default has occurred. This is considered uncollectible if no surrogate substitutes for the defaulted receivable. The receivable is derecognized. This is the case, for example, with:

- insolvency, when no further proceeds from the liquidation of collateral or an insolvency ratio are expected,
- terminated exposures where the residual receivables cannot be settled;
- full or partial debt waiver;
- sale of receivables with a loss

Exposures that are still subject to enforcement activity after being written down are serviced centrally. The objective is to collect extraordinary income from these receivables. To this end, negotiations are conducted with customers in order to achieve voluntary repayments or settlements, engage in personal enforcement against the debtor's assets, accompany insolvency proceedings and account for payment transactions.

Balance sheet recognition

For financial assets measured at amortized cost, allowances for losses on loans and securities are deducted directly. The amount remaining after the deduction of allowances for losses on loans and securities is reported in the statement of financial position. For transactions subject to measurement at fair value through other comprehensive income, the amount reported in the statement of financial position is the fair value. Allowances for losses on loans and securities for off-balance-sheet transactions are shown in the item provisions for credit risks.

22. 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 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 regards the most advantageous market to be the 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 the applying 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 the "Risk Control" division. The models, the data used in them and the resulting fair values are regularly reviewed by the "Traded Risk Methods" organizational unit.

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

Financial instruments	Measurement models	Material parameters
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
Equity 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 held for sale and disposal groups" 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

To the extent 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, as 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 that the equity investment's business activities are stable.

Receivables and payables

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 construct 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.

23. Recognition

Net amount

Financial assets and financial liabilities are recognized in the statement of financial position on a net basis if, at the statement of financial position date, the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to liquidate the respective asset and settle the associated liability simultaneously. In all other cases, they are recorded by way of gross disclosure.

If asset and liabilities are reported as offset in the statement of financial position, the associated income and expenditure in the income statement must also be offset, unless offsetting is expressly prohibited by an applicable accounting standard.

Measurement categories and recognition/recognition of gains/losses

Measurement category	Recognition
Recognition in the statement of financial position	
	Cash and cash equivalents
	Financial assets measured at amortized cost
Financial assets measured at amortized cost	Other assets
Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income
	Financial assets designated at fair value
Financial assets measured at fair value through profit or loss	Financial assets mandatorily measured at fair value through profit or loss
Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost
	Other liabilities
	Financial liabilities designated at fair value
Financial liabilities measured at fair value through profit or loss	Financial liabilities mandatorily measured at fair value through profit or loss
n/a	Portfolio hedge adjustment attributable to assets
	Portfolio hedge adjustment attributable to liabilities
Recognition of gains/losses	
	Net interest income (interest income)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial assets measured at amortized cost (allowances for losses on loans and securities, net gains/losses on disposal)
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
Financial assets measured at amortized cost	
	Net interest income (interest income, dividends)
	Net gains/losses on remeasurement and disposal (debt instruments only)
	Net gains/losses from financial instruments measured at fair value through other comprehensive income (allowances for losses on loans and securities, gains/losses on disposal)
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
	Net consolidated profit/loss in equity
	Retained earnings (gains/losses from the sale of equity instruments)
	Measurement gains/losses from equity instruments (change in fair value, transfers from gains/losses on disposal to retained earnings)
Financial assets measured at fair value through other comprehensive income	Measurement gains/losses from debt instruments (change in fair value, allowances for losses on loans and securities, hedge accounting)
	Net interest income (interest income)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (changes in fair value, gains/losses on disposal, hedge accounting, currency translation)
Financial assets measured at fair value through profit or loss	
	Net interest income (interest expenses)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
Financial liabilities measured at amortized cost	
	Net interest income (interest expenses)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (changes in fair value, hedge accounting, currency translation)
	Net consolidated profit/loss in equity
	Measurement gains/losses from own credit rating (only from fair value option and only if this does not create or increase any measurement discrepancies)
Financial liabilities measured at fair value through profit or loss	

Classes

Financial instruments are to be partially sorted into classes to comply with disclosure requirements. Determining classes requires making discretionary decisions. LBBW's classes account for measurement categories, balance sheet items and product groups. The level of detail varies for class-related disclosure requirements and has been chosen to ensure that there is not too much non-essential information provided nor is information relevant to decisions hidden.

24. Hedge relationships

Changes in interest rates and exchange rate fluctuations can have a substantial impact on the value of financial instruments. LBBW therefore applies the provisions on accounting for hedge relationships to account for the economic effects of risk management in the banking book. Applying these provisions means that valuation adjustments to the hedged items through profit or loss largely offset the unilateral fluctuations in results, which are not justified from an economic viewpoint, as a result of measuring derivative hedging instruments. The opening pages of the risk report and the explanations on market price risk in the management report provide an insight into LBBW's risk management strategy.

All hedge relationships at LBBW are to hedge the fair value of hedged items (fair value hedges). Internal guidelines at LBBW allow for micro fair value hedges, portfolio fair value hedges and group fair value hedges. Micro and group fair value hedges are recognized in accordance with IFRS 9, the portfolio fair value hedges on the other hand continue to be recognized in accordance with the provisions of IAS 39. Intercompany hedging relationships, which comprised financial instruments of LBBW (Bank) and financial instruments of Berlin Hyp AG, were also recognized in the portfolio fair value hedges up until the Berlin Hyp AG integration

LBBW has internally approved the designation of the following risk components as hedged items:

- changes in the fair value of fixed-income underlying transactions as a result of the change to benchmark interest rates (e.g. 3M Euribor) (micro fair value hedge, portfolio fair value hedge)
- changes in the fair value of layer components of nominal amounts from deferred and single currency groups of hedged items in foreign currencies as a result of exchange rate fluctuations (group fair value hedge)
- in individual cases, changes in the fair value of fixed-income hedged items in foreign currencies as a result of the combined interest rate and currency risk (micro fair value hedge)

Hedged items are accounted for depending on the type of hedge relationship:

- Micro fair value hedge: For financial assets measured at amortized cost, the carrying amount is adjusted. For financial assets measured at fair value through other comprehensive income, it is "Other comprehensive income" in equity. In both cases, the adjustment is made through profit or loss and is equal to the changes in fair value attributable to the hedged risk components. The effect of this on net gains/losses is reported in "Net gains/losses from hedging transactions", a sub-item of "Net gains/losses on remeasurement and disposal". The adjustments to carrying amounts and adjustments in "Other comprehensive income" are amortized over the remaining term of the hedged item in net interest income after the end of the hedge relationship. If the hedge relationship is ended because the hedged item is disposed of (e.g. sale, early redemption), this adjustment is immediately reported in "Net gains/losses on remeasurement and disposal".
- Portfolio fair value hedge: The statements on micro fair value hedge essentially also apply to the portfolio fair value hedge. Unlike for micro fair value hedges, however, the changes in fair value attributable to the hedged risk components are recognized separately under "Portfolio hedge adjustment attributable to assets" or "Portfolio hedge adjustment attributable to liabilities".
- Group fair value hedge: The hedged items are recognized in exactly the same way as financial instruments in the same measurement category that are not connected with any hedge relationship. In departure from this, only the gains/losses resulting from currency translation are recognized in "Net gains/losses from hedging transactions".

LBBW uses interest rate swaps and cross currency swaps as hedging instruments. For micro fair value hedges, derivatives are always designated as hedging instruments in their entirety. For portfolio fair value hedges, derivatives can also be designated on a percentage basis. For group fair value hedges, however, currency-basis spreads of cross currency swaps are exempt from being designated as hedging instruments. All hedging instruments are recognized under "Positive fair values from derivative hedging instruments" or "Negative fair values from derivative hedging instruments". Changes to fair value for group fair value hedges attributable to the currency-basis spreads of cross currency swaps relate to period-based hedged items and are reported in "Other comprehensive income". Changes to fair value of the designated hedging instruments are recognized in "Net gains/losses from hedging transactions" through profit or loss.

The use of particular provisions to account for hedge relationships is subject to certain conditions. At the start of a hedge relationship, the hedging transaction must be formally designated and documented, as must the risk management objectives and strategies in connection with the hedge. Furthermore, regular evidence must be provided at the beginning and in the subsequent period that the hedge relationship is effective. Requirements vary for different types of hedges:

- Micro and group fair value hedges: Effectiveness must be demonstrated prospectively. LBBW demonstrates this monthly. For the micro fair value hedges, the prospective effectiveness at LBBW (Bank) is demonstrated using regression analysis. Critical term matches are used for group fair value hedges, which have so far been recognised only at LBBW (Bank). This indicates whether the hedging instrument and the hedged item are expected to have offsetting future changes in value in relation to the hedged risk, taking into account the credit risk of the hedged item and the hedging transaction. Furthermore, the hedging ratio for the hedging relationship must be the same as the hedging ratio resulting from the volume of actual hedged items and the volume of hedging instruments actually used for hedging.
- Portfolio fair value hedges: Effectiveness must be demonstrated prospectively and retrospectively. Prospective effectiveness is demonstrated using regression analysis and retrospective effectiveness using the dollar offset method. A hedge is considered effective only if the ratio of the offsetting changes in value of the hedging instrument and the hedged item is between 80% and 125%.

"Net gains/losses from hedging transactions" include the effect on net gains/losses from hedged items and hedging instruments of effective hedge relationships as described above. It thus represents the extent of contributions to net gains/losses attributable to ineffectiveness. In the case of hedge relationships to hedge fair value against interest rate risks, ineffectiveness could be the result, for example, of differences in the measurement parameters for hedged items and hedging instruments (e.g. nominal deviations, maturity mismatches, different interest payment dates, etc.) or of discounting the cash flows from hedged items and hedging instruments using different discounting curves. In the case of hedge relationships to hedge fair value against foreign currency risks, ineffectiveness may arise because measuring the hedging instrument results in contributions to net gains/losses that do not occur in the spot rate-based measurement of the hedged item. LBBW's micro and group fair value hedges do not contain any basis risks. Accordingly, it is not necessary to adjust the hedging ratio over time at LBBW.

A hedge relationship ends when the hedged item or hedging transaction is disposed of. It also ends if the conditions for recognizing hedging relationships are no longer met. Furthermore, the hedge relationship at LBBW for the portfolio fair value hedge ends at the end of the month. This process reflects the dynamic development of the banking book. Existing transactions expire or are repaid early and new transactions are added. These changes then result in additional hedging instruments being terminated or new such instruments being concluded. For this reason, the hedging relationships in the portfolio fair value hedges are designated and redesignated at the end of the month. The cash flow is allocated to the appropriate time interval for each financial instrument according to the expected maturity.

25. Financial guarantees

If the LBBW Group is the assignee, stand-alone financial guarantee contracts that are considered an integral contract component of the secured financial asset are taken into account when determining its allowances for losses on loans and securities under IFRS 9. If the financial guarantees are not considered an integral contract component (in particular to hedge lending portfolios), claims for compensation against the guarantor are capitalized through profit or loss (taken into account in allowances for losses on loans and advances). Related commission payments are recognized as a commission expense on an accrual basis in accordance with IFRS 15.

LBBW also issued a liability with an embedded financial guarantee to hedge a lending portfolio. In this case, the hedging effect is taken into account when measuring the liability recognized at amortized cost. If there is a right to reimbursement, this is done by reducing the effective interest rate of the liability and is thus recognized over the remaining term of the liability in net interest income. As the risk premium for the hedge purchase is reflected in the liability's (variable) coupon, commission expense is not disclosed separately.

If the LBBW Group is the assignor, financial guarantee contracts are initially recognized at a fair value of zero (net method with equal present values of expected incoming commission payments and expected benefits at arm's length). As part of subsequent measurement, financial guarantee contracts issues are included in the IFRS 9 impairment model and the related amounts for allowances for losses on loans and securities are recognized under "Provisions for lending business."

Financial assets

26. Cash and cash equivalents

EUR million	31/12/2025	31/12/2024
Balances with central banks	14,197	10,172
Cash	161	163
<i>Total, gross</i>	<i>14,357</i>	<i>10,336</i>
Allowances for losses on loans and securities	– 0	– 0
<i>Total, net</i>	<i>14,357</i>	<i>10,336</i>

Balances with central banks included balances with Deutsche Bundesbank of EUR 1,958 million (previous year: EUR 3,391 million).

27. Financial assets measured at amortized cost

Loans and advances to banks

EUR million	31/12/2025	31/12/2024
Public-sector loans	39,348	39,877
Current account claims	380	296
Securities repurchase transactions	28,763	10,234
Other loans	1,897	1,483
Schuldschein loans	310	75
Overnight and term money	1,320	2,110
Deposits at central banks	8,500	35,984
Other receivables	1,023	2,365
<i>Total, gross</i>	<i>81,540</i>	<i>92,425</i>
Allowances for losses on loans and securities	– 9	– 29
<i>Total, net</i>	<i>81,532</i>	<i>92,396</i>

The key factor in the opposite development in securities repurchase agreements as well as the deposits at central banks was the more advantageous interest rate environment for secured short-term investments.

Loans and advances to banks (gross) amounting to EUR 33,362 million had a remaining maturity of more than 12 months at the reporting date (previous year: EUR 34,469 million).

Loans and advances to banks also included transmitted loans of EUR 27,707 million (previous year: EUR 28,018 million) in the sub-item public sector loans.

Loans and advances to customers

EUR million	31/12/2025	31/12/2024
Other loans	35,290	30,714
Mortgage loans	66,231	71,132
Public-sector loans	15,234	13,956
Receivables from finance leases	7,207	6,832
Transmitted loans	4,134	3,919
Securities repurchase transactions	5,351	5,639
Current account claims	3,451	3,164
Overnight and term money	5,659	5,683
Schuldschein loans	6,966	7,430
Other receivables	8,114	7,630
<i>Total, gross</i>	<i>157,638</i>	<i>156,100</i>
Allowances for losses on loans and securities	– 2,004	– 1,943
<i>Total, net</i>	<i>155,634</i>	<i>154,157</i>

Loans and advances to customers (gross) amounting to EUR 107,066 million had a remaining maturity of more than 12 months at the reporting date (previous year: EUR 106,894 million).

In addition to the transmitted loans shown in the table, the sub-item mortgage loans includes transmitted loans of EUR 2,940 million (previous year: EUR 3,281 million) and the sub-item public sector loans includes transmitted loans of EUR 417 million (previous year: EUR 551 million).

Debentures and other fixed-income securities

EUR million	31/12/2025	31/12/2024
Money market instruments	54	49
Government bonds and government debentures	1,304	217
Other bonds and debentures	5,934	3,885
<i>Total, gross</i>	<i>7,292</i>	<i>4,152</i>
Allowances for losses on loans and securities	– 7	– 7
<i>Total, net</i>	<i>7,284</i>	<i>4,145</i>

Key factors for the increased investments in bonds and debentures among other things at the international branches included the change in the macroeconomic conditions and a hold and manage intention geared toward that.

Debentures and other fixed-income securities amounting to EUR 6,566 million had a remaining maturity of more than 12 months at the reporting date (previous year: EUR 4,005 million).

The item contains EUR 303 million (previous year: EUR 507 million) in total collateral provided with the collateral taker's right to resell or repledge.

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
<i>As at 01/01/2025</i>	<i>393</i>	<i>621</i>	<i>964</i>	<i>1</i>	<i>1,979</i>
Changes in inventories	– 328	255	102	– 0	29
Transfer to Stage 1	48	– 48	– 1	0	– 0
Transfer to Stage 2	– 136	137	– 1	0	– 0
Transfer to Stage 3	– 22	– 26	48	0	– 0
Additions	15	280	487	0	782
Reversals	– 234	– 88	– 112	– 0	– 434
Utilization	– 0	0	– 319	0	– 319
Additions	55	10	69	0	134
Disposals	– 11	– 29	– 82	– 0	– 122
Other changes	– 1	– 4	5	0	– 0
<i>As at 31/12/2025</i>	<i>107</i>	<i>854</i>	<i>1,058</i>	<i>1</i>	<i>2,020</i>

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
As at 01/01/2024	510	488	683	2	1,683
Changes in inventories	– 152	134	229	– 0	211
Transfer to Stage 1	80	– 79	– 1	0	– 0
Transfer to Stage 2	– 78	80	– 3	0	– 0
Transfer to Stage 3	– 6	– 10	16	0	0
Additions	24	211	451	0	686
Reversals	– 173	– 69	– 157	– 0	– 399
Utilization	0	0	– 77	0	– 77
Additions	46	13	56	0	115
Disposals	– 11	– 16	– 36	– 0	– 64
Other changes	0	2	32	0	34
As at 31/12/2024	393	621	964	1	1,979

As in preceding years, LBBW determined the allowances for losses on loans and securities at year-end 2025 using a multi-scenario approach. One-year and multi-year PDs were determined here on the basis of quantitative macro models in which consistent scenario forecasts of segment-specific risk drivers are integrated in addition to macro-factor projections for these. In the PD macro model for corporates, the segment-specific factor here is represented by a sector-specific projected profitability indicator, while the PD macro models for commercial real estate finance are linked to region and use type-specific scenario forecasts of the rate of change in real estate prices. The quantitative PD forecasts are increased by a parameter overlay for on sub-segment. The LGDs were also differentiated on a scenario-specific basis using macro models and qualitative adjustments. The quantitative stage transfer tests were carried out using macro-adjusted lifetime PDs in which funding risks are also included. In addition, certain portfolios that are exposed to increased, but not fully quantifiable default risks are transferred collectively to Stage 2.

The reduction in Stage 1 allowances for losses on loans and securities is mainly due to the reversal of an overlay that served as a provision for Stage 1 assets with the expected credit losses over their remaining term. Conversely, there is an addition to Stage 2 due to adjustments to the IFRS 9 model framework and, in particular, a sharp increase in collective stage transfers. The methodology for determining the expected credit losses from the transformation towards electromobility was integrated into the general methodology for quantifying effects of structural change. All in all, the amount for economic adjustment – referred to as the model adjustment – declined by EUR 43 million net. This also included components recognized in lending business provisions.

In addition to the previously described changes in the performing portfolio, primarily affecting Stages 1 and 2, there was a rise in Stage 3 holdings. This increase was mainly driven by individual cases in Real Estate and Infrastructure Financing and the Corporate Customers businesses.

To offset the allowances for losses on loans and securities, reimbursements expected and received from guarantees for synthetic securitizations amounted to EUR 2 million (previous year: EUR 2 million). These transactions are recognized under other assets in the balance sheet.

For more details on changes in allowances for losses on loans and securities see Notes 12 and 29.

The following table shows the development of gross carrying amounts:

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
As at 01/01/2025	215,797	34,219	2,645	16	252,677
Changes in inventories	- 38,812	27,757	1,005	- 0	- 10,050
Transfer to Stage 1	3,308	- 3,302	- 5	0	0
Transfer to Stage 2	- 32,268	32,316	- 47	0	0
Transfer to Stage 3	- 1,025	- 673	1,698	0	- 0
Repayments	- 8,826	- 584	- 641	- 0	- 10,051
Additions	141,809	229	1	0	142,039
Disposals	- 139,244	- 4,261	- 421	- 13	- 143,939
Write-downs through profit or loss (direct write-down)	0	0	- 20	- 0	- 20
Write-downs through other comprehensive income (utilization of allowances for losses on loans and securities)	0	0	- 319	0	- 319
Other changes	5,009	345	729	0	6,083
As at 31/12/2025	184,559	58,289	3,619	2	246,470

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
As at 01/01/2024	208,493	29,818	1,918	19	240,248
Changes in inventories	- 19,242	6,831	518	- 1	- 11,894
Transfer to Stage 1	4,671	- 4,662	- 10	0	0
Transfer to Stage 2	- 13,783	13,826	- 42	0	0
Transfer to Stage 3	- 573	- 744	1,316	0	0
Repayments	- 9,558	- 1,589	- 745	- 1	- 11,892
Net gain/loss from contract adjustment without derecognition	0	0	- 1	0	- 1
Additions	145,102	686	106	4	145,898
Disposals	- 123,147	- 3,630	- 262	- 6	- 127,046
Write-downs through profit or loss (direct write-down)	0	0	- 5	0	- 5
Write-downs through other comprehensive income (utilization of allowances for losses on loans and securities)	0	0	- 77	0	- 77
Change from basis of consolidation	251	0	0	0	251
Other changes	4,341	513	446	0	5,301
As at 31/12/2024	215,797	34,219	2,645	16	252,677

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 2025 that appropriately represent the possible economic, structural and geopolitical developments:

- A base scenario, in which the infrastructure and defense spending leads to long-term positive GDP growth in Germany and interest rates rise marginally while inflation remains stable;
- A negative scenario, in which the global tariff and trade wars as well as disruptions to supply chains trigger a recession in Germany followed by a sluggish recovery (negative geopolitics);
- A negative scenario, in which inflation rates in the Eurozone rise again on account of high government spending and increasing protectionism and the ECB hikes its key interest rates substantially to combat inflation (negative sovereign debt crisis);
- A positive scenario, in which US President Trump switches to a more moderate economic policy line, inflation rates remain stable, geopolitical crises are resolved and the economy picks up speed.

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 where 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 for corporate business. Macroeconomic models for commercial real estate financing take into account fluctuations in real estate price indices, which are influenced by GDP growth and interest rate trends. At the end of 2025, average GDP growth across the four macro scenarios considered was assumed to be 0.6% for 2026, 1.15% for 2027 and 0.72% for 2028. With a GDP decline of 1.5 percentage points per annum in the first three forecast years, allowances for losses on loans and securities would rise by around EUR 317 million. This is around EUR – 61 million lower than the additional allowances for losses on loans and securities that would result in the negative geopolitical scenario. A 0.5 percentage point per annum GDP rise compared to the figures expected at the end of the year would reduce allowances for losses on loans and securities by around – EUR 68 million, provided the level of the collective stage transfers otherwise remained unchanged.

Modifications

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

31/12/2025 EUR million	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Amortized cost before contract amendment in the current financial year	2,538	495	1	3,034

31/12/2024 EUR million	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Amortized cost before contract amendment in the current financial year	2,553	850	1	3,403
Net gain/loss from contract adjustment	0	– 1	0	– 1

There were situations in the reporting period in which Stage 2 or 3 financial assets of EUR 13 million were allocated to Stage 1 after adjustments were made (previous year: EUR 2 million).

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

EUR million	31/12/2025	31/12/2024
<i>Equity instruments</i>	3	40
Equity investments	0	37
Shares in affiliates	3	3
<i>Debentures and other fixed-income securities</i>	31,926	35,242
Money market instruments	933	857
Bonds and debentures	30,993	34,385
<i>Receivables</i>	2,047	2,557
Total	33,976	37,839

Sales of securities to manage liquidity led to a decrease in bonds and debentures.

Financial assets measured at fair value through other comprehensive income include EUR 280 million (previous year: EUR 188 million) in total collateral provided with the collateral taker's right to resell or repledge.

Financial assets measured at fair value through other comprehensive income amounting to EUR 28,354 million had a remaining maturity of more than 12 months at the reporting date (previous year: EUR 32,791 million).

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
As at 01/01/2025	3	3
Changes in inventories	-2	-2
Reversals	-2	-2
As at 31/12/2025	2	2

EUR million	Stage 1	Total
As at 01/01/2024	5	5
Changes in inventories	-2	-2
Additions	1	1
Reversals	-3	-3
Additions	1	1
As at 31/12/2024	3	3

The following table shows the development of gross carrying amounts:

EUR million	Stage 1	Stage 2	Total
As at 01/01/2025	37,799	0	37,799
Changes in inventories	-115	0	-115
Repayments	-115	0	-115
Additions	5,918	0	5,918
Disposals	-8,244	0	-8,244
Other changes	-1,386	0	-1,386
As at 31/12/2025	33,973	0	33,973

EUR million	Stage 1	Stage 2	Total
As at 01/01/2024	36,969	6	36,975
Changes in inventories	7	-7	0
Transfer to Stage 1	7	-7	0
Additions	8,360	0	8,360
Disposals	-8,236	0	-8,236
Other changes	699	0	699
As at 31/12/2024	37,799	0	37,799

Note 31 contains further information on equity instruments voluntarily measured at fair value through other comprehensive income.

29. Counterparty risk

The quantitative information on credit risk is based on the management approach. Unlike the scope of consolidation under IFRS accounting standards, the management approach includes only the SüdLeasing Group, and LBBW México Sofom in its consolidation. 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:

31/12/2025 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	35,649	0	0	832	34,818
Equity instruments	1,154	0	0	0	1,154
Debentures and other fixed-income securities	32,539	0	0	832	31,707
Receivables	1,957	0	0	0	1,957
Financial assets designated at fair value	935	0	0	0	935
Debentures and other fixed-income securities	22	0	0	0	22
Receivables	912	0	0	0	912
Financial assets mandatorily measured at fair value through profit or loss	116,410	96,292	5,776	631	13,712
Trading assets	101,194	81,954	5,776	619	12,845
Derivatives	60,742	53,058	4,922	186	2,575
Equity instruments	4,926	4,895	0	0	32
Debentures and other fixed-income securities	6,270	756	853	168	4,492
Receivables	29,257	23,246	0	265	5,746
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	1,128	357	0	12	760
Equity instruments	285	0	0	0	285
Debentures and other fixed-income securities	642	357	0	0	284
Receivables	202	0	0	12	190
Positive fair values from derivative hedging instruments	14,088	13,981	0	0	107
Financial assets measured at amortized cost					
Cash and cash equivalents	12,239	0	0	0	12,239
Financial assets measured at amortized cost	268,234	61,050	0	70,608	136,576
Loans and advances to banks	94,584	39,044	0	900	54,639
Loans and advances to customers	166,857	22,006	0	69,698	75,152
Debentures and other fixed-income securities	6,794	0	0	9	6,785
Total	433,468	157,342	5,776	72,071	198,280
Loan commitments and other agreements	86,254	0	0	6,411	79,843
Total exposure	519,722	157,342	5,776	78,481	278,124

31/12/2024 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	39,573	0	0	168	39,406
Equity instruments	1,211	0	0	0	1,211
Debentures and other fixed-income securities	35,979	0	0	168	35,812
Receivables	2,384	0	0	0	2,384
Financial assets designated at fair value	932	0	0	0	932
Debentures and other fixed-income securities	24	0	0	0	24
Receivables	908	0	0	0	908
Financial assets mandatorily measured at fair value through profit or loss	123,703	99,623	7,794	724	15,562
Trading assets	109,149	85,996	7,794	698	14,661
Derivatives	69,220	60,091	5,155	223	3,751
Equity instruments	2,450	2,404	0	0	46
Debentures and other fixed-income securities	6,922	717	1,810	162	4,233
Receivables	30,558	22,784	829	313	6,631
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	1,076	212	0	26	837
Equity instruments	327	0	0	0	327
Debentures and other fixed-income securities	620	212	0	0	408
Receivables	129	0	0	26	103
Positive fair values from derivative hedging instruments	13,478	13,415	0	0	64
Financial assets measured at amortized cost					
Cash and cash equivalents	6,844	0	0	0	6,844
Financial assets measured at amortized cost	270,983	39,262	0	73,658	158,063
Loans and advances to banks	113,853	30,794	0	769	82,290
Loans and advances to customers	152,966	8,469	0	72,889	71,608
Debentures and other fixed-income securities	4,164	0	0	0	4,164
Total	442,036	138,885	7,794	74,550	220,807
Loan commitments and other agreements	81,368	0	0	5,135	76,233
Total exposure	523,404	138,885	7,794	79,685	297,039

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 520 billion as at 31 December 2025 is EUR 242 billion or 46.5% in total (previous year: 43.2%). 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 520 billion of gross exposures as at 31 December 2025, transactions of EUR 386 billion of gross exposures fall 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). As at 31 December 2025, these rating classes accounted for gross exposure of around EUR 3.8 billion and net exposure of EUR 2.8 billion.

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

31/12/2025 EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	3,509	1,146	2,364
Loans and advances to banks	0	0	0
Loans and advances to customers	3,509	1,146	2,363
<i>Total</i>	<i>3,509</i>	<i>1,146</i>	<i>2,364</i>
Loan commitments and other agreements	331	22	309
<i>Total exposure</i>	<i>3,840</i>	<i>1,167</i>	<i>2,673</i>

31/12/2024 EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	2,571	911	1,660
Loans and advances to banks	22	1	22
Loans and advances to customers	2,548	910	1,638
<i>Total</i>	<i>2,571</i>	<i>911</i>	<i>1,660</i>
Loan commitments and other agreements	180	14	166
<i>Total exposure</i>	<i>2,751</i>	<i>925</i>	<i>1,826</i>

The outstanding contract value for financial assets that were written down during the reporting period but for which enforcement proceedings are still pending amounted to EUR 2 million (previous year: EUR 17 million).

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)

31/12/2025 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
1 (AAAA)	39,982	228	0	0	40,210
1(AAA) – 1(A-)	187,924	14,375	0	0	202,299
2 – 5	51,392	39,797	0	0	91,189
6 – 8	9,176	19,492	0	0	28,668
9 – 10	1,465	6,511	0	0	7,977
11 – 15	2,380	5,829	0	0	8,210
16–18 (default) ¹	0	0	3,838	2	3,840
Other ²	3,688	313	0	0	4,001
<i>Gross exposure</i>	<i>296,009</i>	<i>86,546</i>	<i>3,838</i>	<i>2</i>	<i>386,394</i>

¹ "Default" refers to exposure for which a default event as defined in Article 178 CRR has occurred, for example 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.

31/12/2024 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
1 (AAAA)	62,551	0	0	0	62,551
1(AAA) – 1(A-)	189,235	2,015	0	0	191,250
2 – 5	68,828	17,573	0	9	86,410
6 – 8	12,015	11,565	0	0	23,580
9 – 10	1,459	7,211	0	0	8,670
11 – 15	2,118	6,026	0	0	8,144
16–18 (default) ¹	0	0	2,717	33	2,751
Other ²	3,528	43	0	0	3,571
Gross exposure	339,734	44,433	2,717	43	386,926

¹ "Default" refers to exposure for which a default event as defined in Article 178 CRR has occurred, for example 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

31/12/2025 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Financials	161,186	788	3	0	161,977
Corporates	75,972	46,300	2,174	2	124,448
Automotive	6,408	4,421	195	0	11,024
Construction	7,614	3,854	93	0	11,561
Chemicals and commodities	1,150	6,750	130	0	8,030
of which chemicals	106	3,648	87	0	3,842
of which commodities	1,044	3,102	43	0	4,188
Retail and consumer goods	14,559	5,366	803	0	20,727
of which consumer goods	11,263	2,546	577	0	14,387
of which durables	3,295	2,820	225	0	6,340
Industry	4,384	9,321	209	0	13,913
Pharmaceuticals and healthcare	4,857	1,797	9	2	6,665
TM and electronics/IT	3,820	8,659	558	0	13,037
Transport and logistics	9,132	1,678	67	0	10,876
Utilities and energy	13,694	2,562	18	0	16,274
of which utilities	8,369	1,315	11	0	9,695
of which renewable energies	5,326	1,247	7	0	6,579
Other	10,354	1,893	93	0	12,341
Real estate	26,992	37,686	1,618	0	66,296
Commercial real estate (CRE)	11,054	32,957	1,537	0	45,548
Housing	15,937	4,729	81	0	20,748
Public sector	23,410	148	0	0	23,558
Private individuals	8,449	1,624	43	0	10,116
Gross exposure	296,009	86,546	3,838	2	386,394

31/12/2024 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
<i>Financials</i>	168,179	635	25	0	168,838
<i>Corporates</i>	94,320	23,790	1,386	33	119,529
Automotive	7,534	2,978	306	31	10,849
Construction	7,526	3,655	196	0	11,377
Chemicals and commodities	6,232	1,641	184	0	8,057
of which chemicals	3,137	516	145	0	3,797
of which commodities	3,096	1,125	39	0	4,260
Retail and consumer goods	15,110	4,840	432	0	20,382
of which consumer goods	11,370	2,148	139	0	13,657
of which durables	3,741	2,691	293	0	6,725
Industry	8,912	4,044	92	0	13,049
Pharmaceuticals and healthcare	5,783	940	20	2	6,745
TM and electronics/IT	12,184	2,002	37	0	14,223
Transport and logistics	8,753	1,004	6	0	9,763
Utilities and energy	11,511	1,899	85	0	13,495
of which utilities and disposal companies	7,048	869	41	0	7,957
of which renewable energies	4,464	1,031	44	0	5,539
Other	10,774	786	28	0	11,588
<i>Real estate</i>	48,362	18,689	1,273	9	68,333
Commercial real estate (CRE)	30,187	15,630	1,255	9	47,081
Housing	18,175	3,059	17	0	21,252
<i>Public sector</i>	19,880	33	0	0	19,913
<i>Private individuals</i>	8,993	1,287	34	0	10,314
<i>Gross exposure</i>	339,734	44,433	2,717	43	386,926

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 can generally be attributed to the fact that the credit rating in the two customer groups is essentially more volatile and reacts more strongly to negative economic stimuli or structural weaknesses. Depending on the sector they operate in, companies are currently feeling the strain particular from increasing geopolitical isolationism, higher US tariffs and other trade barriers and the persistently elevated uncertainty. In addition, the international competitiveness of companies in export-driven industries is being increasingly undermined by cost disadvantages – such as higher long-term energy prices or high levels of bureaucratic and labor costs – and technologically advanced competitors. Furthermore, the commercial real estate market has not bottomed out yet. This wide variety of impacts is impairing credit ratings in the corporates and real estate portfolio and causing a rise in Stage 2 exposures. The vast majority of this increase can be attributed to collective stage transfer overlays which serves as a provision for future, as yet unspecified default risks.

Gross exposure by region

31/12/2025 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Germany	175,209	53,108	2,406	2	230,725
Western Europe (excluding Germany)	73,627	21,324	689	0	95,640
North America	29,461	6,291	555	0	36,307
Asia/Pacific	8,968	2,565	46	0	11,580
Other ¹	8,743	3,256	142	0	12,141
<i>Gross exposure</i>	296,009	86,546	3,838	2	386,394

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

31/12/2024 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Germany	221,717	26,995	1,595	42	250,349
Western Europe (excluding Germany)	73,249	9,712	270	0	83,231
North America	25,980	3,662	574	0	30,216
Asia/Pacific	8,940	1,829	37	0	10,806
Other ¹	9,848	2,233	242	0	12,323
Gross exposure	339,734	44,433	2,717	43	386,926

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 in the portfolio and qualitative disclosures.

Forbearance

As at 31 December 2025, LBBW held assets with a net carrying amount of EUR 6,587 million (previous year: EUR 5,786 million) for which forbearance measures were adopted. The concessions granted mainly related to terms and conditions. A EUR 1,335 million (previous year: EUR 980 million) sub-portfolio of the assets for which forbearance measures had been adopted comprised credit-impaired assets. LBBW has received guarantees of EUR 349 million (previous year: EUR 322 million) for assets with forbearance measures.

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

30. Collateral

Collateral issuer

LBBW pledges collateral especially within the scope of the development loan business and securities repurchase agreements. Collateral is generally provided at commercially available terms that are laid down in standard agreements. With securities repurchase agreements, the collateral taker has the right to dispose of or repledge the collateral during the term of the agreement.

Overall, assets totaling EUR 39,617 million (previous year: EUR 39,761 million) were assigned as collateral for liabilities or contingent liabilities.

Collateral taker

On the basis of securities repurchase transactions, LBBW receives securities pledged as collateral, which it has the right to resell or repledge, provided it returns securities of equal value at the end of the transaction.

The fair value of the financial or non-financial assets received as collateral, which LBBW may sell or repledge even if the owner of such collateral is not in default, totals EUR 50,714 million (previous year: EUR 35,739 million). Of the collateral received, LBBW was required to return collateral with a total fair value of EUR 50,714 million (previous year: EUR 35,739 million). The fair value of collateral disposed of or forwarded with an obligation to return the securities to the owner amounted to EUR 1,410 million (previous year: EUR 2,275 million).

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

For some financial investments in equity instruments, LBBW exercises the fair value through other comprehensive income option in accordance with IFRS 9.5.7.5. These essentially comprise shares in affiliated companies and equity investments held with no intention to sell.

Equity instruments measured voluntarily at fair value through other comprehensive income amounted to EUR 3 million as at the end of the reporting period (previous year: EUR 40 million; see Note 28). Equity investments declined in the financial year, as the companies were taken over by an external third party following a purchase offer. The fair value of the equity investments at the time they were derecognized totaled EUR 43 million. The accumulated gains/losses on disposals of equity instruments measured at fair value through other comprehensive income amounted to EUR –32 million.

Dividends of EUR 0 million (previous year: EUR 1 million) for equity instruments measured voluntarily at fair value through other comprehensive income were recognized in the financial year. The dividends recognized in the previous year related entirely to equity instruments held at the reporting date 31 December 2024.

32. Financial assets designated at fair value

EUR million	31/12/2025	31/12/2024
<i>Debentures and other fixed-income securities</i>	23	24
Bonds and debentures	23	24
<i>Receivables</i>	936	931
<i>Total</i>	959	956

Financial assets designated at fair value of EUR 505 million (previous year: EUR 812 million) had a remaining maturity of over 12 months as at the reporting date.

31/12/2025 EUR million	Cumulative changes in fair value resulting from the credit spread	Changes in fair value resulting from the credit spread in the reporting year
Receivables	- 3	0
<i>Total</i>	- 2	0

31/12/2024 EUR million	Cumulative changes in fair value resulting from the credit spread	Changes in fair value resulting from the credit spread in the reporting year
Receivables	- 3	- 2
<i>Total</i>	- 3	- 2

The maximum default risk is shown in Note 29.

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

EUR million	31/12/2025	31/12/2024
Trading assets	44,875	46,028
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	1,329	1,410
Positive fair values from derivative hedging instruments	867	913
<i>Total</i>	47,071	48,351

Trading assets

EUR million	31/12/2025	31/12/2024
<i>Positive fair values from derivative financial instruments</i>	13,902	15,402
<i>Equity instruments</i>	4,966	2,463
Shares	1,384	444
Investment fund units	3,581	2,017
Other securities	0	2
<i>Debentures and other fixed-income securities</i>	5,386	5,469
Money market instruments	857	199
Bonds and debentures	4,529	5,270
<i>Receivables</i>	20,621	22,694
Schuldschein loans	1,413	2,556
Other money market transactions	3,295	4,101
Receivables from securities repurchase agreements	14,374	13,751
Other receivables	1,540	2,287
Total	44,875	46,028

The item contains EUR 654 million (previous year: EUR 26 million) in total collateral provided with the collateral taker's right to resell or repledge.

Trading assets of EUR 21,649 million (previous year: EUR 24,673 million) had a remaining maturity of over 12 months as at the reporting date.

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

EUR million	31/12/2025	31/12/2024
<i>Equity instruments</i>	489	536
Shares	4	4
Investment fund units	176	195
Equity investments	270	270
Shares in affiliates	39	67
<i>Debentures and other fixed-income securities</i>	642	620
Debt securities	642	620
<i>Receivables</i>	199	253
Loans and advances to customers	199	253
Total	1,329	1,410

Assets of EUR 175 million (previous year: EUR 824 million) had a remaining maturity of over 12 months as at the reporting date.

Positive fair values from derivative hedging instruments

EUR million	31/12/2025	31/12/2024
Positive fair values from portfolio fair value hedges	670	662
Positive fair values from micro fair value hedges	194	251
Positive fair values from group fair value hedges	3	0
Total	867	913

Positive fair values from derivative hedging instruments amounting to EUR 732 million (previous year: EUR 1,048 million) had a remaining maturity of over 12 months as at the reporting date.

Positive fair values from derivative hedging instruments were broken down by hedged item as follows:

EUR million	31/12/2025	31/12/2024
Assets		
Derivative hedging instruments on loans and advances to customers	1	0
Debentures and other fixed-income securities FVOCR	1	– 0
Debentures and other fixed-income securities AC	3	0
Derivative hedging instruments on group fair value hedges	3	0
Equity and liabilities		
Derivative hedging instruments on deposits from customers	23	61
Derivative hedging instruments on securitized liabilities	127	140
Derivative hedging instruments on subordinated liabilities	40	50
Derivative hedging instruments on portfolio fair value hedges	670	662
Total	867	913

34. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

The transferred assets mainly comprise LBBW's own assets that were transferred or lent in the development loan business and in securities lending or repurchase transactions. The receivables transferred within the scope of the development loan business may not be resold by LBBW in the interim. With securities lending or repurchase transactions, the right to use the securities expires with the transfer. The counterparties to the associated liabilities do not have exclusive access to these assets.

31/12/2025 EUR million	Transferred assets continue to be recognized in full	
	Carrying amount of transferred assets	Carrying amount of the associated liabilities
Financial assets measured at fair value		
Financial assets measured at fair value through other comprehensive income	1,756	280
Financial assets mandatorily measured at fair value through profit or loss	765	654
Trading assets	765	654
Financial assets measured at amortized cost		
Financial assets measured at amortized cost	35,504	35,526
Loans and advances to banks	27,707	27,723
Loans and advances to customers	7,495	7,499
Debentures and other fixed-income securities	303	303

31/12/2024 EUR million	Transferred assets continue to be recognized in full	
	Carrying amount of transferred assets	Carrying amount of the associated liabilities
Financial assets measured at fair value		
Financial assets measured at fair value through other comprehensive income	1,771	28
Financial assets designated at fair value	0	0
Financial assets measured at fair value through profit or loss	447	26
Trading assets	447	26
Financial assets measured at amortized cost		
Financial assets measured at amortized cost	36,233	36,226
Loans and advances to banks	28,018	28,013
Loans and advances to customers	7,707	7,705
Debentures and other fixed-income securities	507	507

Financial liabilities

35. Financial liabilities measured at amortized cost

Deposits from banks

EUR million	31/12/2025	31/12/2024
Securities repurchase transactions	1,248	1,034
Transmitted loans	34,940	35,463
Schuldschein loans	2,049	2,123
Overnight and term money	19,842	18,539
Public-sector registered covered bonds issued	276	297
Current account liabilities	3,103	1,784
Mortgage-backed registered covered bonds issued	301	305
Registered bonds	730	688
Deposits from central banks	7,077	6,689
Other liabilities	2,778	3,318
<i>Total</i>	<i>72,344</i>	<i>70,239</i>

In addition to the transmitted loans shown in the table, the item Other liabilities also includes transmitted loans of EUR 0 million (previous year: EUR 53 million).

As at the reporting date, the item included liabilities of EUR 37,294 million (previous year: EUR 36,494 million) with a remaining maturity of over 12 months.

Deposits from customers

EUR million	31/12/2025	31/12/2024
Current account liabilities	64,554	57,611
Overnight and term money	49,223	59,575
Schuldschein loans	4,036	4,307
Securities repurchase transactions	1,064	679
Public-sector registered covered bonds issued	1,712	1,558
Savings deposits	3,202	3,300
Deposits at notice	4,401	4,795
Savings certificates	2,439	2,840
Registered bonds	3,411	3,320
Mortgage-backed registered covered bonds issued	1,473	1,412
Other liabilities	1,046	1,369
<i>Total</i>	<i>136,563</i>	<i>140,765</i>

Overnight and term deposits experienced cash outflows. Significant growth across all customer groups was recorded in demand deposits, which led to an increase in current account liabilities increased.

The sub-item Other liabilities included transmitted loans of EUR 282 million (previous year: EUR 256 million).

As at the reporting date, the item included liabilities of EUR 14,333 million (previous year: EUR 13,661 million) with a remaining maturity of over 12 months.

Securitized liabilities

EUR million	31/12/2025	31/12/2024
<i>Issued debentures</i>	67,131	71,040
Mortgage-backed covered bonds	25,408	27,721
Public-sector covered bonds	7,832	8,341
Other debentures	33,891	34,978
<i>Other securitized liabilities</i>	20,406	24,289
<i>Total</i>	87,537	95,329

Short-term funding with commercial paper was reduced, which resulted in a decrease in securitized money market transactions. Opportunistic liabilities were reduced in the course of the integration of Berlin Hyp AG and only partly replaced by new business. This resulted, among other things, in a decline in mortgage-backed covered bonds and other debentures.

As at the reporting date, this item included securitized liabilities of EUR 52,643 million (previous year: EUR 53,311 million) with a remaining maturity of over 12 months.

Further information on issuing activities can be found in Note 39.

Subordinated capital

In the event of insolvency or liquidation, the reported subordinated capital may only be repaid after all non-subordinated creditors have been satisfied.

EUR million	31/12/2025	31/12/2024
Subordinated liabilities	3,034	3,615
Typical silent partners' contributions	854	883
<i>Total</i>	3,887	4,498

No new subordinated liabilities were raised in the calendar year. These were offset by repayments of EUR 523 million (nominal amount, previous year: EUR 121 million).

Subordinated capital of EUR 3,201 million (previous year: EUR 3,884 million) had a remaining maturity of over 12 months as at the reporting date.

Subordinated liabilities

The following subordinated liabilities (incl. subordinated liabilities designated at fair value) existed at the balance sheet date, broken down according to product type:

EUR million	31/12/2025			31/12/2024		
	Capital	Interest accrued in the reporting year	Total	Capital	Interest accrued in the reporting year	Total
Subordinated EUR bearer bonds	1,738	22	1,760	2,238	33	2,272
Subordinated EUR registered securities	719	7	726	719	7	726
Subordinated foreign currency bearer bonds	896	24	920	975	26	1,001
<i>Total</i>	3,353	53	3,406	3,933	67	3,999

The table above includes subordinated registered securities and bonds designated at fair value with nominal capital in the amount of EUR 372 million (previous year: EUR 384 million). No subordinated liabilities designated at fair value were newly raised during the calendar year.

The interest expense on subordinated liabilities (incl. subordinated liabilities designated at fair value) was EUR – 126 million (previous year: EUR – 155 million).

Typical silent partners' contributions

The silent partners' contributions do not meet the requirements of Article 52 CRR for additional Tier 1 instruments (AT 1). Since the expiration of the transitional provisions under Article 484 CRR, they have been recognized in accordance with the applicable regulations, provided they meet the conditions for supplementary capital.

Term ¹	Dividend payout as a percentage of the nominal amount	Nominal amount	
		31/12/2025 EUR million	31/12/2024 EUR million
17/12/1993 – 31/12/2024 (terminated) ²	3.15	0.0	4.7
19/05/1999 – 31/12/2024 ³	0.0	0.0	20.0
13/07/2001 – 31/12/2026 ⁴	4.57	15.0	15.0
01/10/1999 – 31/12/2029	8.03 – 8.20	49.0	49.0
10/03/2000 – 31/12/2030	8.05 – 8.25	10.0	10.0
02/07/2001 – 31/12/2031	8.5	20.0	20.0
<i>Silent partners contributions with a fixed maturity date</i>		<i>94.0</i>	<i>118.7</i>

Expiry of the fixed interest period	Dividend payout as a percentage of the nominal amount	Nominal amount	
		31/12/2025 EUR million	31/12/2024 EUR million
June 2027	2.2	200.0	200.0
December 2033	4.1	222.7	222.7
No expiry of the fixed interest period ⁵	4.6	300.0	300.0
<i>Silent partners' contributions without a fixed maturity date</i>		<i>722.7</i>	<i>722.7</i>
<i>Total</i>		<i>816.7</i>	<i>841.4</i>

1 Repayment is made after the adoption of the respective HGB annual financial statements on a contractually agreed date. If the beginning of the term is given, it refers to the first liability incurred within a group of contracts with similar terms.

2 The contracts continue to accrue interest after maturity until repayment.

3 The contract does not accrue interest after maturity until repayment.

4 Annual interest rate adjustment.

5 Interest rate is fixed. Only certain changes in tax law affect the interest rate.

The interest expense for silent partners' contributions totaled EUR – 31 million (previous year: EUR – 32 million) in the last financial year.

36. Financial liabilities designated at fair value

In the event of insolvency proceedings or liquidation, the subordinated liabilities recognized may not be repaid until all non-subordinated creditors have been satisfied.

EUR million	31/12/2025	31/12/2024
<i>Securitized liabilities</i>	<i>1,818</i>	<i>1,827</i>
Other securitized liabilities	1,461	1,457
Junior bonds	357	370
<i>Deposits</i>	<i>2,121</i>	<i>1,568</i>
Schuldschein loans	672	563
Subordinated deposits	15	14
Money market transactions	593	107
Other	842	883
<i>Total</i>	<i>3,939</i>	<i>3,395</i>

As at the reporting date, the item liabilities amounting to EUR 3,534 million (previous year: EUR 3,095 million) had a remaining maturity of over 12 months.

31/12/2025 EUR million	Difference between carrying amount and contractual amount payable on maturity	Cumulative changes in fair value resulting from the credit spread
Securitized liabilities	- 11	- 12
Deposits	58	36
<i>Total</i>	<i>47</i>	<i>24</i>

31/12/2024 EUR million	Difference between carrying amount and contractual amount payable on maturity	Cumulative changes in fair value resulting from the credit spread
Securitized liabilities	- 6	5
Deposits	156	72
<i>Total</i>	<i>150</i>	<i>77</i>

The method for separating the share of the change in fair value attributable to the change in the default risk is described in Note 21.

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

EUR million	31/12/2025	31/12/2024
Trading liabilities	21,635	20,734
Negative fair values from derivative hedging instruments	857	1,149
<i>Total</i>	<i>22,492</i>	<i>21,883</i>

Trading liabilities

EUR million	31/12/2025	31/12/2024
Negative fair values from derivatives	12,540	12,271
Delivery obligations from short sales of securities	637	852
Securitized liabilities	7,830	6,968
Deposits	627	644
Schuldchein loans	210	243
Liabilities from securities repurchase agreements	353	354
Money market transactions	64	41
Other	0	5
<i>Total</i>	<i>21,635</i>	<i>20,734</i>

Trading liabilities amounting to EUR 16,689 million (previous year: EUR 15,165 million) had a remaining maturity of over 12 months as at the reporting date.

Negative fair values from derivative hedging instruments

EUR million	31/12/2025	31/12/2024
Negative fair values from portfolio fair value hedges	675	819
Negative fair values from micro fair value hedges	182	330
<i>Total</i>	<i>857</i>	<i>1,149</i>

Negative fair values from derivative hedging instruments amounting to EUR 789 million (previous year: EUR 933 million) had a remaining maturity of over 12 months as at the reporting date.

Negative fair values from derivative hedging instruments were broken down by hedged item as follows:

EUR million	31/12/2025	31/12/2024
Assets		
Derivative hedging instruments on loans and advances to customers	49	63
Derivative hedging instruments on debt instruments (FVOCR)	75	125
Derivative hedging instruments on debt instruments (AC)	16	23
Equity and liabilities		
Derivative hedging instruments on deposits from banks	2	2
Derivative hedging instruments on deposits from customers	5	73
Derivative hedging instruments on securitized liabilities	5	21
Derivative hedging instruments on subordinated capital	32	24
Derivative hedging instruments on portfolio fair value hedges	675	819
Total	857	1,149

38. Maturity analysis

The following table categorizes undiscounted financial liabilities by derivative and non-derivative transactions based on their remaining contractual maturities. As the figures are reported on an undiscounted basis and include interest payments, they may differ in part from the carrying amounts presented in the balance sheet.

As at the reporting date, financial liabilities were structured by contractually agreed maturities in accordance with IFRS 7.39 as follows:

31/12/2025 EUR million	Up to 1 month	>1 to 3 months	>3 to 12 months	>1 year to 5 years	>5 years
Financial liabilities	68,813	41,046	41,081	61,822	34,804
Liabilities from derivatives	1,584	2,755	6,564	12,098	16,176
Total	70,397	43,801	47,645	73,920	50,980
Irrevocable loan commitments and guarantees ¹	70,384	653	3,597	4,087	6,922
Savings and demand deposits, securitization from interbank accounts	69,549				

¹ The values given are based on the assumption that all guarantees are used and all loan commitments are drawn.

31/12/2024 EUR million	Up to 1 month	>1 to 3 months	>3 to 12 months	>1 year to 5 years	>5 years
Financial liabilities	78,476	40,181	45,244	61,959	34,497
Liabilities from derivatives	943	1,859	7,724	12,956	8,534
Total	79,419	42,040	52,967	74,915	43,032
Irrevocable loan commitments and guarantees ¹	72,621	241	1,797	6,345	2,334
Savings and demand deposits, securitization from interbank accounts	61,584				

¹ The values given are based on the assumption that all guarantees are used and all loan commitments are drawn.

39. Issuing activities

EUR million	31/12/2025	31/12/2024
Securitized liabilities	87,537	95,329
Securitized liabilities designated at fair value	1,461	1,457
Securitized liabilities mandatorily measured at fair value through profit or loss	7,830	6,968
Total	96,828	103,754

New issuances, essentially short-dated and medium-dated money market / capital market paper, with a nominal volume of EUR 4,008,828 million (previous year: EUR 3,746,177 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. During the same period, the volume of buybacks amounted to a nominal EUR 742 million (previous year: 671 million), while the volume of repayments totalled a nominal EUR 2,933,608 million (previous year: EUR 2,868,486 million).

Other disclosures about financial instruments

40. 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

EUR million	31/12/2025		31/12/2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost				
Cash and cash equivalents	14,357	14,358	10,336	10,335
Financial assets measured at amortized cost	244,450	243,456	250,698	250,490
Loans and advances to banks	81,532	79,522	92,396	89,987
Loans and advances to customers	155,634	156,631	154,157	156,309
Debentures and other fixed-income securities	7,284	7,303	4,145	4,194

Equity and liabilities

EUR million	31/12/2025		31/12/2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities measured at amortized cost				
Financial liabilities measured at amortized cost	300,331	297,242	310,831	306,598
Deposits from banks	72,344	69,895	70,239	67,245
Deposits from customers	136,563	136,267	140,765	140,672
Securitized liabilities	87,537	87,308	95,329	94,415
Subordinated capital	3,887	3,773	4,498	4,266

41. Fair value hierarchy

The fair values applied in the measurement of financial instruments are classified within a three-level fair value hierarchy, taking into account the measurement methods and parameters used. 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 valuation method:

Assets

EUR million	Prices traded on active markets (Level I)		Valuation method – on the basis of externally observable parameters (Level II)		Valuation method – on the basis of externally unobservable parameters (Level III)	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets measured at fair value						
Financial assets measured at fair value through other comprehensive income	28,498	31,604	5,475	6,231	3	3
Equity instruments	0	37	0	0	3	3
Debentures and other fixed-income securities	28,498	31,568	3,428	3,674	0	0
Receivables	0	0	2,047	2,557	0	0
Financial assets designated at fair value	0	0	959	956	0	0
Debentures and other fixed-income securities	0	0	23	24	0	0
Receivables	0	0	936	931	0	0
Financial assets mandatorily measured at fair value through profit or loss	3,057	1,976	41,799	43,444	2,216	2,931
Trading assets	3,055	1,972	40,015	41,566	1,805	2,490
Derivatives	0	0	13,894	15,382	8	20
Equity instruments	1,384	446	3,581	2,017	0	0
Debentures and other fixed-income securities	1,670	1,523	3,113	3,265	603	681
Receivables	0	3	19,426	20,903	1,194	1,789
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	2	4	917	965	411	441
Equity instruments	2	4	176	195	311	336
Debentures and other fixed-income securities	0	0	642	620	0	0
Receivables	0	0	100	149	99	105
Positive fair values from derivative hedging instruments	0	0	867	913	0	0
Financial assets measured at amortized cost						
Cash and cash equivalents	161	163	14,197	10,172	0	0
Financial assets measured at amortized cost	3,755	1,611	83,110	90,115	156,591	158,764
Loans and advances to banks	0	0	60,432	70,901	19,090	19,087
Loans and advances to customers	0	0	19,130	16,632	137,501	139,677
Debentures and other fixed-income securities	3,755	1,611	3,548	2,583	0	0

Equity and liabilities

EUR million	Prices traded on active markets (Level I)		Valuation method – on the basis of externally observable parameters (Level II)		Valuation method – on the basis of externally unobservable parameters (Level III)	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial liabilities measured at fair value						
Financial liabilities designated at fair value	0	0	3,915	3,303	24	92
Securitized liabilities	0	0	1,818	1,761	0	66
Deposits	0	0	2,098	1,542	24	26
Financial liabilities mandatorily measured at fair value through profit or loss	632	846	21,852	21,015	8	22
Trading liabilities	632	846	20,995	19,866	8	22
Derivatives	0	0	12,533	12,249	8	22
Delivery obligations from short sales of securities	630	843	7	9	0	0
Securitized liabilities	2	0	7,828	6,968	0	0
Deposits	0	3	627	640	0	0
Negative fair values from derivative hedging instruments	0	0	857	1,149	0	0
Financial liabilities measured at amortized cost						
Financial liabilities measured at amortized cost	0	18,693	293,447	282,840	3,796	5,065
Deposits from banks	0	0	68,295	65,676	1,600	1,569
Deposits from customers	0	0	135,439	139,866	828	806
Securitized liabilities	0	18,693	85,940	73,032	1,368	2,691
Subordinated capital	0	0	3,773	4,266	0	0

Reclassifications 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 to III are carried out using quality criteria for the market data used in the valuation that are defined by risk controlling. The timely availability, number, executability and bid-ask spreads of the market data used play a key role in this assessment.

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 ensures that financial instruments requiring reclassification between Levels II and III of the valuation hierarchy can be identified.

The following reclassifications between Levels I and II in the fair value hierarchy have been made since the last financial statement date:

Assets

EUR million	Reclassification from Level I to Level II		Reclassification from Level II to Level I	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income	0	13	87	257
Debentures and other fixed-income securities	0	13	87	257
Financial assets mandatorily measured at fair value through profit or loss	11	17	132	46
Trading assets	11	17	132	46
Debentures and other fixed-income securities	11	17	132	46

Equity and liabilities

EUR million	Reclassification from Level I to Level II		Reclassification from Level II to Level I	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial liabilities measured at fair value				
Financial liabilities mandatorily measured at fair value through profit or loss	0	1	2	14
Trading liabilities	0	1	2	14
Delivery obligations from short sales of securities	0	1	2	14

In the reporting year, LBBW carried out reclassifications from Level I to Level II, as there were no listed prices from active markets to hand for the corresponding financial instruments. Reclassifications in the opposite direction also took place, as listed prices from active markets became available once again for these transactions.

Development of Level III

The development of portfolios and results for financial instruments measured at fair value using valuation models that incorporate material unobservable parameters (Level III) is presented in the tables below. The unrealized gains/losses of Level III financial instruments are based on both observable and unobservable parameters. Many of these financial instruments are economically hedged by financial instruments assigned to other hierarchy levels. The offsetting gains and losses from these hedging transactions are not included in the tables below, as IFRS 13 requires only the unrealized gains and losses of Level III financial instruments held to be reported.

Assets

	Financial assets measured at fair value through other comprehensive income	Financial assets mandatorily measured at fair value through profit or loss					Total
	Equity instruments	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	Receivables	
EUR million							
<i>Carrying amount as at 01/01/2025</i>	3	20	681	1,789	336	105	2,934
Gains and losses recognized in net consolidated profit/loss	0	0	– 78	– 554	17	– 3	– 618
Net interest income and current net income from equity instruments	0	– 0	– 1	4	0	– 3	0
Net gains/losses from financial instruments measured at fair value through profit or loss	0	1	– 78	– 558	17	– 0	– 618
Additions through acquisitions	0	4	0	355	20	6	384
Disposals through sales	0	0	0	0	– 62	– 5	– 67
Repayments/offsetting	0	0	0	– 405	0	– 2	– 407
Reclassification to Level III	0	2	0	10	0	0	12
Reclassification from Level III	0	– 19	0	0	0	0	– 19
<i>Carrying amount as at 31/12/2025</i>	3	8	603	1,194	311	99	2,219
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	0	– 78	– 542	– 9	– 0	– 630
Net interest income and current net income from equity instruments	0	– 0	– 1	– 1	0	0	– 2
Net gains/losses from financial instruments measured at fair value through profit or loss	0	1	– 78	– 541	– 9	– 0	– 627

	Financial assets measured at fair value through other comprehensive income	Financial assets mandatorily measured at fair value through profit or loss					Total
	Equity instruments	Trading assets	Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments				
		Debt securities and other fixed-income securities	Receivables	Equity instruments	Receivables		
EUR million		Derivatives					
Carrying amount as at 01/01/2024	3	26	0	458	263	95	845
Gains and losses recognized in net consolidated profit/loss	0	1	0	41	12	11	66
Net interest income and current net income from equity instruments	0	3	0	14	0	2	19
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 2	0	27	12	10	47
Additions through acquisitions	0	0	681	728	70	0	1,479
Disposals through sales	0	0	0	– 145	– 8	0	– 153
Repayments/offsetting	0	– 3	0	– 241	0	– 8	– 253
Other changes	0	0	0	0	0	7	7
Reclassification to Level III	0	0	0	963	0	0	963
Reclassification from Level III	0	– 5	0	– 15	0	0	– 20
Carrying amount as at 31/12/2024	3	20	681	1,789	336	105	2,934
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	1	0	32	13	10	56
Net interest income and current net income from equity instruments	0	3	0	4	0	0	8
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 2	0	27	13	10	49

Equity and liabilities

	Financial liabilities designated at fair value		Financial liabilities mandatorily measured at fair value through profit or loss	Total
	Securitized liabilities	Deposits	Trading liabilities	
			Derivatives	
EUR million				
Carrying amount as at 01/01/2025	66	26	22	114
Gains and losses recognized in net consolidated profit/loss	0	- 2	2	- 0
Net interest income and current net income from equity instruments	0	1	- 1	0
Net gains/losses from financial instruments measured at fair value through profit or loss	0	- 3	3	- 0
Additions through acquisitions	0	0	4	4
Reclassification from Level III	- 66	0	- 21	- 87
Carrying amount as at 31/12/2025	0	24	8	31
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	- 2	3	1
Net interest income and current net income from equity instruments	0	1	- 1	0
Net gains/losses from financial instruments measured at fair value through profit or loss	0	- 3	4	1

	Financial liabilities designated at fair value		Financial liabilities mandatorily measured at fair value through profit or loss	Total
	Securitized liabilities	Deposits	Trading liabilities	
			Derivatives	
EUR million				
Carrying amount as at 01/01/2024	72	25	62	159
Gains and losses recognized in net consolidated profit/loss	- 6	0	6	- 0
Net interest income and current net income from equity instruments	0	0	2	2
Net gains/losses from financial instruments measured at fair value through profit or loss	- 6	0	4	- 2
Additions through acquisitions	0	26	0	26
Repayments/offsetting	0	0	- 44	- 44
Reclassification from Level III	0	- 25	- 1	- 26
Carrying amount as at 31/12/2024	66	26	22	114
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	- 6	0	7	1
Net interest income and current net income from equity instruments	0	0	3	3
Net gains/losses from financial instruments measured at fair value through profit or loss	- 6	0	5	- 1

As parameters observable on the market in the 2025 financial year were no longer available or were now considered to have a material influence on fair value, LBBW made reclassifications to Level III. Conversely, parameters that were again observable were available on the market, or the influence of unobservable parameters on fair value was now considered immaterial, prompting LBBW to make reclassifications from Level III.

Sensitivity analysis – Level III

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 unobservable 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 unobservable parameter is immaterial. Interactions between these parameters have therefore not been calculated.

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 valuation of which is based on unobservable parameters:

Assets

EUR million	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	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial assets measured at fair value				
Financial assets mandatorily measured at fair value through profit or loss	17.9	20.0	– 17.7	– 23.0
Trading assets	9.6	12.7	– 9.9	– 13.5
Derivatives	1.1	1.6	– 1.3	– 2.4
Debentures and other fixed-income securities	0.1	0.4	– 0.1	– 0.4
Receivables	8.4	10.7	– 8.4	– 10.7
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	8.3	7.3	– 7.8	– 9.5
Equity instruments	7.0	6.1	– 6.6	– 8.4
Receivables	1.3	1.2	– 1.3	– 1.1
Total	17.9	20.0	– 17.7	– 23.0

Equity and liabilities

EUR million	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	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0.2	0.3	– 0.1	– 0.1
Deposits	0.2	0.3	– 0.1	– 0.1
Financial liabilities mandatorily measured at fair value through profit or loss	1.2	2.8	– 1.0	– 1.9
Trading liabilities	1.2	2.8	– 1.0	– 1.9
Derivatives	1.2	2.8	– 1.0	– 1.9
Total	1.4	3.1	– 1.1	– 1.9

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 presented below reflects the highest and lowest values of the unobservable parameters underlying valuations in the Level III category. There are significant variations in the affected financial instruments, which can result in wide parameter ranges.

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

Assets

31/12/2025

	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 pricing models	Interest rate correlation	54% to 100%	relative –20% / +10%
	Option pricing models	Volatility	7% to 12%	relative –25% / +25%
Debentures and other fixed-income securities	Discounted cash flow method	Gap risk	9% to 17%	relative –30% / +30%
Receivables	Net present value method	Credit spread (bps)	56 – 756	relative –10% to –30% / +10% to 30%
	TRS model	Gap risk	10% to 19%	relative –30% / +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 to 1.45	relative +5% / –5%
Receivables	Net present value method	Credit spread (bps)	47 – 491	relative –30% / +30%

31/12/2024

	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 pricing models	Interest rate correlation	54% to 100%	relative –20% / +10%
	Option pricing models	Volatility	6% to 10%	relative –25% / +25%
	Option pricing models	Foreign exchange correlations	1% to 61%	Abs. –30% / +30%
Debentures and other fixed-income securities	Discounted cash flow method	Gap risk	9% to 17%	relative –30% / +30%
Receivables	Net present value method	Credit spread (bps)	52 – 429	relative –10% to –30% / +10% to 30%
	TRS model	Gap risk	10% to 19%	relative –30% / +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 to 1.45	relative +5% / –5%
Receivables	Net present value method	Credit spread (bps)	175 – 326	relative –30% / +30%

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

Equity and liabilities

	Measurement methods	Significant unobservable parameters	Range	Parameter shift
31/12/2025				
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Deposits	Option pricing models	Interest rate correlation	54% to 100%	relative –20% / +10%
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option pricing models	Interest rate correlation	54% to 100%	relative –20% / +10%
	Option pricing models	Volatility	7% to 12%	relative –25% / +25%

31/12/2024

	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Securitized liabilities	Option pricing models	Foreign exchange correlations	1% to 61%	Abs. -30% / +30%
Deposits	Option pricing models	Interest rate correlation	54% to 100%	relative -20% / +10%
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option pricing models	Interest rate correlation	54% to 100%	relative -20% / +10%
	Option pricing models	Volatility	6% to 10%	relative -25% / +25%
	Option pricing models	Foreign exchange correlations	1% to 61%	Abs. -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 recognized in profit or loss over the term of the financial instrument.

Credit spreads, certain volatilities in option pricing models, and correlations between interest rates, exchange rates and default risks of different counterparties are not consistently observable on the market or cannot be derived from market-observed prices. Market participants may have different opinions on the values of these unobservable parameters used in models. As a result, the transaction price may deviate from what is considered by LBBW 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 2025 financial year compared to year-end 2024, which were deferred as a result of applying significant unobservable parameters for financial instruments measured at fair value:

EUR million	2025	2024
at 1 January	6	6
New transactions (additions)	0	1
Income recognized in the income statement in the reporting period (reversals)	-3	-1
at 31 December	3	6

42. Offsetting financial assets and liabilities

The transactions presented are generally concluded on the basis of master agreements that provide conditional or unconditional rights to offset receivables, liabilities and collateral received or pledged. The collateral detailed is pledged mainly on the basis of repurchase agreements and liens, with offsetting permitted only in contractually agreed cases (for example in insolvency). In the case of repurchase agreements, the recipient is required to return the transferred financial instrument at the end of the term; however, the recipient regularly has the right to sell or repledge the collateral to third parties.

The net amount of the individual financial instruments recognized in the balance sheet is calculated according to the measures shown in the "Accounting and valuation methods" section. Collateral in the form of financial instruments and the cash collateral are stated at the fair value.

Assets

31/12/2025 EUR million	Gross amount of financial assets	Offsetting amount	Recognized net amount of financial assets	Amounts that are not subject to offsetting			Net amount
				Effect of master netting agreements	Financial instruments	Cash collateral	
Receivables from securities repurchase and lending agreements	55,877	– 7,388	48,489	– 537	– 47,358	– 47	547
Derivatives	72,014	– 59,115	12,899	– 6,458	– 68	– 507	5,865
Total	127,891	– 66,503	61,388	– 6,995	– 47,427	– 554	6,412

31/12/2024 EUR million	Gross amount of financial assets	Offsetting amount	Recognized net amount of financial assets	Amounts that are not subject to offsetting			Net amount
				Effect of master netting agreements	Collateral received		
					Financial instruments	Cash collateral	
Current account claims	167	– 167	0	0	0	0	0
Receivables from securities repurchase and lending agreements	40,989	– 10,341	30,648	– 587	– 29,659	– 27	375
Derivatives	81,261	– 66,189	15,072	– 7,729	– 27	– 3,135	4,181
Total	122,417	– 76,697	45,720	– 8,316	– 29,686	– 3,162	4,556

Cash collateral was recognized under the item deposits from banks in the amount of EUR 309 million (previous year: EUR 2,031 million) and under the item deposits from customers in the amount of EUR 245 million (previous year: EUR 1,131 million) as at the end of the reporting date.

Equity and liabilities

31/12/2025 EUR million	Gross amount of financial liabilities	Offsetting amount	Net amount of recognized financial liabilities	Amounts that are not subject to offsetting			
				Effect of master netting agreements	Pledged collateral		Net amount
					Financial instruments	Cash collateral	
Liabilities							
from securities repurchase and lending agreements	10,053	– 7,388	2,665	– 537	– 2,127	– 0	0
Derivatives	70,803	– 59,115	11,688	– 6,458	– 37	– 679	4,514
Total	80,856	– 66,503	14,354	– 6,996	– 2,165	– 679	4,514

31/12/2024 EUR million	Gross amount of financial liabilities	Offsetting amount	Net amount of recognized financial liabilities	Amounts that are not subject to offsetting			
				Effect of master netting agreements	Pledged collateral		Net amount
					Financial instruments	Cash collateral	
Current account liabilities	170	– 167	3	0	0	0	3
Liabilities							
from securities repurchase and lending agreements	12,408	– 10,341	2,067	– 587	– 1,478	0	2
Derivatives	77,974	– 66,189	11,785	– 7,729	– 31	– 1,463	2,562
Total	90,552	– 76,697	13,855	– 8,316	– 1,509	– 1,463	2,567

Cash collateral was recognized under the item loans and advances to banks in the amount of EUR 574 million (previous year: EUR 939 million) and under the item loans and advances to customers in the amount of EUR 105 million (previous year: EUR 524 million) as at the end of the reporting date.

43. Hedge accounting

Amount, timing and uncertainty of future cash flows

31/12/2025 EUR million	up to 3 months	3 months to 1 year	>1 year to <5 years	>5 years
Fair value hedging				
Interest rate risks (PFVHA + MFVHA) ¹				
Nominal amount	74,562	80,256	279,097	195,604
Average hedged interest rate (MFVHA, in %)				
AUD	0.0	0.0	5.3	0.0
CHF	0.0	0.0	2.5	1.0
EUR	2.9	0.9	2.5	3.4
KRW	0.0	3.6	3.5	0.0
USD	7.6	0.0	7.0	6.3
Foreign currency risks (MFVHA + GFVHA) ¹				
Nominal amount	152	204	1,077	115
Average hedged rate (exchange rate)				
AUD	0.0	0.0	1.5	0.0
CHF	1.0	0.9	1.0	1.1

¹ PFVHA – portfolio fair value hedge accounting; MFVHA – micro fair value hedge accounting; GFVHA – group fair value hedge accounting.

31/12/2024 EUR million	up to 3 months	3 months to 1 year	>1 year to <5 years	>5 years
Fair value hedging				
Interest rate risks (PFVHA + MFVHA) ¹				
Nominal amount	37,626	60,661	252,255	167,729
Average hedged interest rate (MFVHA, in %)				
AUD	0.0	0.0	5.3	0.0
CHF	0.0	0.0	2.5	0.0
EUR	0.0	4.9	5.1	5.0
NOK	0.0	0.0	4.0	0.0
Foreign currency risks (MFVHA + GFVHA) ¹				
Nominal amount	0	1	204	0
Average hedged rate (exchange rate)				
AUD	0.0	0.0	1.5	0.0
CZK	0.0	27.2	0.0	0.0

¹ PFVHA – portfolio fair value hedge accounting; MFVHA – micro fair value hedge accounting; GFVHA – group fair value hedge accounting.

Effects of hedge accounting on results of operations, net assets and financial position

Hedging instruments designated by LBBW as hedge accounting have the following effects on the balance sheet as at the reporting date:

31/12/2025 EUR million	Carrying amount of the hedging instrument Assets	Carrying amount of the hedging instrument Equity and liabilities	Nominal amount of the hedging instruments	Balance sheet items under which the hedged items are recognized	Change in fair value to measure ineffectiveness in the reporting period
Fair value hedging					
Interest rate risk hedging	761	824	629,520	Various ¹	461
Micro fair value hedge accounting	91	149	6,939	Various ¹	37
Portfolio fair value hedge accounting	670	675	622,580	Various ¹	424
Foreign currency risk hedging	106	33	1,547	Various ¹	– 0
Micro fair value hedge accounting	103	33	1,390	Various ¹	– 2
Group fair value hedge accounting	3	0	157	Various ¹	2

¹ Financial assets and liabilities mandatorily measured at fair value through profit or loss.

31/12/2024 EUR million	Carrying amount of the hedging instrument Assets	Carrying amount of the hedging instrument Equity and liabilities	Nominal amount of the hedging instruments	Balance sheet items under which the hedged items are recognized	Change in fair value to measure ineffectiveness in the reporting period
Fair value hedging					
Interest rate risk hedging	2,426	2,523	518,271	Various ¹	– 55
Micro fair value hedge accounting	333	413	10,162	Various ¹	4
Portfolio fair value hedge accounting	2,093	2,110	508,109	Various ¹	– 59
Foreign currency risk hedging	0	24	205	Various ¹	2
Micro fair value hedge accounting	0	24	205	Various ¹	2

¹ Financial assets and liabilities mandatorily measured at fair value through profit or loss.

The hedged items from fair value hedges designated as hedge accounting have the following effects on the balance sheet as at the reporting date:

31/12/2025 EUR million	Carrying amount of the hedged item Assets	Carrying amount of the hedged item Equity and liabilities	Cumulative income or expenses recognized in the carrying amount of the hedged item Assets	Cumulative income or expenses recognized in the carrying amount of the hedged item Equity and liabilities	Balance sheet items under which the underlying items are recognized	Change in fair value to measure ineffective- ness in the reporting period	Cumulative amount of the fair value of hedged items that are no longer adjusted to hedge gains and losses
Interest rate risk hedging	34,763	45,000	- 139	- 39	Various ¹	- 466	107
Micro fair value hedge accounting	5,884	1,442	- 139	- 39	Various ¹	- 71	137
Portfolio fair value hedge accounting	28,547	43,558	0	0	Various ¹	- 396	- 31
Foreign currency risk hedging	0	1,463	0	- 7	Various ¹	- 0	- 42
Micro fair value hedge accounting	0	1,463	0	- 7	Various ¹	2	- 42
Group fair value hedge accounting	0	0	0	0	Various ¹	- 2	0
Discontinued hedging relationships	0	0	28	4	Various ¹	0	0

¹ Financial assets and liabilities measured at amortized cost; financial assets measured at fair value through other comprehensive income.

31/12/2024 EUR million	Carrying amount of the hedged item Assets	Carrying amount of the hedged item Equity and liabilities	Cumulative income or expenses recognized in the carrying amount of the hedged item Assets	Cumulative income or expenses recognized in the carrying amount of the hedged item Equity and liabilities	Balance sheet items under which the underlying items are recognized	Change in fair value to measure ineffective- ness in the reporting period	Cumulative amount of the fair value of hedged items that are no longer adjusted to hedge gains and losses
Interest rate risk hedging	36,270	49,418	- 4	- 144	Various ¹	22	503
Micro fair value hedge accounting	6,191	3,912	- 4	- 144	Various ¹	8	94
Portfolio fair value hedge accounting	29,569	45,506	0	0	Various ¹	14	409
Foreign currency risk hedging	1	179	- 0	- 5	Various ¹	- 2	0
Micro fair value hedge accounting	1	179	- 0	- 5	Various ¹	- 2	0

¹ Financial assets and liabilities measured at amortized cost; financial assets measured at fair value through other comprehensive income.

The hedging relationships from fair value hedges (PFVHA and MFVHA) mentioned above have the following effects on the income statement and other comprehensive income as at the reporting date:

31/12/2025 EUR million	Ineffectiveness recognized in the income statement	Items in the income statement and in equity under which ineffectiveness is recognized
Interest rate risk hedging (MFVHA + GFVHA + PFVHA)	- 26	Result from hedging arrangements

31/12/2024 EUR million	Ineffectiveness recognized in the income statement	Items in the income statement and in equity under which ineffectiveness is recognized
Interest rate risk hedging (MFVHA + GFVHA + PFVHA)	- 33	Result from hedging arrangements

F. Other

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

The carrying amount of non-current assets or groups of assets and liabilities (disposal groups) classified as held for sale is primarily realized through disposal rather than continued use.

If the following conditions are cumulatively met, the relevant assets or disposal groups must be classified as held for sale and presented separately from other assets and liabilities in the balance sheet. The criteria for classification as held for sale is that the assets or disposal groups can be disposed of in their present condition at prevailing conditions and that the disposal is highly likely. A disposal is highly probable if the plan to sell the asset is completed, an active program to find a buyer and to complete the plan has been initiated, the assets or the disposal group is actively offered at a price that is appropriate relative to the current fair value and the disposal is expected to occur within one year from the date of classification.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The systematic depreciation of the assets is suspended from the date they are classified as held for sale. Assets and liabilities or disposal groups classified as held for sale are measured in principle in accordance with the provisions of IFRS 5. Assets that fall within the scope of the exemptions in IFRS 5.5 are measured in accordance with the provisions of the relevant applicable standard. Accordingly, the fair value measurement of the relevant assets of this balance sheet item uses the same methods, parameters and approaches as all other LBBW assets measured at fair value. Assets or disposal groups classified as held for sale are recognized separately in the balance sheet items "Non-current assets held for sale and disposal groups" and "Liabilities from disposal groups".

Gains and losses from measurement and disposal of these assets or disposal groups that are not part of a discontinued operation are recognized in the income statement or in the revaluation reserve within equity and are not separately disclosed. If they relate to discontinued operations, the total profit or loss must be presented separately under the item "Profit or loss from discontinued operations".

In the course of its ongoing portfolio optimization, LBBW conducted or concluded negotiations for the sale of non-current assets and disposal groups classified as held for sale during the reporting period.

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

- One property recognized in property and equipment was sold in the first half of 2025. This affects the Corporate Items reporting segment.
- Sales negotiations were conducted for two properties reported as property and equipment. The contract has been signed for these properties. This affects the Corporate Items segment.

As at the reporting date, the holdings in the main groups of assets and liabilities held for sale amounted to less than EUR 1 million.

45. Intangible assets

Intangible assets primarily include software acquired or developed in-house, as well as purchased customer lists.

Purchased intangible assets are measured at amortized cost, i.e. at cost less accumulated amortization and impairment losses. Internally developed software is capitalized at cost if the recognition criteria in accordance with IAS 38 are met. The capitalized costs mainly include staff costs and expenses incurred for external services during development. As previously, the internally developed or purchased software is amortized over three to ten years on a straight-line basis.

Scheduled and unscheduled amortization of intangible assets is recognized under administrative expenses in the income statement. Income from reversals of impairment losses on intangible assets is recognized under other operating income.

Intangible assets are derecognized on disposal. Gains and losses on disposal are the difference between the net proceeds from the disposal of the asset, if any, and its carrying amount. The profit or loss on disposal of the asset is recognized in profit or loss at the date of derecognition and reported under other operating income/expenses.

Changes in intangible assets are shown in the following tables for 2025 and 2024:

EUR million	Purchased software	Goodwill	Advance payments and costs for development and preparation	Other intangible assets	Internally generated intangible assets	Total
Acquisition/production costs						
As at 01/01/2025	973	10	50	107	134	1,275
Additions	19	0	8	0	12	40
Reclassifications	40	0	- 40	0	0	1
Disposals	- 16	0	- 8	0	0	- 24
As at 31/12/2025	1,016	10	11	108	147	1,291
Impairments and reversals						
As at 01/01/2025	- 869	0	- 5	- 77	- 118	- 1,069
Scheduled depreciation	- 64	0	0	- 5	- 7	- 76
Unscheduled depreciation	- 15	0	0	0	0	- 15
Disposals	16	0	5	0	0	21
As at 31/12/2025	- 932	0	0	- 82	- 125	- 1,139
Carrying amounts						
As at 01/01/2025	104	10	45	30	16	205
As at 31/12/2025	84	10	11	25	22	152

EUR million	Purchased software	Goodwill	Advance payments and costs for development and preparation	Other intangible assets	Internally generated intangible assets	Total
Acquisition/production costs						
As at 01/01/2024	968	10	61	107	125	1,271
Additions	16	0	30	0	10	56
Reclassifications	38	0	- 40	0	- 0	- 3
Disposals	- 49	0	- 0	- 0	- 1	- 50
As at 31/12/2024	973	10	50	107	134	1,275
Impairments and reversals						
As at 01/01/2024	- 881	0	0	- 68	- 111	- 1,060
Scheduled depreciation	- 35	0	0	- 9	- 8	- 52
Unscheduled depreciation	- 1	0	- 5	0	0	- 7
Disposals	49	0	0	0	1	50
As at 31/12/2024	- 869	0	- 5	- 77	- 118	- 1,069
Carrying amounts						
As at 01/01/2024	87	10	61	39	15	211
As at 31/12/2024	104	10	45	30	16	205

Intangible assets of EUR 90 million (previous year: EUR 141 million) had a remaining useful life of more than 12 months as at the reporting date.

46. Investment property

Property leased out to third parties or acquired for investment purposes are reported separately in the balance sheet under investment property in accordance with IAS 40 as long as it is held to earn rental income and/or for capital appreciation. For mixed-use properties, non-owner-occupied parts that can be sold or leased out separately must be 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 directly attributable transaction costs. Remeasurement is at fair value on the financial statement date. This is primarily determined from model-based valuations. Annual appraisals are obtained for all 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, leasing conditions, market conditions and vacancy rates affect future cash flows and, consequently, the fair value.

The valuation of investment property is based on cash flow projections 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.

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 based on the assumption of ongoing property management. Over a detailed planning period of ten years, cash flows are determined as the net balance of inflows and outflows related to property management. A residual value for the cash-generating unit is projected at the end of the planning period by capitalizing the cash flows from the tenth year as a perpetual annuity.

The following table illustrates the development of carrying amounts:

EUR million	Investment property	Right-of-use assets from leases	Total
Carrying amount as at 01/01/2025	856	23	880
Additions	17	0	18
Currency translation differences	- 9	- 1	- 10
Changes in fair value from assets (through profit or loss)	20	- 3	17
Reclassifications from/to inventories and property and equipment	40	0	40
Carrying amount as at 31/12/2025	924	20	944

EUR million	Investment property	Right-of-use assets from leases	Total
Carrying amount as at 01/01/2024	756	25	781
Additions	12	0	12
Disposals	- 2	0	- 2
Currency translation differences	5	1	5
Changes in fair value from assets (through profit or loss)	6	- 3	4
Reclassifications from/to inventories and property and equipment	79	0	79
Carrying amount as at 31/12/2024	856	23	880

Investment property had a remaining useful life of more than 12 months as at the reporting date.

Modernization costs capitalized for investment property in the financial year amounted to EUR 17 million (previous year: EUR 12 million).

Investment property and property held for sale measured at fair value are valued based on unobservable market parameters (Level III). The development of portfolios and results determined using valuation models that include material unobservable parameters is presented in the table below:

EUR million	Investment property	Property held for sale
Carrying amount as at 01/01/2025	880	0
Gains and losses recognized in net consolidated profit/loss	12	0
Other earnings items	12	0
Additions through acquisitions	18	0
Other changes	35	0
Carrying amount as at 31/12/2025	944	0
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	12	0
Other earnings items	12	0

EUR million	Investment property	Property held for sale
Carrying amount as at 01/01/2024	781	2
Gains and losses recognized in net consolidated profit/loss	11	0
Other earnings items	11	0
Additions through acquisitions	12	0
Disposals through sales	- 2	- 2
Other changes	77	0
Carrying amount as at 31/12/2024	880	0
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	11	0
Other earnings items	11	0

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

31/12/2025	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization/indexing	2.00%	n/a
		Discount rate	1.00% to 10.90%	
		Risk of loss of rent	0.75%–5.00%	
		Basic maintenance costs	0.00–19.00 EUR/m ²	
		Administration costs (% of target rent)	1.00% to 6.80%	

31/12/2024	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%–10.90%	
		Risk of loss of rent	0.75%–5.00%	
		Basic maintenance costs	EUR 0.00–28.10/m ²	
		Administration costs (% of target rent)	1.00%–6.50%	

Corresponding statements on financial instruments (see Note 41) also apply.

47. Property and equipment

Property and equipment includes commercially used land and buildings, technical equipment and machinery, operating and office equipment, advance payments and assets under construction, leased assets and right-of-use assets from leases.

Property and equipment is initially carried at cost and subsequently measured at amortized cost. Subsequent expenditure on property and equipment is capitalized if it is deemed to increase the future potential benefit. All other subsequent expenditure is recognized as an expense. Property and equipment is depreciated over its expected economic life, mainly on a straight line basis, with some assets depreciated using the declining balance method. Determination of the economic life reflects expected physical wear and tear, technical obsolescence and legal and contractual constraints.

The (remaining) useful life and depreciation method are reviewed at least at the end of each financial year. Following scheduled depreciation, including the review of the applied depreciation method, the underlying useful life, and the residual value (disposal value of a comparable asset), an assessment is carried out at least at each balance sheet date to determine whether there are any indications of impairment. Where indications of impairment exist, the recoverable amount (the higher of fair value less costs to sell or value in use) is determined, compared with the carrying amount, and written down if necessary. If the recoverable amount has increased since the last impairment, a reversal of impairment is recognized up to, but not exceeding, the amortized cost.

Depreciation and impairment losses, both scheduled and unscheduled, are recognized within administrative expenses under depreciation of property and equipment. Reversals of impairment losses and gains or losses on the disposal of property and equipment are recognized under other operating income/expenses.

	Estimated useful life in years	
	31/12/2025	31/12/2024
Buildings	25 – 50	25 – 50
Technical equipment and machinery	5 – 10	5 – 10
Operating and office equipment	1 – 20	1 – 20
Purchased IT systems	3 – 7	3 – 7

Changes to the carrying amounts in the reporting year were as follows:

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under construction	Leased assets under operating leases	Right-of-use assets from leases	Total
Acquisition/production costs							
As at 01/01/2025	961	123	265	162	457	328	2,297
Currency translation differences	0	0	– 1	0	0	– 0	– 1
Additions	31	1	8	18	18	32	108
Reclassifications	93	0	2	– 113	– 23	0	– 41
Disposals	– 2	– 0	– 7	– 6	– 32	– 40	– 88
Reclassifications to non-current assets held for sale and disposal groups	– 3	0	0	0	– 3	0	– 5
As at 31/12/2025	1,080	124	268	62	417	320	2,270
Impairments and reversals							
As at 01/01/2025	– 654	– 113	– 164	– 0	– 193	– 163	– 1,288
Scheduled depreciation	– 10	– 2	– 15	0	– 10	– 36	– 72
Unscheduled depreciation	– 32	0	0	0	0	0	– 32
Reclassifications	– 19	0	0	0	19	0	0
Disposals	1	0	7	0	4	3	15
Reclassifications to non-current assets held for sale and disposal groups	2	0	0	0	2	0	5
As at 31/12/2025	– 711	– 115	– 172	– 0	– 177	– 196	– 1,371
Carrying amounts							
As at 01/01/2025	307	10	101	162	264	165	1,009
As at 31/12/2025	369	9	96	62	239	124	899

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under construction	Leased assets under operating leases	Right-of-use assets from leases	Total
Acquisition/production costs							
As at 01/01/2024	967	133	270	50	360	299	2,079
Additions	6	0	12	85	95	33	232
Reclassifications	- 8	2	- 4	28	15	0	33
Disposals	- 2	- 12	- 13	0	- 12	- 5	- 43
Reclassifications to non-current assets held for sale and disposal groups	- 2	0	0	0	- 1	0	- 3
As at 31/12/2024	961	123	265	162	457	328	2,297
Impairments and reversals							
As at 01/01/2024	- 647	- 122	- 160	0	- 183	- 131	- 1,243
Scheduled depreciation	- 10	- 2	- 16	0	- 11	- 36	- 76
Unscheduled depreciation	- 4	0	0	0	0	0	- 4
Reclassifications	3	0	0	0	- 3	0	0
Disposals	2	11	12	0	4	4	33
Reclassifications to non-current assets held for sale and disposal groups	2	0	0	0	1	0	3
As at 31/12/2024	- 654	- 113	- 164	0	- 193	- 163	- 1,287
Carrying amounts							
As at 01/01/2024	320	11	110	50	177	168	836
As at 31/12/2024	307	10	101	162	264	165	1,009

As at the reporting date, “property and equipment” in the amount of EUR 831 million (previous year: EUR 942 million) had a remaining useful life of more than 12 months.

More details on leasing transactions can be found in Note 48.

48. Leasing business

LBBW as the lessor

Leases are recognized by the lessor in accordance with IFRS 16 on the basis of their classification as a finance or operating lease. This classification takes place at the beginning of a lease and is based on the overall assessment of which risks and rewards lie with the lessor. The underlying criteria are reviewed regularly. If a change to the overall assessment takes place, the lease is reclassified.

A lease is classified as a finance lease where essentially all risks and rewards incidental to ownership of an asset are transferred from the lessor to the lessee. Otherwise, the lease is an operating lease.

LBBW's finance lease agreements include full-payout leases, partial-payout leases and hire purchase agreements. Depending on its form, a finance lease can be a cancelable agreement or an agreement with a put option. Lease payments are generally due in advance.

In the case of operating lease transactions concluded at LBBW, beneficial ownership of the asset under the lease agreement remains within the Group. The leased assets – mainly buildings and land – are recognized as assets and reported in the consolidated balance sheet under property and equipment or investment property. The leased assets are recognized in accordance with IAS 16 at (amortized) cost or measured at fair value in accordance with IAS 40. Both the lease income and received special payments and prepayments are recognized over the lease term. Depreciation, impairment losses and recognized income are reported in full under other operating income/expenses.

With a finance lease, the leased asset is derecognized at the beginning of the lease term and a receivable due from the lessee equivalent to the net investment value is reported in loans and advances to customers or loans and advances to banks. Lease payments received are broken down into an interest component recognized in profit or loss and a principal component. While interest income is recognized on an accrual basis and reported in net interest income, the principal component reduces the carrying amount of the receivable on the balance sheet.

The direct costs incurred by the lessor at the inception of the contract are assigned to the lease agreement. The internal interest rate underlying the lease is determined in such a way that the initial direct costs are included automatically in the lease receivables.

The following maturity structure of future lease payments and the reconciliation of the gross investment value to the present value of lease payments apply to finance lease transactions included under loans and advances to customers:

EUR million	31/12/2025	31/12/2024
<i>Future lease payments</i>	7,926	7,544
Up to 1 year	2,649	2,294
More than 1 year to 2 years	1,854	1,795
More than 2 years to 3 years	1,220	1,405
More than 3 years to 4 years	922	1,034
More than 4 years to 5 years	720	495
More than 5 years	561	521
= <i>Gross investment value</i>	7,926	7,544
- unguaranteed residual values	12	11
- unrealized financial income	708	701
= <i>Net investment value</i>	7,207	6,832
Up to 1 year	2,248	2,029

From the lessor's perspective, the gross investment in the lease is the sum of the lease payments under a finance lease and any unguaranteed residual values accruing to the lessor. Lease payments refer to fixed payments or payments linked to an index or (interest) rate (including residual value guarantees) that the lessee must pay during the lease term in exchange for the right to use an underlying asset. Lease payments do not include contingent lease payments or payments for non-lease components. The net investment value corresponds to the present value of the gross investment. Discounting is based on the interest rate implicit in the lease from the lessor's perspective.

The financial income on the net investment value reported under interest income in the reporting year was EUR 443 million (previous year: EUR 398 million).

Other operating income/expenses include a gain on disposal from finance leases of EUR 6 million (previous year: EUR 6 million).

The carrying amounts of assets leased as part of operating lease transactions under property and equipment, which mainly involve agreements for leasing LBBW's own properties and buildings, were broken down as follows:

EUR million	Land	Buildings	Technical equipment and machinery	Other leased assets	Total
Acquisition/production costs					
As at 01/01/2025	34	207	36	179	455
Additions	0	0	10	8	18
Reclassifications	- 2	- 21	0	0	- 23
Disposals	0	1	- 31	- 2	- 32
Reclassifications to non-current assets held for sale and disposal groups	- 0	- 2	0	0	- 3
As at 31/12/2025	31	183	15	185	415
Impairments and reversals					
As at 01/01/2025	- 3	- 170	- 5	- 13	- 191
Scheduled depreciation	0	- 3	- 2	- 6	- 10
Reclassifications	0	19	0	0	19
Disposals	- 0	- 1	4	1	4
Reclassifications to non-current assets held for sale and disposal groups	0	2	0	0	2
As at 31/12/2025	- 3	- 153	- 2	- 18	- 176
Carrying amounts					
As at 01/01/2025	31	37	31	166	264
As at 31/12/2025	29	31	12	167	239

EUR million	Land	Buildings	Technical equipment and machinery	Other leased assets	Total
Acquisition/production costs					
As at 01/01/2024	33	206	30	91	360
Additions	0	0	11	84	95
Reclassifications	1	3	0	9	13
Disposals	- 0	- 2	- 4	- 5	- 12
Reclassifications to non-current assets held for sale and disposal groups	- 0	- 1	0	0	- 1
As at 31/12/2024	34	207	36	179	455
Impairments and reversals					
As at 01/01/2024	- 3	- 168	- 2	- 11	- 183
Scheduled depreciation	0	- 2	- 4	- 4	- 11
Reclassifications	0	- 2	0	0	- 2
Disposals	0	2	1	1	4
Reclassifications to non-current assets held for sale and disposal groups	0	2	0	0	2
As at 31/12/2024	- 3	- 170	- 5	- 13	- 191
Carrying amounts					
As at 01/01/2024	30	38	28	81	177
As at 31/12/2024	31	37	31	166	264

The carrying amounts of the investment property that is rented within the scope of operating lease agreements amounted to EUR 926 million (previous year: EUR 859 million). Changes to the carrying amounts are shown in Note 46.

In the year under review, lease income from operating leases was generated from fixed lease payments in the amount of EUR 73 million (previous year: EUR 74 million) and from variable lease payments that are not dependent on an index or (interest) rate in the amount of EUR 5 million (previous year: EUR 6 million).

The general impairment requirements under IAS 36 and IFRS 9 are applied to leases.

The following payments are expected from lease agreements:

EUR million	31/12/2025	31/12/2024
Up to 1 year	58	57
More than 1 year to 2 years	49	44
More than 2 years to 3 years	40	35
More than 3 years to 4 years	36	31
More than 4 years to 5 years	35	28
More than 5 years	109	112
<i>Future lease payments from operating leases</i>	328	307

LBBW as the lessee

Under leases entered into by LBBW as the lessee, a right-of-use asset measured at cost is recognized on the lease commencement date. The cost comprises the lease liability, advance payments, initial direct costs and expected restoration obligations, less lease incentives received.

Lease liabilities are recognized at the present value of future lease payments. Lease payments consist of fixed and variable components, including payments that are subject to fluctuation but substantially fixed (e.g. index-linked payments). The interest rate implicit in the lease is used for discounting. If this is unavailable, an incremental borrowing rate is used instead. The lease term is calculated as the non-cancelable base lease period, considering renewal and termination options. In assessing the likelihood of options being exercised, relevant facts and circumstances that may provide an economic incentive for the lessee are taken into account. This is reassessed in the event of significant events or changes in circumstances.

In subsequent measurement, the right-of-use asset is measured using the cost model and adjusted for accumulated depreciation and impairment losses. The depreciation period is determined by the useful life of the right-of-use asset and generally corresponds to the term of the contract.

In subsequent periods, the lease liability is increased by a constant interest effect through profit or loss and reduced in line with lease payments made on a neutral basis in profit or loss. In the event of reassessments or contract amendments, right-of-use assets and lease liabilities are adjusted accordingly in subsequent measurement.

The right-of-use asset is tested for impairment as part of an annual impairment test in accordance with IAS 36.

LBBW does not exercise an option for short-term leases as referred to in IFRS 16.5a. For leases where the underlying asset is of low value, the option under IFRS 16.5(b) is exercised.

The right-of-use assets from leases reported under property and equipment developed as follows in the reporting year:

EUR million	Right-of-use assets from land and buildings	Right-of-use assets from vehicles	Right-of-use assets from other operating and office equipment	Total
Acquisition/production costs				
As at 01/01/2025	288	21	22	331
Additions	19	10	3	32
Disposals	- 38	- 1	- 1	- 40
Other changes	2	- 1	- 1	0
As at 31/12/2025	271	29	23	323
Impairments and reversals				
As at 01/01/2025	- 142	- 13	- 11	- 166
Scheduled depreciation	- 27	- 6	- 3	- 36
Disposals	1	1	0	3
Other changes	- 2	1	1	- 0
As at 31/12/2025	- 169	- 17	- 13	- 199
Carrying amounts				
As at 01/01/2025	146	8	11	165
As at 31/12/2025	101	12	11	124

EUR million	Right-of-use assets from land and buildings	Right-of-use assets from vehicles	Right-of-use assets from other operating and office equipment	Total
Acquisition/production costs				
As at 01/01/2024	266	18	18	302
Additions	24	5	4	34
Disposals	- 3	- 2	- 0	- 5
As at 31/12/2024	288	21	22	331
Impairments and reversals				
As at 01/01/2024	- 115	- 11	- 8	- 134
Scheduled depreciation	- 29	- 5	- 3	- 37
Disposals	2	2	0	5
As at 31/12/2024	- 142	- 13	- 11	- 166
Carrying amounts				
As at 01/01/2024	151	8	10	168
As at 31/12/2024	146	8	11	165

Changes to the right-of-use assets from investment property are shown in Note 46. These came to EUR 20 million as at the reporting date (previous year: EUR 23 million).

The maturity structure for the future undiscounted lease payments and the lease liabilities included in other liabilities as at the reporting date was as follows:

EUR million	31/12/2025	31/12/2024
Up to 1 year	31	41
More than 1 year to 5 years	97	105
More than 5 years	38	73
Total undiscounted future lease payments	166	218
Up to 1 year	29	35
More than 1 year to 5 years	90	99
More than 5 years	35	68
Carrying amount of lease liabilities	154	203

The lease liabilities did not take into account potential future lease payments from existing leases in the amount of EUR 74 million (previous year: EUR 70 million) from renewal options and EUR 4 million (previous year: EUR 4 million) from termination options.

In the year under review, EUR – 3 million (previous year: EUR – 3 million) was incurred in interest expenses for lease liabilities, which can essentially be attributed to leases for land and buildings.

Expenses relating to leases of low-value assets came to EUR – 4 million (previous year: EUR – 4 million).

Income from subleasing right-of-use assets totaled EUR 0 million (previous year: EUR 1 million).

49. Income taxes

LBBW operates in several tax jurisdictions. The tax items shown in the financial statements are determined in accordance with the relevant tax laws and administrative interpretations. Due to their complexity, taxpayers and local tax authorities may interpret them differently. As different interpretations of tax laws resulting from audits can lead to subsequent tax payments for previous years, these are considered based on the management's assessment.

Current income tax liabilities and assets are calculated at current tax rates and recognized at the expected payment or refund amount.

Deferred income tax assets and liabilities are recognized in respect of temporary differences. Taxable and deductible temporary differences are determined by comparing the IFRS carrying amount of an asset or liability with its local tax base. The tax base is determined based on the tax regulations of the country in which the taxation occurs. Deferred income tax assets and liabilities are calculated at the tax rates expected to apply when the asset is realized or the liability is settled. The impact of tax rate changes on deferred taxes is recognized in the period in which the legislative change is enacted.

Current and deferred income tax assets and liabilities are offset under the requirements of IAS 12.71 and IAS 12.74.

Deferred tax liabilities are recognized for temporary differences that will result in future tax expenses. Deferred tax assets are recognized if tax relief is expected and likely to be utilized when temporary differences are reversed. Deferred tax assets on temporary differences in equity are recognized in the statement of comprehensive income under the valuation reserve or retained earnings sub-items, depending on the underlying situation.

Deferred tax assets are also recognized for tax loss and interest carryforwards if they are expected to be utilized based on financial projections. Tax planning is based on current corporate planning approved by the Board of Managing Directors, typically covering a five-year period. It incorporates historical insights into profitability and taxable income. Deferred tax assets from temporary differences and loss carryforwards are reviewed for impairment at each balance sheet date.

Income tax assets

EUR million	31/12/2025	31/12/2024
Current income tax assets	180	268
Domestic	40	170
Abroad	140	98
Deferred income tax assets	790	973
<i>Total</i>	<i>970</i>	<i>1,241</i>

Of the current income tax assets, EUR 180 million (previous year: EUR 268 million) is due within one year.

Income tax liabilities

EUR million	31/12/2025	31/12/2024
Current income tax liabilities	187	195
of which provisions for income taxes	185	192
of which liabilities to tax authorities from income taxes	2	3
Deferred income tax liabilities	29	26
<i>Total</i>	<i>216</i>	<i>220</i>

Of the current income tax liabilities, EUR 187 million (previous year: EUR 195 million) is due within one year.

50. Other assets and other liabilities

Other assets include assets which, considered separately, are not significant in relation to total balance sheet assets and cannot be allocated to any other balance sheet item.

This also includes inventories, which primarily reflect activities related to the real estate business of LBBW Immobilien Management GmbH. These mainly include land and land rights with finished and/or unfinished buildings that are held for sale in the course of ordinary business activities.

CO₂ emission allowances are also recognized under other assets/liabilities. These are covered by the definition of inventories under IAS 2 and are intangible assets in accordance with IAS 38, not financial assets or financial liabilities under IAS 32. As LBBW does not acquire the CO₂ emission allowances for own use, instead acting as a broker-trader within the meaning of IAS 2.5, they are measured at fair value less the cost of disposal in accordance with IAS 2.3 (b). The results of these operating activities are recognized under net trading gains/losses. CO₂ emission allowances reported under other liabilities are obligations in kind resulting from covered short sales and are also measured at fair value.

In accordance with IAS 2.9, inventories are measured at the lower of acquisition/production costs and net realizable value. The determination of acquisition and production costs is carried out in accordance with IAS 2.10 et seq., while the net realizable value is determined in accordance with IAS 2.28 et seq. The acquisition and production costs of inventories that cannot be exchanged, as well as of goods, products or services created and separated for special projects, are determined by assigning their individual acquisition or production costs. Acquisition costs include directly attributable acquisition and provisioning costs, while production costs include all directly attributable costs plus overhead costs. The net realizable value is determined as the expected, individually realizable sales proceeds less estimated completion costs and additional costs incurred up to the sale. The results of these activities are recognized in other operating income/expenses, which also includes changes in value.

The capitalization of borrowing costs on the basis of IAS 23 is conditional on the property being a qualifying asset. These borrowing costs primarily arise from commercial project development and can be allocated to land acquisition or building construction during the production period. Individual interest rates ranging from 3.51% p. a. to 5.00% p. a. (previous year: 3.89% p. a. and 6.23% p. a.) were applied.

Other liabilities also include accruals and obligations which, considered separately, are not significant to the disclosure of balance sheet liabilities and cannot be allocated to any other balance sheet item.

Assets and liabilities in these items are measured at amortized cost.

Other assets

Scheduled and unscheduled impairments are reported in other operating income/expenses.

EUR million	31/12/2025	31/12/2024
Inventories	398	402
Receivables from tax authorities	6	29
Miscellaneous other assets	3,331	4,420
<i>Total</i>	<i>3,735</i>	<i>4,850</i>

The decline in other assets was related primarily to payments where the value date had not yet occurred.

The miscellaneous other assets largely report margin balances. Receivables from guarantees for synthetic securitizations of EUR 2 million (previous year: EUR 2 million) and CO₂ emission allowances of EUR 293 million (previous year: EUR 565 million) are additionally included here.

Other assets included assets totaling EUR 647 million (previous year: EUR 1,654 million) with a remaining useful life of more than 12 months.

Inventories were broken down as follows:

EUR million	31/12/2025	31/12/2024
Land and land rights, with unfinished buildings	84	85
Work in progress and development measures	127	129
Land and land rights, without buildings	100	119
Other inventories	88	68
<i>Total</i>	<i>398</i>	<i>402</i>

The carrying amount of inventories recognized at fair value less costs to sell was EUR 52 million (previous year: EUR 59 million).

The carrying amount of inventories pledged as collateral for liabilities amounted to EUR 116 million (previous year: EUR 153 million).

Borrowing costs of EUR 5 million (previous year: EUR 6 million) were capitalized.

Other inventories include holdings of precious metals.

Other liabilities

EUR million	31/12/2025	31/12/2024
Liabilities from		
Other taxes	103	163
Employment	22	21
Trade payables	76	105
Non-controlling interests	1	1
Leasing	154	203
Advances received	33	38
Miscellaneous other liabilities	1,939	2,130
<i>Total</i>	<i>2,328</i>	<i>2,662</i>

Other liabilities with maturities of more than 12 months totaled EUR 430 million (previous year: EUR 210 million) as at the reporting date.

For a detailed description of lease disclosures, see Note 48.

51. Provisions

EUR million	31/12/2025	31/12/2024
Provisions for pension obligations	974	960
Provisions for litigation and recourse risk	128	139
Provisions for lending business	302	316
Other personnel-related provisions	232	223
Other provisions	162	170
Total	1,798	1,808

As at the reporting date, provisions totaling EUR 1,145 million (previous year: EUR 1,088 million) had a remaining term to maturity of over 12 months.

Provisions for pensions and similar obligations

General information

A significant portion of the provisions for pensions and similar obligations originates from LBBW (Bank). Additionally, some subsidiaries within LBBW Group grant their employees the same pension commitments as LBBW (Bank). As a result, the following explanations primarily refer to LBBW (Bank)'s pension plans. For the majority of pension commitments within LBBW Group, plan assets exist in various forms.

Provisions for pensions and similar obligations primarily consist of provisions for the obligation to pay company pensions on the occurrence of biometric risks (old age, invalidity, death) based on pension commitments awarded. The nature and amount of the pension payable to employees and beneficiaries entitled to pension benefits are governed by the applicable pension regulations (including total commitments and works or company agreements), which depend largely on the date that employment commenced.

A high number of pension plans at LBBW were recognized as defined benefit plans until 31 December 2025. These are closed for new policies. In addition, further entitlements or claims exist against LBBW's supplementary pension fund (Zusatzversorgungskasse – ZVK) and the benevolent fund (Unterstützungskasse LBBW e.V); both facilities are closed for new policies. All of the aforementioned pension commitments are defined benefit plans within the meaning of IAS 19.

Furthermore, pension benefits for employees from predecessor institutions, which are recognized as defined contribution plans within the meaning of IAS 19, were taken over and continued. These are also closed for new policies. To finance these obligations, the relevant Group company contributes set amounts to external pension funds, with individual contributions from employees.

For most of LBBW (Bank)'s existing pension obligations, plan assets within the meaning of IAS 19 are created after benefit entitlements are transferred to a non-insured pension fund under German law as a legally independent entity. In the past, additional subsidiaries have also created plan assets in this way.

Currently, a fund-linked direct commitment – the LBBW VorsorgeFonds Plus – exists for new policies with LBBW (Bank) and some subsidiaries. This comprises a Basiskonto (retirement account financed by the employer) for employer contributions and an Aufbaukonto (retirement account to which contributions are made by the employee) for contributions from voluntary salary conversion by all employees. The contributions are paid into a contractual trust arrangement (CTA). The obligation towards employees is tied to the performance of the investment. The paid-in contributions are guaranteed as a minimum (guaranteed minimum benefit). These are also defined benefit plans within the meaning of IAS 19. In addition, LBBW Group has pension commitments that are linked to reinsurance coverage, with their amount being determined exclusively by the fair value of a reinsurance policy.

Some current and former employees are also entitled to benefits (medical coverage). For the portion of employees who remain entitled to these benefits after retirement, the obligations have been recognized as defined benefit plans, and the corresponding provisions have been recorded in accordance with IAS 19.

There are no provisioning requirements for the deferred compensation option that is also offered, as this is entered as a defined benefit plan within the meaning of IAS 19.

Commitments outside of Germany

The employees of Landesbank Baden-Württemberg's London Branch were offered a direct final salary pension commitment that is based on the number of years in service, which is closed for new policies and has been replaced for new employees by a defined contribution plan within the meaning of IAS 19. The pension plan's pension obligations are backed by plan assets managed by a pension trust. The pension plan as well as the pension trust are subject to UK

regulations, according to which the Bank and the trustees responsible for the trust have to develop a funding strategy and plan contributions to the trust. The bank is responsible for the risks of the pension plan, including investment risks and biometric risks, with a particular focus on longevity risk.

The Bank and the trustees review the investment strategy every three years and adjust it if necessary. If there is a shortfall in cover, a contribution plan is agreed to reach the desired degree of cover. Some of the plan assets are covered by the expected payment obligations with matching maturities (asset-liability matching).

For reasons of immateriality, further disclosures are not differentiated for the foreign plans.

Valuation and recognition in the balance sheet

According to the provisions of IAS 19, the total obligations for the defined benefit plans are calculated annually by an independent actuary. In this process, the present value of the defined benefit obligation is calculated at each financial statement date using the projected unit credit method. This calculation takes into consideration not only the pensions and entitlements known at the balance sheet date, but also the future expected rates of increase of pensionable salaries and pensions, the expected benefit cases (age, invalidity, death), the expected payment arrangements as well as fluctuation rates. In addition to the benefits trend, it is assumed in the measurement of the pension obligations that the active employees' benefit trend will be slightly higher than the average trend up to their 50th year, on account of career development. Earnings and pension trends are based on market inflation. The probabilities of death, invalidity and probabilities of marriage are taken from the mortality tables compiled by Prof. Klaus Heubeck. The age used for the start of retirement is 64 years.

The present value of the pension obligations is based on a discount rate derived from the alternative Willis Towers Watson's RATE:Link methodology. The data basis for determining the interest rate is the AA-rated corporate bonds compiled in Bloomberg for the Eurozone by at least half of the rating agencies. Using actuarial methods, a yield curve is derived from this data, and from this a discount rate of similar maturity to the obligations is established. The premises described above are reviewed annually and adjusted if necessary. A refinement to the procedure was made in the course of a review during the reporting year, which related to an expansion of the bonds that are taken into account in the relevant RATE:Link portfolio. This resulted in an expansion of the AA portfolio, making the currency-specific yield curves derived from this somewhat more stable. This does not produce any material impacts for LBBW. The discount rate calculated in this way increased during the financial year.

Deviations from the expected development of the pension obligations as well as changes to the calculation parameters (primarily employee turnover rate, salary increase, pension increase or discount rate) lead to actuarial gains or losses. These are recognized directly in retained earnings or other comprehensive income in their full amount in the year they arise, resulting in corresponding changes in equity.

The amount to be recognized as an asset or liability is determined by the present value of the defined benefit obligation at the balance sheet date less the fair value of any plan assets. The past service cost arises due to changes in the defined benefit plan that impact on the pension entitlements accrued. Interest expense includes the share of the increase in the present value of the defined benefit obligation, or in the pension provisions where plan assets exist, that arises as the settlement date approaches. The staff costs equate to the present value of the annual increase in the pension entitlements accrued plus unrecognized past service costs.

The interest income from unwinding the discount on plan assets is offset against the interest expense, so that only net interest expense is recognized. The discount rate at the end of the previous year is used as the basis for calculating net interest income. Service cost and net interest income are reported in administrative expenses. Other comprehensive income from plan assets is recognized in other comprehensive income.

Risks and management

In the case of defined benefit plans not transferred to the pension fund under German law, the relevant Group company is obligated to grant benefits pledged to former employees and their dependents. The associated risks are borne by the Group company in question. For the portion of defined benefit plans transferred to the pension fund under German law, beneficiaries are directly entitled to the pension fund. The respective sponsoring companies retain secondary liability.

Material risks include balance sheet, liquidity and investment risks. In accordance with IAS 19, balance sheet risks arise especially in relation to the impact of pension obligations and pension plan assets on equity, as the difference between expected and actual pension obligations and plan assets is recognized in other comprehensive income and leads to changes in equity. The actuarial gains or losses described above give rise to balance sheet risks in both scope and amount. They can have either a positive or negative impact. The key influencing factors for balance sheet risks are the discount rate, the yield of the plan assets and other economic and demographic valuation factors. A further risk for the sponsoring companies arises from their obligation to make additional contributions to the pension fund if the minimum funding reserve falls below the required level after the transfer of pension obligations.

The discount rate plays a key role in determining the scope of obligations, not least on account of its volatility. The rise in the discount rate observed over the past financial year led to a reduction in the present value of pension obligations. Furthermore, deviations from the measurement assumptions in portfolio composition and market developments affect the obligation amount and, in turn, the corresponding balance sheet items. Actual salary and pension increases that are higher or lower than assumed are reflected accordingly in losses or gains. With the general contribution and limit systems, the performance of the entitlements and claims with external providers, such as BVV or the statutory pension scheme, impacts the level of provision to be made by the Group company, which can have a relatively strong effect on pension obligations, especially with lasting trend changes. Besides the economic risks stated, there are also biometric risks. Since a large proportion of the pension obligations is attributable to lifelong benefit entitlements, the risk of longevity in particular must be stated. Deviations in the actual mortality rates observed from the mortality tables also result in gains or losses.

Sensitivity analyses were carried out for the material parameters. In addition to the discount rate, the most influential parameters examined were the impact of the salary, pension and career trends, as well as staff turnover and the probability of annuitization. The mortality rate, salary and pension trends and staff turnover have comparatively little impact on the obligations arising from the capital accounts (Basiskonto and Aufbaukonto), since pension entitlements for active employees do not increase dynamically with salaries retroactively based on years of service. This will gradually reduce the balance sheet risk for the Group companies over time. This does not generally impact the obligations from the LBBW VorsorgeFonds Plus due to offsetting.

Meeting pension obligations entails the payment of pensions and therefore a cash outflow. Aside from the discount rate, which does not impact the amount of benefit payments, the balance sheet risk factors described above also affect the liquidity requirements. Plan assets are available for the obligations of LBBW's pension fund, benevolent fund and supplementary pension fund, as well as for the obligations of the LBBW VorsorgeFonds Plus. LBBW (Bank) also has plan assets as part of a contractual trust arrangement (CTA) for direct commitments. For pension obligations without plan assets, benefit payments must be covered by the assets of the Group companies. If benefit payments are not made from plan assets, the sponsoring companies are entitled to reimbursement for pension payments made, provided the plan assets are sufficient. If sufficient cover is not available, the sponsoring companies are partially responsible for making additional contributions to the plan assets. The plan assets are subject to investment risk that is mitigated by careful asset management.

The statutory insolvency protection for LBBW's pension obligations applies to commitments made after the elimination of the guarantor's liability in 2005 and is provided via the pension insurance association. All pension commitments made before this date by LBBW (Bank) are insolvency-protected through the guarantor's liability and maintenance obligation.

Quantitative detailed disclosures

The LBBW Group has several pension plans but these are not shown separately for reasons of clarity. Some of these plans have notable surpluses of assets over liabilities, which are reported separately under other assets in the balance sheet. The development of the present value of defined pension obligations is broken down as follows:

EUR million	2025	2024
<i>As at 1 January</i>	3,162	3,256
<i>Changes recognized in the income statement¹</i>	157	157
Interest expense/income	109	106
Current service cost including the release of pension provisions	48	51
<i>Changes recognized in other comprehensive income¹</i>	- 197	- 120
Actuarial gains/losses from changes to the demographic assumptions	8	12
Actuarial gains/losses from changes to the financial assumptions	- 212	- 167
Experience-based actuarial gains/losses	8	34
Changes in exchange rates	- 1	1
<i>Other changes</i>	- 133	- 131
Pension benefits paid	- 137	- 131
Business combinations/disposals	4	- 0
<i>As at 31 December</i>	2,990	3,162

¹ Expenses/losses are shown as positive; income/profits as negative.

The present value of the defined pension obligations was classified as follows by the type of beneficiary:

EUR million	31/12/2025	31/12/2024
Present value of the pension obligations for active employers	1,090	1,169
Present value of the pension obligations for candidates	378	407
Present value of the pension obligations for retirees	1,521	1,586
<i>Total</i>	2,990	3,162

This present value was broken down as follows by type of benefit:

EUR million	31/12/2025	31/12/2024
Present value of the accrued but non-vested pension obligations	131	147
Present value of the vested pension obligations	2,859	3,016
<i>Total</i>	2,990	3,162

The present value of the pension obligations from defined benefit plans resulted from the following commitments or benefits:

EUR million	31/12/2025	31/12/2024
Present value of the pension obligations based on conditional benefits	1	183
Present value of the pension obligations based on future salary increases	131	153
Present value of the pension obligations based on other benefits	2,857	2,826
<i>Total</i>	2,990	3,162

Obligations under defined benefit plans were calculated using the following actuarial assumptions:

in %	31/12/2025	31/12/2024
Fluctuation	4.00	4.00
Discount rate	4.16	3.53
Expected change in income	2.15	2.15
Expected change in pensions ¹	2.00	2.00
Career dynamics	0.50	0.50
Retirement probability ²	75.00/35.00	75.00/35.00

¹ Additional adjustments were made for inflation up to the reporting date based on the CPI.

² Different retirement probabilities are used for different types of obligations.

Mortality, marital probability and disability are determined based on the latest Heubeck 2018 G actuarial tables. Retirement age is assumed in accordance with the actuarial retirement age.

The following overview shows the sensitivity of the pension obligation as at the financial statement date with regard to each isolated change to important assumptions. A change in the individual parameters of 0.5 percentage points would have had the following impact on the pension obligation at the end of the year under review, if all other assumptions remained constant:

31/12/2025 EUR million	Increase of 0.5 pp	Decrease of 0.5 pp
Defined benefit pensions		
Change in discount rate	- 172	191
Change in expected income development	38	- 34
Change in expected pension growth	56	- 51

31/12/2024 EUR million	Increase of 0.5 pp	Decrease of 0.5 pp
Defined benefit pensions		
Change in discount rate	- 196	219
Change in expected income development	46	- 41
Change in expected pension growth	62	- 57
Change in career dynamics	2	- 2
Change in probability of annuitization	1	- 1

A one-year increase in life expectancy would lead to a EUR 92 million (previous year: EUR 101 million) increase in the defined benefits.

When calculating the sensitivities, each parameter was stressed while keeping all other factors the same. A correlation between the valuation assumptions was therefore not taken into account.

The fair value of the plan assets was composed as follows at year-end:

EUR million	31/12/2025	31/12/2024
Time deposits and other cash and cash equivalents	465	372
Level I measurement	465	369
Level II measurement	0	1
Level III measurement	0	1
Securities	1,500	1,620
Securities – equity instruments	166	225
Equity instruments from financial institutions	54	39
Level I measurement	54	39
Equity instruments from other financial corporations	13	28
Level I measurement	13	24
Level II measurement	0	3
Equity instruments from non-financial corporations	99	158
Level I measurement	99	158
Securities – debt instruments	1,334	1,395
Public sector debt instruments	198	220
Level I measurement	198	220
Debt instruments from financial institutions	195	193
Level I measurement	193	192
Level II measurement	2	1
Debt instruments from other financial corporations	336	373
Level I measurement	336	370
Level II measurement	0	3
Debt instruments from non-financial corporations	605	610
Level I measurement	583	585
Level II measurement	22	25
Derivatives	– 133	– 14
Level I measurement	– 133	– 14
Interest-related derivatives	– 133	– 14
Investment funds	208	246
Level I measurement	208	246
Plan assets	2,040	2,224

The plan assets listed above do not include any transferable financial instruments from LBBW or from property used by LBBW.

The fair value of the plan assets changed as follows during the financial year:

EUR million	2025	2024
As at 1 January	2,224	2,271
<i>Changes recognized in the income statement</i>	<i>77</i>	<i>74</i>
Interest income/expense	77	74
<i>Changes recognized in other comprehensive income</i>	<i>– 170</i>	<i>– 28</i>
Income/expense from the plan assets (less the income included under net interest income)	– 169	– 29
Changes in exchange rates	– 1	1
<i>Other changes</i>	<i>– 91</i>	<i>– 94</i>
Employer contributions	14	10
Pension benefits paid	– 108	– 104
Business combinations/disposals	4	0
As at 31 December	2,040	2,224

Estimated contributions to plan assets to be paid by LBBW for the coming financial year amount to approximately EUR 40 million (previous year: EUR 10 million).

The present value of defined benefit obligations and the fair value of plan assets can be reconciled with the assets and liabilities as reported in the balance sheet as follows:

EUR million	31/12/2025	31/12/2024
Present value of defined benefit obligations	2,990	3,162
of which present value of defined benefit obligations from unfunded plans	410	424
of which present value of defined benefit obligations from wholly or partially funded plans	2,580	2,739
Fair value of plan assets	– 2,040	– 2,224
of which other assets from surplus of pension obligations	– 24	– 21
Obligations not covered by plan assets	974	960
<i>Total</i>	<i>974</i>	<i>960</i>

The weighted average maturity of the defined benefit obligation was 13.2 years (previous year: 14.0 years).

The following table shows the maturity analysis of the benefit payments in the current financial year:

EUR million	31/12/2025	31/12/2024
Maturity analysis		
Up to 1 year	150	143
More than 1 year to 5 years	642	613
More than 5 years to 10 years	903	868
More than 10 years to 15 years	915	899
More than 15 years	3,674	3,639

Other provisions

General information

Provisions are recognized for uncertain obligations to third parties and anticipated losses from onerous contracts. The best estimate is the amount that covers all material risks and therefore accurately reflects the present obligation at the balance sheet date.

Other personnel-related provisions include provisions for staff anniversaries, early retirement, partial retirement and performance-related remuneration. According to the provisions governing long service awards, an anniversary bonus is awarded to employees with 10, 25, 40 and 50 years of service, the amount of which is determined by company or collective bargaining agreements. The corresponding anniversary provisions are calculated and recognized. Provisions are also recognized for concluded partial retirement agreements. The legally required capital preservation of accrued benefits in the case of partial retirement is covered by a two-sided trustee agreement. The appropriated assets held in custodian accounts are mostly invested in a money market fund and offset against the corresponding provisions. LBBW offers its employees in the Bank and some subsidiaries a long-term working time account, known as the LBBW FlexiWertkonto. It offers employees the opportunity to contribute part of their remuneration to the FlexiWertkonto and later withdraw it in the form of time (withdrawal period). A two-sided trustee agreement has been drawn up to ensure the statutory protection of these accrued benefits. Provisions are recognized for obligations arising from these accounts and offset against the accrued benefits.

Furthermore, there are provisions for off-balance-sheet credit risks and other provisions, which include provisions for restructuring. Provisions for litigation and recourse risks are also included. Please see the risk report for further details of the legal risks.

As a rule, all other provisions are subject to the same risks as post-retirement obligations, albeit to a much lesser extent due to the shorter obligation period.

Quantitative detailed disclosures

The following table shows changes in other provisions in the reporting year:

EUR million	Other personnel-related provisions	Provisions for litigation and recourse risk	Other provisions	Total
As at 01/01/2025	223	139	170	533
Additions	132	7	80	219
Reversals	– 10	– 12	– 30	– 53
Utilization	– 111	– 5	– 70	– 186
Discounting of non-current provisions	– 3	0	– 1	– 4
Unwinding of the discount on non-current provisions	2	0	0	2
Other changes	– 2	– 1	14	11
As at 31/12/2025	232	128	162	522

LBBW was faced with various legal proceedings, court actions and other potential legal risks (resulting for example from supreme court rulings) arising in the ordinary course of business. Provisions were recognized for risks where management and the Group's legal advisors deem payments by LBBW likely and the amounts involved can be estimated with sufficient reliability. In other legal disputes, the Board of Managing Directors was of the opinion, after consulting its legal advisors, that a payment by the Bank is unlikely (recognition as a contingent liability if necessary) or that the final settlement of these disputes will not have a material impact on the consolidated financial statements.

In total, other provisions with a term of over 12 months in the amount of EUR 318 million were discounted. Average maturities for other provisions range from one to ten years.

Allowances for losses on loans and securities for financial guarantees and off-balance-sheet transactions recognized in accordance with IFRS 9 are included in provisions for the lending business (for information on calculating allowances for losses on loans and securities, see Note 21).

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

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Total
As at 01/01/2025	101	139	76	316
Changes in inventories	– 83	72	15	4
Transfer to Stage 1	8	– 8	0	0
Transfer to Stage 2	– 30	30	0	0
Transfer to Stage 3	– 3	– 2	5	0
Additions	5	70	35	110
Reversals	– 63	– 18	– 26	– 106
Additions	10	2	16	27
Disposals	– 2	– 7	– 32	– 41
Other changes	– 0	– 0	– 4	– 4
Balance as at 31/12/2025	26	205	71	302

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Total
As at 01/01/2024	131	100	54	285
Changes in inventories	- 33	42	6	14
Transfer to Stage 1	13	- 13	0	0
Transfer to Stage 2	- 24	25	- 2	0
Transfer to Stage 3	- 1	- 2	3	0
Additions	5	48	18	71
Reversals	- 28	- 16	- 13	- 57
Additions	6	2	30	38
Disposals	- 3	- 5	- 12	- 20
Other changes	- 0	0	- 1	- 1
Balance as at 31/12/2024	101	139	76	316

52. Equity

The share capital is the capital paid in by the owners of Landesbank Baden-Württemberg pursuant to section 5 of the Landesbank Baden-Württemberg Act (Gesetz über die Landesbank Baden-Württemberg) in conjunction with Article 3 of the Articles of Association of Landesbank Baden-Württemberg. The following entities hold shares in the share capital of LBBW:

- Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg) with 40.53%
- State of Baden-Württemberg (state) with 24.99%
- State Capital of Stuttgart (city) with 18.93%
- Landesbeteiligungen Baden-Württemberg GmbH (Landesbeteiligungen BW) with 15.55%

The capital reserve includes the amount in excess of the (theoretical) nominal value that is achieved when issuing units (offering premium).

In addition to transfers from the net consolidated profit/loss, retained earnings include the Group's share in the unappropriated profit/loss of the consolidated subsidiaries to the extent that these profits have been generated since their affiliation to the Group. Retained earnings also include the effects of actuarial gains/losses and the associated deferred taxes in connection with the recognition of pension provisions. This item also includes realized gains and losses from its own credit rating (own credit spread), the associated deferred taxes and realized gains and losses from equity instruments voluntarily recognized at fair value through other comprehensive income.

The breakdown of other comprehensive income is shown in the statement of changes in equity and the statement of comprehensive income.

The additional equity components item includes capital issued by LBBW from an AT1 bond recognized as equity in accordance with IAS 32.16. The annual discretionary coupon payments are recognized as distributions. To be categorized as equity, the capital must be available indefinitely and coupon payments made at the full discretion of the issuer. The AT1 bond issued by LBBW meets these requirements. Another bond that had been only partially repurchased in the 2024 financial year was repaid in full in 2025. Differences between the amount recognized in equity ("Additional equity components") for the repaid nominal amount and the redemption amount were recorded in retained earnings.

EUR million	31/12/2025	31/12/2024
Share capital	3,484	3,484
Capital reserve	8,240	8,240
Retained earnings	3,918	3,462
Other comprehensive income	– 40	– 312
Net consolidated profit/loss	945	872
Shareholders' equity	16,547	15,746
Additional equity components	745	970
Equity attributable to non-controlling interests	12	14
<i>Total</i>	<i>17,304</i>	<i>16,730</i>

Retained earnings included cumulative actuarial gains/losses after tax of EUR – 786 million (previous year: EUR – 772 million). Profit and loss carryforwards from prior periods were also recognized under retained earnings.

As at the end of the current reporting period, a measurement effect after deferred taxes of EUR 17 million (previous year: EUR 54 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 306 million (previous year: EUR 416 million).

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

53. Capital management

The objective of this process is to ensure adequate capital and liquidity, both during normal business operations and under stress conditions, and thus to guarantee the permanent resilience of the LBBW Group.

Annual medium-term planning comprises the economic and regulatory considerations, brings these together and acts as a link between the strategic framework and integrated bank management throughout the year. The planning period covers five years and is based on expected economic development, with particular consideration given to the current geopolitical/economic situation and to business activity planned in this environment.

The planning thus lays the groundwork for monitoring the targets set at all management levels. Within the management areas and dimensions, deviations from targets are subsequently analyzed, forecasts and target/actual deviations are reported and, where necessary, measures to achieve the targets are agreed, implemented and monitored throughout the year.

In addition, compliance with the internal targets and thus with minimum regulatory requirements is also ensured in the case of adverse economic developments. Both dynamic, adverse developments during the time frame of medium-term planning and a shock occurrence of stress scenarios are considered. The members of the Group's Board of Managing Directors with responsibility for managing risks are supported in their decision-making by corporate bodies and a comprehensive risk and subject-specific reporting system. The overall risk report and the report to the Asset Liability Committee (ALCo) thus form the reporting system relevant to risk within the context of the MaRisk requirements.

The monitoring body, i.e. the Risk Committee, comprises the board members with responsibility for risk management and compliance and additionally divisional managers from Risk Control, Group Compliance, Finance, Non-Financial Risk Management, Treasury and the Corporate Customers central division. The Risk Committee supports the Board of Managing Directors in risk monitoring, risk methodology and strategic risk decisions. The monthly overall risk report and other reports prepared on specific issues as required form the basis for this. Covering all risk types, the overall risk report describes the risk situation in the operational units, thus facilitating a structured discussion between front office and monitoring units in the Risk Committee.

The managing body, the ALCo, focuses on strategic resource management for the Group as a whole. Among other things, it supports the Board of Managing Directors in structuring the balance sheet, managing capital and liquidity,

funding, and managing market price risks. The committee comprises the board members with responsibility for Capital Markets Business and asset management/international business, finance and operations as well as the divisional managers from Risk Control, Financial Controlling and Treasury. For sales-related topics, the heads of the sales management units for the Central Corporate Customers Division, Real Estate and Project Finance segment management, the Central Private Customers/Savings Banks division, and the Chief Operating Officer Capital Markets are also included. The committee includes the heads of Human Resources and Finance when handling matters of relevance to pension obligations.

The Regulatory/Accounting Committee evaluates at an early stage the requirements of the large number of provisions of banking supervisory law and accounting that are relevant for management purposes and takes the measures required. The Regulatory/Accounting Committee is a subcommittee of the Operating Committee. This ensures that higher-level regulatory reporting is provided in the management and that regulatory issues of a cross-cutting nature and/or relevance for the integrated bank management are addressed at an early stage. The Regulatory/Accounting Committee comprises the heads of Legal, Human Resources, Risk Control, Group Compliance, Finance, Strategy & Group Development, Group Auditing, Non-Financial Risk Management, the Private Customers/Savings Banks central division, the COO Risk Management, COO Corporates and the heads of IT Governance & Cyber Defense, Digitalization & Innovation, and Business Management Capital Markets.

Economic capital

To ensure adequate capitalization from an economic perspective, a Group-wide compilation of risks across all material risk types and subsidiaries (economic capital requirement) is prepared and compared with the capital calculated from an economic perspective (aggregate risk cover) in addition to the regulatory capital view.

The internal monitoring of this risk-bearing capacity (RBC) using binding targets and tolerance levels ensures the LBBW Group has adequate economic capital both in times of normal business operations as well as under stress conditions. Geopolitical conflicts and the resulting potential disruption of supply chains as well as the effects of inflation and interest rate developments on LBBW's economic and regulatory key performance indicators are currently the focus here. Risks within the framework of the LBBW Group's risk-bearing capacity are described before possible measures to limit risks ("gross presentation").

See the risk report in the combined management report for details.

Regulatory capital

LBBW Group's capital ratios are calculated in accordance with the provisions of Article 92 CRR in conjunction with Article 11 CRR. Accordingly, the ratios to be fulfilled at all times are:

- Common equity Tier 1 capital ratio (based on CET 1 capital) of 4.5%, plus relevant capital buffer
- Tier 1 capital ratio (based on CET 1 capital and additional Tier 1 capital) of 6.0%
- Total capital ratio (based on CET 1 capital and additional Tier 1 capital, as well as supplementary Tier 2 capital) of 8.0%

The capital buffer for other systemically important institutions in accordance with section 10g of the German Banking Act (Kreditwesengesetz – KWG), which has to be additionally maintained, was left unchanged at 0.75% by the German Federal Financial Supervisory Authority (BaFin). The capital conservation buffer under section 10c of the German Banking Act was also unchanged at 2.5%. Both of these capital buffers have to be backed by common equity Tier 1 capital.

The ECB conducted the Supervisory Review and Evaluation Process (SREP). Based on this process, the ECB determined that, beyond the minimum requirements under Article 92 CRR, LBBW was again required to maintain a SREP premium of 1.87% in 2025. The practical expedient allowing AT1 and T2 capital to be used in some cases to meet this requirement still applies. The Bank also has to meet the requirements of the Pillar II Capital Guidance (P2G) as an additional capital recommendation.

Furthermore, an institution-specific countercyclical capital buffer consisting of common equity Tier 1 capital ratio has to be maintained. This capital buffer can be imposed by countries in the European Economic Area and by third-party states for the major risk exposures in their country. For example, a countercyclical capital buffer of 0.75% has applied in Germany since 1 February 2023.

A sector systemic risk buffer of 2% has also been mandatory since 1 February 2023 for risk exposures or shares of risk exposures to natural persons or legal entities for which real estate liens on residential properties in Germany are taken into account when determining capital requirements. This capital buffer also has to be backed by common equity Tier 1 capital. BaFin reduced this buffer from 2% to 1% with effect from 1 May 2025.

With regard to the reciprocal application of a capital buffer for systemic risks of 4.5% introduced in Norway on 31 December 2023, LBBW is below the materiality threshold of NOK 5 billion. For the sectoral systemic risk buffer of 1.0% to be reciprocally applied since 30 June 2025 for all credit risk exposures and counterparty credit risk exposures based in Italy, LBBW is below the threshold of EUR 25 billion.

The ratios in accordance with Article 92 CRR result from the relevant capital components in relation to the total exposure amount, expressed as a percentage. The total exposure amount is calculated as the risk-weighted exposure amounts for the credit and dilution risk, the counterparty risk from the trading book business, market price risk (position, foreign currency and commodity position risks), the risks of credit valuation adjustments for OTC derivatives and operational risk. These ratios required by the supervisory authorities were maintained at all times during the 2025 financial year.

The own funds derive from the sum of Tier 1 and Tier 2 capital.

Tier 1 capital consists of common equity Tier 1 capital and additional Tier 1 capital. Common equity Tier 1 capital includes paid-in capital, related share premiums (capital reserves), retained earnings and accumulated other comprehensive income.

As previously, additional Tier 1 capital consists of the AT1 bond issued in 2024.

Supplementary capital comprises long-term securitized subordinated liabilities and long-term subordinated loans that meet the requirements of Article 63 CRR. Silent partners' contributions that meet the conditions for consideration as supplementary capital are also counted as part of supplementary capital. The supplementary capital instruments are subject to a precise daily reduction in the last five years of their term. In addition, the value adjustment surplus resulting from the reconciliation of expected losses and impairment losses on receivables categorized in accordance with IRB may also be taken into account.

Intangible assets, deferred tax claims from loss carryforwards dependent on future profitability, assets from defined benefit pension funds and the value adjustment deficit for receivables that were calculated pursuant to the IRB approach must be deducted from the common equity Tier 1 capital. In addition, the gains or losses from own liabilities measured at fair value due to changes in the credit ratings of the LBBW Group, gains and losses from derivative liabilities recognized at fair value resulting from the Bank's own credit risk and value adjustments required for prudent valuation must be deducted when calculating own funds. Securitization exposures that could be allocated to risk-weighted assets at the risk weighting of 1250% and non-performing risk exposures not offset by corresponding allowances for losses on loans and securities are also deductible. Additional deductible items include irrevocable payment obligations to the deposit guarantee system of the German Savings Bank Association (Deutscher Sparkassen- und Giroverband – DSGV) and to the resolution fund of the Single Resolution Board (SRB).

As part of market-smoothing operations, supplementary capital components securitized in securities may be repurchased within the applicable limits. Some directly or indirectly held supplementary capital instruments that have been repurchased must be deducted from the supplementary capital. The fixed ceiling was complied with at all times in 2025.

LBBW applies the internal ratings-based approach (basic IRB approach) approved by the German Federal Financial Supervisory Authority (BaFin) for calculating own funds requirements for counterparty risks arising from the main exposure classes. Own funds requirements for receivables for which permission has not been received to use a rating procedure are calculated in accordance with the credit risk standardized approach (CRSA).

The own funds in accordance with CRR are calculated based on the financial statements of the entities included in the regulatory scope of consolidation.

The following table shows the structure of the LBBW Group's own funds and the total amount of risk under current supervisory law as at the reporting date of 31 December 2025:

EUR million	31/12/2025	31/12/2024
<i>Own funds</i>	18,371	18,681
Tier 1 capital	15,436	14,859
of which common equity Tier 1 capital (CET 1)	14,691	14,113
of which additional Tier 1 capital (AT 1)	745	745
Supplementary capital (Tier 2)	2,935	3,822
Total risk exposure amount	86,689	96,995
Total capital ratio (in %)	21.2	19.3
Tier 1 capital ratio (in %)	17.8	15.3
Common equity Tier 1 (CET 1) capital ratio (in %)	16.9	14.6

EUR million	31/12/2025	31/12/2024
<i>Tier 1 capital</i>	15,436	14,859
Paid-in capital instruments	3,484	3,484
Premium	8,240	8,240
Additional Tier 1 capital	745	745
Retained profits, cumulative result and other reserves	3,948	3,367
Deductibles from CET 1 capital in accordance with CRR, taking into account transitional provisions	– 981	– 978

In contrast to the annual report, the disclosure report presents figures after the Supervisory Board has approved the annual financial statements. This leads to slight changes in regulatory capital due to full profit retention and in the total risk amount due to adjustments for operational risks.

Explanation of the changes in 2025 versus 2024

The common equity Tier 1 (CET 1) capital of LBBW Group increased compared to the previous year. This is essentially due to the full recognition of the 2024 annual profit and the preliminary recognition of the 2025 annual profit. The revaluation reserve also performed well. This was offset by the expiry of the transitional provisions for IFRS 9.

Tier 2 (T2) capital decreased on account of the precise daily amortization of supplementary capital instruments and the discontinuation of the grandfathering under Article 494b(2) CRR.

The changes impacting CET 1 capital have an effect on all capital ratios. A change in supplementary capital is reflected only in the total capital ratio.

Regulation (EU) 2024/1623 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (CRR III) came into force on 1 January 2025. As a result, the total amount at risk decreased compared with 31 December 2024.

LBBW publishes further information in accordance with Article 435 et seqq. 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 prepared quarterly and can be found on the LBBW website under "Disclosure report".

54. Off-balance-sheet transactions and other obligations

Contingent liabilities

EUR million	31/12/2025	31/12/2024
Sureties and guarantee agreements	9,936	10,005
Other contingent liabilities	358	323
<i>Total</i>	10,294	10,327

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 in which the guarantor assumes liability to a creditor for a third party's obligations. 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 must 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 in 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 assume any new irrevocable payment obligations in connection with the European bank levy in either the 2025 financial year or the 2024 financial year (cumulative since 2015: EUR 151 million). These 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 institutional protection schemes, including the institutional protection scheme of the Sparkassen-Finanzgruppe.

The LBBW Group makes an irrevocable commitment to the owner of the institutional protection scheme, 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 to the deposit guarantee system to achieve the statutory target level. The LBBW Group did not assume any new irrevocable payment obligations in connection with the statutory deposit protection system in 2025 financial year (cumulative since 2015: EUR 153 million), as the build-up phase for the statutory deposit protection fund ended for the time being with the 2024 contribution year. Additional contributions could be required depending on the development of the covered and secured deposits.

The Sparkassen-Finanzgruppe implemented the adjustments to the guarantee system required by the ECB and BaFin in the financial year, however. The relevant amendments to the Articles of Association went into effect on 1 January 2024 and also provide for the establishment of an additional guarantee fund (supplementary fund) from 2025 to 2032 as well as optimized governance for financial support requirements. The LBBW Group therefore entered into further irrevocable payment obligations of EUR 33 million in the financial year (cumulative amount since 2025: EUR 33 million) in connection with the bank-related guarantee system of the Sparkassen-Finanzgruppe. These are also recognized under other contingent liabilities. Low-risk securities in the same amount were also pledged at the Bundesbank as collateral for these payment obligations.

The following liability relationships exist in addition to the contingent liabilities shown in the above table:

- Pursuant to section 5 (10) of the bylaws of the German Deposit Protection Fund, LBBW undertook to indemnify Bundesverband Deutscher Banken e.V., Berlin, against any and all losses incurred by the latter as a result of assistance provided to banks that are majority-owned by Landesbank Baden-Württemberg.
- For letters of comfort issued, please see the list of shareholdings (Note 56).
- Obligations from the guarantor's liability: LBBW (Bank) is liable indefinitely for the liabilities of DekaBank Deutsche Girozentrale, Berlin and Frankfurt am Main, and of former LBS Landesbausparkasse Baden-Württemberg, Stuttgart and Karlsruhe created up to 18 July 2001. This also applies externally to the liabilities of the former Landesbank Schleswig-Holstein Girozentrale, Kiel, that arose during the period in which LBBW held an interest in the bank until 18 July 2001.

Other obligations

EUR million	31/12/2025	31/12/2024
Irrevocable loan commitments	44,075	41,064
<i>Total</i>	<i>44,075</i>	<i>41,064</i>

The item consists exclusively of the unutilized amount of the commitment granted that the Bank cannot revoke. If a guarantee is drawn on, LBBW faces the risk that its claim (for recourse) against the guarantee holder or borrower, less the collateral, may not be recoverable (see Note 21 for information on allowances for losses on loans and securities).

Further transactions not included in the balance sheet and other financial obligations

EUR million	31/12/2025	31/12/2024
Payment obligations and joint liability	1,413	1,320
Obligations from investment projects started	159	73
Revocable loan commitments	26,647	25,121
Miscellaneous	120	128
<i>Total</i>	<i>28,339</i>	<i>26,641</i>

The following liability relationships exist in addition to the other financial obligations shown in the above table:

Payment obligations and joint liability consist of additional funding obligations to central counterparties in the amount of EUR 1,411 million (previous year: EUR 1,318 million). In addition to the items shown in the table, obligations of EUR 262 million (previous year: EUR 235 million) arise each year from rental and lease agreements.

Contingent claims

EUR million	31/12/2025	31/12/2024
Legal disputes	7	7
<i>Total</i>	<i>7</i>	<i>7</i>

Fiduciary transactions

The fiduciary transactions that are not recognized in the balance sheet involve the following types of assets and liabilities and break down as follows:

EUR million	31/12/2025	31/12/2024
Loans and advances to banks	593	698
Loans and advances to customers	220	68
Other assets	9	9
<i>Total trust assets¹</i>	<i>822</i>	<i>776</i>
Deposits from banks	623	775
Deposits from customers	199	0
Other liabilities	0	1
<i>Total trust liabilities¹</i>	<i>822</i>	<i>776</i>

¹ Including receivables and liabilities on behalf of others for the account of a third party (administrative loans).

55. Related party transactions

Related party transactions are concluded by LBBW in the ordinary course of business.

These include the shareholders of LBBW (see Note 52), controlled subsidiaries that are not consolidated for reasons of materiality, non-consolidated structured entities, associates, joint ventures, persons in key positions and their relatives, as well as companies controlled by these individuals. Persons in key positions include the members of the Board of Managing Directors and of the Supervisory Board of LBBW (Bank), including relatives. Other related parties/companies also include equity investments by the shareholders and companies on which persons in key positions and their families can exert a dominant or material influence.

Information on remuneration and transactions involving persons in key positions is shown in Note 58.

The related party transactions were concluded on arm's length terms and subject to collateral requirements in the ordinary course of business. These included loans, overnight and term money, derivatives and securities transactions.

The following table shows the extent and outstanding balances of the related party transactions:

31/12/2025 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	534	1	716	47	4	1,631
Financial assets measured at fair value through other comprehensive income	579	0	20	95	0	0
Financial assets designated at fair value	17	0	0	0	0	0
Financial assets mandatorily measured at fair value through profit or loss	315	0	34	125	23	218
Total assets	1,445	1	769	267	27	1,849
Financial liabilities measured at amortized cost	974	9	22	123	2	13,065
Financial liabilities mandatorily measured at fair value through profit or loss	479	0	0	22	0	95
Other liabilities	0	0	0	31	0	0
Total equity and liabilities	1,453	9	22	177	2	13,160
<i>Off-balance-sheet transactions</i>	<i>339</i>	<i>0</i>	<i>3</i>	<i>60</i>	<i>0</i>	<i>1,295</i>

31/12/2024 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	529	3	368	41	2	1,223
Financial assets measured at fair value through other comprehensive income	374	0	23	120	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	436	0	46	143	23	154
Total assets	1,356	3	437	304	25	1,376
Financial liabilities measured at amortized cost	1,898	9	41	94	0	13,549
Financial liabilities mandatorily measured at fair value through profit or loss	333	0	0	23	0	96
Other liabilities	0	0	0	36	0	0
Total equity and liabilities	2,231	9	41	153	0	13,645
<i>Off-balance-sheet transactions</i>	<i>331</i>	<i>1</i>	<i>2</i>	<i>67</i>	<i>0</i>	<i>1,439</i>

Related party transactions resulted in material effects in net interest income of EUR – 248 million (previous year: EUR – 652 million).

LBBW did not exercise the exemption in accordance with IAS 24.25.

56. List of shareholdings and information on subsidiaries, associates and joint ventures

The share of the associates and joint ventures in the aggregate assets and liabilities, as well as revenues and profits/losses for the period, are presented in Note 9.

These consolidated financial statements apply the exemption pursuant to section 264(3) HGB and section 264b HGB for the annual financial statements as at 31 December 2025 of the following fully consolidated companies.

- Berlin Lützowstraße GmbH & Co. KG, Stuttgart
- Dritte Industriehof Objekt-GmbH, Stuttgart
- Eberhardstraße Stuttgart GmbH & Co. KG, Stuttgart
- Employrion Immobilien GmbH & Co. KG, Stuttgart
- Entwicklungsgesellschaft Grunewaldstraße 61 – 62 mbH & Co. KG, Stuttgart
- Entwicklungsgesellschaft Uhlandstraße 187 GmbH & Co. KG, Stuttgart
- Erste Industriehof Objekt-GmbH, Stuttgart
- EuroCityCenterWest GmbH & Co. KG, Stuttgart
- FOM/LEG Generalübernehmer GmbH & Co. KG, Stuttgart
- Fünfte Industriehof Objekt-GmbH, Stuttgart
- Grundstücksgesellschaft Einkaufszentrum Kröpeliner-Tor-Center Rostock mbH & Co. KG, Berlin
- IMBW Capital & Consulting GmbH, Stuttgart
- KI Campus 1 GmbH & Co. KG, Stuttgart
- KI Campus 2 GmbH & Co. KG, Stuttgart
- LBBW Immobilien Asset Management GmbH, Stuttgart
- LBBW Immobilien Capital Fischertor GmbH & Co. KG, Munich
- LBBW Immobilien Development GmbH, Stuttgart
- LBBW Immobilien Holding GmbH, Stuttgart
- LBBW Immobilien Management Gewerbe GmbH, Stuttgart
- LBBW Immobilien Süd GmbH & Co. KG, Munich
- LBBW Service GmbH, Stuttgart
- LEG Projektgesellschaft 2 GmbH & Co. KG, Stuttgart
- Mainz Marina A + B GmbH & Co. KG, Stuttgart
- Nymphenburger Straße München GmbH & Co. KG, Stuttgart
- Schlossgartenbau Objekt-GmbH, Stuttgart
- Turtle Portfolio GmbH & Co. KG, Stuttgart
- Turtle Vermögensverwaltungs-GmbH & Co. KG, Stuttgart
- Ungererstraße München GmbH & Co. KG, Stuttgart
- Vierte Industriehof Objekt-GmbH, Stuttgart
- Zweite Industriehof Objekt-GmbH, Stuttgart

The following overview shows the full list of shareholdings of LBBW in accordance with section 313(2) HGB in the consolidated financial statements and section 285 no. 11 HGB in the annual financial statements of Landesbank Baden-Württemberg including the statements pursuant to section 285 no. 11a HGB as at the financial statement date. The list of shareholdings shows the companies for which a letter of comfort has been issued.

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
I. Companies included in the consolidated financial statements							
1. Subsidiaries							
a. Fully consolidated subsidiaries (authority over the voting rights)							
1	Acteum Investment GmbH ^{1, 6, 29}	Düsseldorf	100.00		EUR	1,469.76	0.00
2	ALVG Anlagenvermietung GmbH ^{1, 6, 7, 29}	Stuttgart	100.00		EUR	19,000.00	0.00
3	Austria Beteiligungsgesellschaft mbH ²⁹	Stuttgart	66.67		EUR	37,047.54	526.97
4	Berlin Lützowstraße GmbH & Co. KG ^{1, 29}	Stuttgart	60.00		EUR	3,075.88	368.01
5	Centro Alemán de Industria y Comercio de México S.de R.L.de C.V. ^{2, 3a, 29}	Mexico City, Mexico	100.00		MXN	– 11,281.81	– 3,645.21
6	Dritte Industriefabrik Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	701.91	0.00
7	Eberhardstraße Stuttgart GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 5,320.50	– 327.80
8	Employrion Komplementär GmbH ^{1, 9, 29}	Weil	100.00		EUR	36.83	0.91
9	Entwicklungsgesellschaft Grunewaldstraße 61 – 62 mbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 3,264.89	100.48
10	Entwicklungsgesellschaft Uhlandstraße 187 GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 2,227.83	– 6.92
11	EQUIP Finance Management GmbH ^{1, 29}	Baienfurt	90.00		EUR	54.76	2.10
12	Erste Industriefabrik Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	474.96	0.00
13	EuroCityCenterWest GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 21.64	– 140.65
14	EuroCityCenterWest Verwaltungs-GmbH ^{1, 29}	Stuttgart	100.00		EUR	35.24	0.97
15	FOM / LEG Generalübernehmer GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 35,158.22	– 14,524.95
16	Fünfte Industriefabrik Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	575.02	0.00
17	German Centre for Industry and Trade GmbH, Beteiligungsgesellschaft ^{5, 29}	Stuttgart	100.00		EUR	7,720.60	1,767.07
18	German Centre for Industry and Trade Pte. Ltd. ^{1, 29}	Singapore, Singapore	100.00		SGD	19,106.99	2,023.83
19	IMBW Capital & Consulting GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	250.00	0.00
20	Immobilienvermittlung BW GmbH ²⁹	Stuttgart	100.00		EUR	3,966.32	1,198.74
21	Industriefabrik-Aktiengesellschaft ^{1, 6, 29}	Stuttgart	93.63		EUR	23,281.64	0.00
22	KI Campus 1 GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 6,783.59	– 6,654.42
23	KI Campus 2 GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 6,027.29	– 5,907.46
24	Kommunalbau Rheinland-Pfalz GmbH ^{1, 29}	Stuttgart	100.00		EUR	2,614.99	80.69
25	LBBW Asset Management Investmentgesellschaft mbH ^{3, 7, 29}	Stuttgart	100.00		EUR	51,105.73	19,224.25
26	LBBW Berlin Beteiligungs-AG ^{5, 18}	Berlin	100.00		EUR	255.00	0.00
27	LBBW Corporate Real Estate Management GmbH ²⁹	Stuttgart	100.00		EUR	6,453.10	3,740.73
28	LBBW Immobilien Asset Management GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	1,305.03	0.00
29	LBBW Immobilien Capital Fischertor GmbH & Co. KG ^{1, 29}	Munich	100.00		EUR	– 5,222.47	33.92
30	LBBW Immobilien Capital GmbH ^{1, 29}	Stuttgart	100.00		EUR	– 4,751.97	93.01
31	LBBW Immobilien Development GmbH ^{1, 4, 6, 29}	Stuttgart	94.90		EUR	15,394.95	0.00
32	LBBW Immobilien Development Komplementär GmbH ^{1, 29}	Stuttgart	100.00		EUR	– 763.41	– 11.81
33	LBBW Immobilien Investment Management GmbH ^{1, 29}	Stuttgart	100.00		EUR	995.69	478.65
34	LBBW Immobilien Kommunalentwicklung GmbH ^{1, 4, 6, 7, 29}	Stuttgart	81.62		EUR	2,016.51	0.00
35	LBBW Immobilien Management Gewerbe GmbH ^{1, 6, 29}	Stuttgart	94.90		EUR	3,303.97	0.00
36	LBBW Immobilien Management GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	375,715.71	0.00
37	LBBW Immobilien Süd GmbH & Co. KG ^{1, 29}	Munich	100.00		EUR	– 12,189.62	– 507.12
38	LBBW Immobilien-Holding GmbH ^{5, 29}	Stuttgart	100.00		EUR	372,000.00	0.00
39	LBBW México ^{2, 29}	Mexico City, Mexico	100.00		USD	4,707.73	2,290.90
40	LBBW Service GmbH ^{5, 29}	Stuttgart	100.00		EUR	224.67	0.00
41	LBBW US Real Estate Investment LLC ²⁸	Wilmington, US	100.00		USD	39,418.36	1,292.03
42	LBBW Venture Capital Gesellschaft mit beschränkter Haftung ²⁹	Stuttgart	100.00		EUR	49,701.57	– 1,976.00
43	LEG Projektgesellschaft 2 GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	3,390.89	– 39.72
44	LEG Verwaltungsgesellschaft 2 mbH ^{1, 29}	Stuttgart	100.00		EUR	27.48	0.84
45	LIAM Horizont Stuttgart GmbH ^{1, 29}	Stuttgart	100.00		EUR	29.86	– 0.10

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
46	LOOP GmbH ^{1, 29}	Stuttgart	100.00		EUR	265.54	7.35
47	Löwentor Stuttgart Komplementär GmbH ^{1, 29}	Stuttgart	100.00		EUR	32.87	1.12
48	Löwentor Stuttgart Projekt GmbH & Co. KG ^{1, 29}	Stuttgart	70.00		EUR	645.54	176.65
49	LRP Capital GmbH ^{1, 29}	Stuttgart	100.00		EUR	3,158.60	10.72
50	Mainz Marina A + B GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 11,926.64	– 11,708.56
51	MMV Bank GmbH ^{7, 29}	Koblenz	100.00		EUR	92,828.17	23,510.30
52	MMV Leasing Gesellschaft mit beschränkter Haftung ^{1, 6, 7, 29}	Koblenz	100.00		EUR	21,000.00	0.00
53	MMV Versicherungsdienst GmbH ^{1, 6, 29}	Koblenz	100.00		EUR	27.05	0.00
54	MMV-Mobilien Verwaltungs- und Vermietungs-gesellschaft mbH ^{1, 6, 7, 29}	Koblenz	100.00		EUR	26.00	0.00
55	Nymphenburger Straße München GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	205.18	195.77
56	Nymphenburger Straße München Komplementär GmbH ^{1, 29}	Stuttgart	100.00		EUR	15.57	– 0.71
57	Projekt 20 Verwaltungs GmbH ^{1, 29}	Munich	100.00		EUR	49.33	1.43
58	Projektgesellschaft SMK 69 mbH ^{1, 29}	Eschborn	60.00		EUR	– 22,581.39	– 6,443.20
59	Revaler Straße Grundbesitz GmbH ^{1, 29}	Stuttgart	100.00		EUR	– 691.74	63.88
60	Schlossgartenbau Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	18,560.61	0.00
61	Schlossgartenbau-Aktiengesellschaft ^{1, 6, 29}	Stuttgart	92.68		EUR	6,592.42	0.00
62	SG Management GmbH ^{1, 29}	Stuttgart	100.00		EUR	5,812.85	– 5,322.00
63	Signaris GmbH ^{1, 29}	Stuttgart	94.90		EUR	8,495.91	2,304.13
64	SLN Maschinen-Leasing Verwaltungs-GmbH ^{1, 29}	Stuttgart	100.00		EUR	3,416.17	622.85
65	SLP Mobilien-Leasing Verwaltungs GmbH ^{1, 29}	Mannheim	100.00		EUR	424.81	– 13.51
66	Süd Beteiligungen GmbH ²⁹	Stuttgart	100.00		EUR	136,084.08	– 2,329.89
67	Süd KB Sachsen GmbH ^{1, 29}	Leipzig	100.00		EUR	10,082.37	– 721.15
68	Süd KB Unternehmensbeteiligungsgesellschaft mbH ^{1, 29}	Stuttgart	100.00		EUR	34,124.44	– 11,949.07
69	Süd-Kapitalbeteiligungs-Gesellschaft mbH ^{1, 6, 29}	Stuttgart	100.00		EUR	61,181.87	0.00
70	SüdFactoring GmbH ^{3, 5, 7, 29}	Stuttgart	100.00		EUR	70,000.00	0.00
71	SüdLeasing Agrar GmbH ^{1, 7, 29}	Mannheim	100.00		EUR	4,426.67	60.92
72	SüdLeasing GmbH ^{5, 7, 29}	Stuttgart	100.00		EUR	34,387.41	991.13
73	Turtle 1. Verwaltungs-GmbH ^{1, 29}	Frankfurt am Main	100.00		EUR	– 26.22	0.05
74	Turtle Portfolio GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 24,116.94	– 144.72
75	Turtle Vermögensverwaltungs-GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 20,773.80	– 22.33
76	Ungererstraße München GmbH & Co. KG ^{1, 29}	Stuttgart	100.00		EUR	– 8,937.55	– 7,093.37
77	Vierte Industriefabrik Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	1,176.78	0.00
78	zob Esslingen Grundbesitz GmbH ^{1, 4, 29}	Stuttgart	100.00		EUR	46.13	3,165.63
79	Zweite Industriefabrik Objekt-GmbH ^{1, 6, 29}	Stuttgart	100.00		EUR	19,825.72	0.00
80	Zweite LBBW US Real Estate GmbH ²⁹	Leipzig	100.00		EUR	49,243.14	1,540.19

b. Fully consolidated subsidiaries (authority over contractual agreements)

81	Employrion Immobilien GmbH & Co. KG ^{1, 29}	Stuttgart	35.00	50.00	EUR	8.00	0.00
82	Grundstücksgesellschaft Einkaufszentrum Kröpeliner-Tor-Center Rostock mbH & Co. KG ^{1, 27}	Berlin	39.94	50.00	EUR	– 9,515.23	326.72
83	Weinberg Capital Designated Activity Company ^{9, 29}	Dublin, Ireland			EUR	56.00	– 39.00
84	Weinberg Finance Designated Activity Company ^{9, 32}	Dublin, Ireland			EUR	– 3.00	– 3.00
85	Weinberg Funding Ltd. ^{9, 29}	St. Helier, United Kingdom			EUR	3.55	0.00

2. Joint ventures accounted for using the equity method

86	ARGE ParkQuartier Berg ^{1, 27}	Stuttgart	50.00		EUR	– 1,230.70	– 4.80
87	OVG MK6 Komplementär GmbH i. L. ^{1, 27}	Berlin	50.00		EUR	110.71	– 0.28
88	Parcul Banatului SRL ^{1, 29}	Bucharest, Romania	50.00		RON	– 72.47	– 15.65

3. Associates accounted for using the equity method

89	Altstadt-Palais Immobilien GmbH & Co. KG ^{1, 29}	Höchstädt an der Donau	40.00	50.00	EUR	– 77.94	– 5.15
90	BWK GmbH Unternehmensbeteiligungsgesellschaft ²⁹	Stuttgart	40.00		EUR	170,825.95	– 19,506.31

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
91	EGH Entwicklungsgesellschaft Heidelberg mbH & Co. KG ^{1, 29}	Heidelberg	33.33		EUR	12,382.09	– 520.65
92	Hypo Vorarlberg Bank AG ^{1, 7, 29}	Bregenz, Austria	23.13		EUR	1,708,644.76	52,026.74

II. Companies not included in the consolidated financial statements due to being of minor influence

1. Subsidiaries

a. Subsidiaries not included (authority over the voting rights)

93	Berlin Hyp Beteiligungsgesellschaft mbH ²⁹	Berlin	100.00		EUR	3,168.20	– 4.30
94	Berlin Hyp Immobilien GmbH ^{1, 29}	Berlin	100.00		EUR	30.46	– 45.84
95	Berlin Lützowstraße Komplementär GmbH ^{1, 29}	Stuttgart	100.00		EUR	20.31	3.11
96	DEBTVISION GmbH ^{1, 29}	Stuttgart	100.00		EUR	2,364.78	– 589.65
97	German Centre for Industry and Trade Beijing Co.Ltd. ²⁹	Beijing, China	100.00		CNY	5,942.15	785.85
98	Heurika Mobilien-Leasing GmbH ^{1, 29}	Mannheim	100.00		EUR	236.10	– 3.64
99	Karin Mobilien-Leasing GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	884.31	0.00
100	Kröpeliner-Tor-Center Rostock Verwaltungs-gesellschaft mbH ^{1, 9, 27}	Berlin	100.00		EUR	36.46	1.60
101	Laurus Grundstücksverwaltungsgesellschaft mbH i.L. ²⁹	Stuttgart	100.00		EUR	1,275.89	– 7.83
102	LBBW (Schweiz) AG i.L. ³⁴	Zurich, Switzerland	100.00		CHF	7,386.30	41.90
103	LBBW Gastro Event GmbH ^{5, 29}	Stuttgart	100.00		EUR	130.00	0.00
104	LBBW Pensionsmanagement GmbH ^{5, 29}	Stuttgart	100.00		EUR	25.00	0.00
105	LBBW REPRESENTAÇÃO LTDA. ^{2, 33}	São Paulo, Brazil	100.00		BRL	241.93	37.77
106	LEG Osiris 4 GmbH ^{1, 29}	Stuttgart	100.00		EUR	22.57	0.22
107	LGZ-Anlagen-Gesellschaft mit beschränkter Haftung i.L. ²⁹	Mainz	100.00		EUR	2,841.51	18.59
108	m+m Gebäudetechnik GmbH ^{1, 6, 29}	Berlin	100.00		EUR	2,792.27	3,432.68
109	m+m Gebäudetechnik Holding GmbH ^{1, 29}	Berlin	70.00		EUR	18,245.74	– 1,658.46
110	MLP Verwaltungs GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	106.31	0.00
111	MMV-Mittelrheinische Leasing Gesellschaft mit beschränkter Haftung ^{1, 6, 29}	Koblenz	100.00		EUR	26.00	0.00
112	Pollux Vierte Beteiligungsgesellschaft mbH ²⁹	Stuttgart	100.00		EUR	2,499.62	147.06
113	Pritzems Klimatechnik GmbH ^{1, 29}	Berlin	100.00		EUR	789.27	187.47
114	SL Bayern Verwaltungs GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	65.00	0.00
115	SL Bremen Verwaltungs GmbH ^{1, 29}	Mannheim	100.00		EUR	1,681.44	171.83
116	SL BW Verwaltungs GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	39.64	0.00
117	SL Düsseldorf Verwaltungs GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	618.79	12.48
118	SL Operating Services GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	80.41	0.00
119	SL RheinMainSaar Verwaltungs GmbH ^{1, 29}	Mannheim	100.00		EUR	53.31	– 1.44
120	SL Schleswig-Holstein Verwaltungs GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	91.56	0.00
121	SL Ventus GmbH & Co. KG i.L. ^{1, 29}	Mannheim	100.00		EUR	458.81	0.43
122	Städtische Pfandleihe Stuttgart GmbH ²⁹	Stuttgart	100.00		EUR	5,312.57	1,055.07
123	Süd Mobilien-Leasing GmbH i.L. ^{1, 29}	Stuttgart	100.00		EUR	28.28	0.00
124	SüdLeasing Finance GmbH ^{1, 29}	Stuttgart	100.00		EUR	12.05	– 4.14
125	SüdLeasing Finance-Holding GmbH i.L. ^{1, 29}	Stuttgart	100.00		EUR	174.58	0.00
126	Yankee Properties II LLC ⁹	Wilmington, US		100.00	n/s	n/s	n/s
127	Yankee Properties LLC ²³	New York, US	100.00		USD	552.80	– 22.44
128	Zenon Mobilien-Leasing GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	36.61	0.00
129	Zorilla Mobilien-Leasing GmbH i.L. ^{1, 29}	Mannheim	100.00		EUR	33.79	0.00
130	Zweite Karl-Scharnagl-Ring Immobilien Verwaltung GmbH ^{1, 29}	Munich	100.00		EUR	51.55	1.35

b. Subsidiaries not included (authority over contractual agreements)

131	FINSBURY WHARF DESIGNATED ACTIVITY COMPANY ^{9, 28}	Dublin, Ireland			EUR	0.00	0.00
132	Humboldt Multi Invest B SICAV-FIS Sachsen LB Depot A i.L. ¹⁹	Luxembourg, Luxembourg	100.00		EUR	5,897.89	– 248.71

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
133	LBBW AM-Start ^{9, 20}	Stuttgart			EUR	10,914.40	363.76
134	LBBW Renten SGB ^{9, 14}	Stuttgart			EUR	10,486.24	145.77
135	Lombardy S.à.r.l. ⁹	Luxembourg, Luxembourg			n/s	n/s	n/s
136	Societas Aurifex 2020 UG (limited liability) ^{9, 29}	Frankfurt am Main			EUR	4.50	0.00
137	Societas Aurifex 2025-1 UG (limited liability) ⁹	Frankfurt am Main			n/s	n/s	n/s
138	Societas Aurifex 2025-2 UG (limited liability) ⁹	Frankfurt am Main			n/s	n/s	n/s
139	Weinberg Capital LLC ⁹	Wilmington, US			n/s	n/s	n/s

2. Joint ventures not accounted for using the equity method

140	Blitz 24-216 GmbH ^{1, 31}	Munich	42.60		EUR	53,919.92	– 19.53
141	GIZS Verwaltungs-GmbH i.L. ²⁹	Stuttgart	33.33		EUR	1,080.42	3.17
142	Projektgesellschaft Hangweide GbR ^{1, 9}	Stuttgart		33.33	n/s	n/s	n/s
143	SWIAT GmbH ²⁷	Frankfurt am Main	30.50		EUR	9,301.51	– 4,660.09
144	webasan Holding GmbH ¹	Taucha	49.05	46.67	n/s	n/s	n/s

3. Associates not accounted for using the equity method

145	AGVS Holding GmbH ^{1, 29}	Villingen-Schwenningen	45.00		EUR	25,955.39	1,420.57
146	Cedalo GmbH ^{1, 29}	Freiburg im Breisgau	23.42		EUR	1,342.57	– 671.59
147	Deharde GmbH ^{1, 7, 29}	Varel	48.95		EUR	– 1,459.59	– 2,622.99
148	EQUIP Finance GmbH & Co. KG ^{1, 9, 29}	Baienfurt		75.00	EUR	266.60	231.60
149	EURAMCO Immobilien GmbH ^{1, 29}	Aschheim-Dornach	49.00		EUR	– 22.96	– 9.59
150	Fischer Panda GmbH ^{1, 29}	Paderborn	49.00		EUR	20,280.88	3,156.44
151	Janoschka AG ^{1, 29}	Kippenheim	39.80		EUR	30,204.18	60.78
152	Kreditgarantiegemeinschaft in Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	20.00		EUR	1,022.58	0.00
153	Mittelständische Beteiligungsgesellschaft Sachsen mbH ²⁹	Dresden	25.27		EUR	49,995.26	11.96
154	Siedlungswerk GmbH Wohnungs- und Städtebau ^{7, 29}	Stuttgart	25.00	25.00	EUR	338,651.34	17,055.28
155	SL Mobilien-Leasing GmbH & Co. ENERCON KG i.L. ^{1, 9, 29}	Mannheim		80.00	EUR	625.37	151.83
156	SLN Maschinen Leasing GmbH & Co. OHG ^{1, 9, 29}	Stuttgart		75.00	EUR	– 1,002.35	535.22
157	Sovereign Speed Holding GmbH ^{1, 29}	Hamburg	35.00		EUR	27,290.62	1,140.00

III. Equity investments within the meaning of Section 271 (1) HGB⁹

158	3YOURMIND GmbH ^{1, 29}	Berlin	6.35		EUR	1,978.50	– 1,250.92
159	ABE Clearing S.A.S. à capital variable ²⁹	Paris, France	2.08		EUR	56,867.75	4,567.80
160	Achte Real Estate Poolgesellschaft mbH & Co. Wohnungs-KG i.L. ^{1, 26}	Berlin	0.43		EUR	10,180.31	575.81
161	Acousia Therapeutics GmbH ^{1, 29}	Tübingen	12.35		EUR	– 10,429.99	– 2,476.33
162	ActiTrex GmbH ^{1, 29}	Mainz	19.41		EUR	653.20	– 618.85
163	ADLATUS Robotics GmbH ^{1, 29}	Ulm	0.33		EUR	– 2,037.79	– 1,533.23
164	African Export-Import Bank ²⁸	Cairo, Egypt	0.02		USD	6,071,076.06	799,196.46
165	AIPERIA GmbH ^{1, 29}	Großrinderfeld	7.35		EUR	3,719.94	– 3,166.74
166	AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung ²⁹	Frankfurt am Main	3.29		EUR	300,921.10	13,200.00
167	ALPHA CEE II L.P. i.L. ^{1, 29}	Grand Cayman, Cayman Islands	2.41		EUR	8,130.00	– 5,679.00
168	Applyo Jena GmbH ^{1, 29}	Jena	3.53		EUR	2,699.97	– 1,226.30
169	Biometrics GmbH i.L. ^{1, 24}	Tübingen	17.47		EUR	– 508.59	– 1,218.76
170	Bluu GmbH ^{1, 29}	Berlin	4.34		EUR	8,023.65	– 4,570.09
171	Bürgschaftsbank Sachsen GmbH ²⁹	Dresden	27.96	18.44	EUR	45,415.89	350.95
172	CCP Systems AG i.L. ^{1, 22}	Stuttgart	0.96		EUR	9,182.77	– 10,654.37
173	CME Group Inc. ³⁰	Wilmington, US	0.00		USD	22,521,916.59	2,998,001.79

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
174	Code Intelligence GmbH ^{1, 27}	Bonn	16.80		EUR	3,534.52	– 4,238.61
175	Computomics GmbH ^{1, 29}	Tübingen	0.92		EUR	– 1,171.49	– 662.13
176	CorTec GmbH ^{1, 29}	Freiburg	5.75		EUR	– 13,124.31	– 3,030.27
177	crealytics GmbH ^{1, 27}	Passau	9.86		EUR	5,104.00	– 3,828.24
		Grand Cayman, Cayman Islands					
178	CVC European Equity Partners IV A. L. P. ^{1, 29}	Islands	0.29		EUR	874.82	– 186.41
179	Depository Trust & Clearing Corporation ³⁰	New York, US	0.00	0.02	USD	3,673,882.91	414,773.18
180	Deutscher Sparkassen Verlag GmbH ^{7, 29}	Stuttgart	8.11		EUR	293,381.65	41,638.41
181	Dritte SHS Technologiefonds GmbH & Co. KG i.L. ^{1, 29}	Tübingen	4.94		EUR	7,463.94	– 3,409.45
182	EXCIVA GmbH ^{1, 29}	Heidelberg	11.99	10.65	EUR	– 4,125.05	– 1,968.39
183	FL FINANZ-LEASING GmbH ²⁷	Wiesbaden	17.00		EUR	– 810.80	– 104.87
184	Fludicon GmbH i.L. ^{1, 22}	Darmstadt	7.88		EUR	516.90	– 2,184.41
185	GbR VÖB-ImmobilienAnalyse ¹¹	Bonn	25.00	20.00	n/s	n/s	n/s
		Frankfurt am Main					
186	GLB GmbH & Co. OHG ^{10, 27}	Main	30.05		EUR	2,750.01	– 42.04
		Frankfurt am Main					
187	GLB-Verwaltungs-GmbH ^{10, 27}	Main	30.00		EUR	65.58	1.98
188	Grundstücks-, Vermögens- und Verwaltungs-GbR Leonberg/Ditzingen i.L. ^{1, 29}	Stuttgart	0.37		EUR	263.02	– 1.79
		Stuttgart					
189	Grundstücks-, Vermögens- und Verwaltungs-GbR Sillenbacher Markt i.L. ^{1, 29}	Stuttgart	0.02		EUR	2,017.31	– 4.47
		Stuttgart					
190	Grundstücks-, Vermögens- und Verwaltungs-GbR, Leinfelden-Echterdingen/Stuttgart-Möhringen i.L. ^{1, 29}	Stuttgart	0.11		EUR	265.73	– 5.00
		Hamburg					
191	HANSA TREUHAND Dritter Beteiligungsfonds GmbH & Co. KG i.L. ^{1, 26}	Hamburg	0.03		EUR	645.54	– 1.35
		Hamburg					
192	HANSA TREUHAND Zweiter Beteiligungsfonds GmbH & Co. KG i.L. ^{1, 12}	Hamburg	0.16		EUR	– 1,784.66	– 528.00
193	Heidelberg Epignostix GmbH ^{1, 29}	Heidelberg	9.80		EUR	1,842.89	– 567.39
194	Impossible Cloud GmbH ^{1, 29}	Hamburg	5.37		EUR	4,168.60	– 815.62
		Stuttgart					
195	Kreditgarantiegemeinschaft der Freien Berufe Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	4.76		EUR	153.39	0.00
		Stuttgart					
196	Kreditgarantiegemeinschaft der Industrie, des Verkehrsgewerbes und des Gastgewerbes Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	15.28		EUR	1,299.87	0.00
		Stuttgart					
197	Kreditgarantiegemeinschaft des Gartenbaues Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	4.50		EUR	138.31	0.00
		Stuttgart					
198	Kreditgarantiegemeinschaft des Handels Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	9.14		EUR	1,021.91	0.00
		Stuttgart					
199	Kreditgarantiegemeinschaft des Handwerks Baden-Württemberg Verwaltungs-GmbH ²⁹	Stuttgart	9.76		EUR	1,001.05	0.00
200	Kunststiftung Baden-Württemberg gGmbH ²⁹	Stuttgart	2.08	0.61	EUR	10,202.61	249.24
201	leon-nanodrugs GmbH ^{1, 29}	Planegg	8.39		EUR	1,885.86	– 2,404.06
202	Licit Solutions GmbH ^{1, 29}	Tübingen	4.48		EUR	– 958.13	– 970.88
203	Marco Polo Network Operations Ireland Limited i.L. ^{1, 26}	Cork, Ireland	1.69		USD	4,750.36	– 25,203.72
		Stuttgart					
204	MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg Gesellschaft mit beschränkter Haftung ²⁹	Stuttgart	9.94	8.33	EUR	117,980.58	10,078.48
205	Meshcapade GmbH ¹	Tübingen	2.20		n/s	n/s	n/s
		Bad Homburg v. d. Höhe					
206	Oska Health GmbH ^{1, 29}	Bad Homburg v. d. Höhe	12.06		EUR	2,909.17	– 1,666.39
207	Phenex Pharmaceuticals AG in Abwicklung ^{1, 27}	Heidelberg	8.90		EUR	2,027.83	233.47
208	Poldergesellschaft Neumühlen-Westkai mbH ^{1, 13}	Hamburg	16.67		EUR	164.99	0.00
209	PropTech1 Fund I GmbH & Co. KG ^{1, 29}	Berlin	6.97		EUR	31,133.76	– 2,429.66
210	Reha-Klinik Aukammtal GmbH & Co Betriebs-KG i.L. ¹	Wiesbaden	5.54		n/s	n/s	n/s
211	RSU GmbH & Co. KG ²⁹	Munich	18.80		EUR	12,236.92	1,376.21
		Stuttgart					
212	RWSO-Grundstücksgesellschaft TBS der Württembergischen Sparkassenorganisation ²⁹	Stuttgart	10.00	8.49	EUR	4,609.96	– 786.20
213	Schiffahrts-Gesellschaft „HS ALCINA“ mbH & Co. KG i.L. ^{1, 16}	Hamburg	0.04		EUR	351.16	– 3,497.00
214	Schiffahrts-Gesellschaft „HS MEDEA“ mbH & Co. KG i.L. ^{1, 25}	Hamburg	0.16		EUR	648.43	– 9.45

No.	Name	Location	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
215	Schiffahrts-Gesellschaft „HS MOZART“ mbH & Co. KG i.L. ^{1, 23}	Hamburg	0.23		EUR	– 7,619.62	0.00
216	Schiffahrts-Gesellschaft „HS ONORE“ mbH & Co. KG i.L. ^{1, 23}	Hamburg	0.04		EUR	16,149.92	– 2,644.00
217	SI-BW Beteiligungsgesellschaft mbH & Co. KG ²⁹	Stuttgart	4.00	3.96	EUR	14,534.85	57.63
218	Specter Automation GmbH ^{1, 27}	Cologne	4.57		EUR	1,157.01	– 1,011.50
219	stimOS GmbH ^{1, 29}	Konstanz	1.21		EUR	– 1,928.79	– 414.06
220	SWK Beteiligungs GmbH & Co. geschlossene Investment KG ²⁹	Stuttgart	2.54		EUR	1,018,649.05	37,771.69
221	Synapticon GmbH ^{1, 29}	Schönaich	0.39		EUR	2,291.89	– 1,817.56
222	tado GmbH ^{1, 27}	Munich	1.01		EUR	37,107.03	– 11,313.31
223	Technologiegründerfonds Sachsen Plus GmbH & Co. KG ^{1, 29}	Leipzig	7.12	7.12	EUR	18,825.27	– 6,264.56
224	Technologiegründerfonds Sachsen Seed GmbH & Co. KG ^{1, 29}	Leipzig	3.34		EUR	3,189.98	– 523.95
225	Technologiegründerfonds Sachsen Start up GmbH & Co. KG ^{1, 29}	Leipzig	10.83		EUR	6,865.87	908.91
226	Teralytics Holding AG ^{1, 27}	Zurich, Switzerland	8.39		CHF	1,598.27	– 92,524.23
227	Threedly GmbH ^{1, 29}	Darmstadt	10.38		EUR	2,565.25	– 3,876.02
228	Umlaut.bio GmbH ^{1, 29}	Heidelberg	7.24		EUR	– 109.41	– 599.48
229	Visa Inc. ¹⁵	San Francisco, US	0.00	0.00	USD	32,234,173.72	17,055,397.30
230	VRP Venture Capital Rheinland-Pfalz GmbH & Co. KG i.L. ^{1, 17}	Mainz	16.65		EUR	358.10	– 291.41
231	VRP Venture Capital Rheinland-Pfalz Nr. 2 GmbH & Co. KG i.L. ^{1, 29}	Mainz	16.65		EUR	531.49	– 7.66
232	Wachstumsfonds Mittelstand Sachsen Plus GmbH & Co. KG ^{1, 29}	Leipzig	12.72	13.72	EUR	7,882.40	– 34.06
233	Wirtschaftsförderung Region Stuttgart GmbH ^{1, 29}	Stuttgart	16.06		EUR	1,794.59	– 5,428.33
234	Xavin GmbH ^{1, 29}	Stuttgart	5.24		EUR	– 283.28	– 2,037.37
235	Zweiundfünfzigste IFH geschlossener Immobilienfonds für Holland GmbH & Co. KG i.L. ^{1, 21}	Hamburg	1.05		EUR	25,654.00	– 14,921.34

- 1 Held indirectly.
- 2 Including shares held indirectly.
- 3 A letter of comfort is available.
- 3a A letter of comfort is available with regard to LBBW Mexico S.A. de C.V., SOFOM, E.N.R. as creditor of a loan to Centro Alemán de Industria y Comercio, S. de R.L. de C.V.
- 4 A letter of comfort is available on the part of a Group subsidiary.
- 5 A profit transfer and/or control agreement has been entered into with the company.
- 6 A profit transfer and/or control agreement has been entered into with another company.
- 7 Equity investment in a large corporation (Kapitalgesellschaft) with a share of the voting rights of over 5% (section 340a(4) no. 2 HGB).
- 8 Financial instruments pursuant to IFRS.
- 9 No shareholdings within the meaning of section 285 no. 11 HGB.
- 10 Classification as equity investment, as no relevant decisions are made any longer and liquidation is expected.
- 11 Classification as equity investment, as the company does not conduct any commercial activities.
- 12 The information is based on the last available annual financial statements as at 25 July 2017.
- 13 The information is based on the last available annual financial statements as at 30 June 2024.
- 14 The information is based on the last available annual financial statements as at 30 June 2025. Short financial year from 1 April 2025 to 30 June 2025
- 15 The information is based on the last available annual financial statements as at 30 September 2025. Consolidated financial statements.
- 16 The information is based on the last available annual financial statements as at 30 November 2018.
- 17 The information is based on the last available annual financial statements as at 30 December 2024.
- 18 The information is based on the last available annual financial statements as at 31 December 2025. Short financial year from 1 April 2025 to 31 December 2025
- 19 The information is based on the last available annual financial statements as at 31 July 2014.
- 20 The information is based on the last available annual financial statements as at 31 October 2024.
- 21 The information is based on the last available annual financial statements as at 31 December 2012.
- 22 The information is based on the last available annual financial statements as at 31 December 2014.
- 23 The information is based on the last available annual financial statements as at 31 December 2015.
- 24 The information is based on the last available annual financial statements as at 31 December 2017.
- 25 The information is based on the last available annual financial statements as at 31 December 2018. Short financial year from 1 December 2018 to 31 December 2018
- 26 The information is based on the last available annual financial statements as at 31 December 2021.
- 27 The information is based on the last available annual financial statements as at 31 December 2023.
- 28 The information is based on the last available annual financial statements as at 31 December 2024 in accordance with IFRS
- 29 The information is based on the last available annual financial statements as at 31 December 2024.
- 30 The information is based on the last available annual financial statements as at 31 December 2024. Consolidated financial statements.
- 31 The information is based on the last available annual financial statements as at 31 December 2024. Short financial year from 1 November 2024 to 31 December 2024
- 32 The information is based on the last available annual financial statements as at 31 December 2024. Short financial year from 9 May 2024 to 31 December 2024
- 33 The information is based on the last available annual financial statements as at 31 December 2025.
- 34 The information is based on the last available annual financial statements as at 30 April 2025. Liquidation closing balance sheet.

57. Employees

On average, the number of employees (heads) was as follows:

	2025			2024		
	Total	Thereof Male	Thereof Female	Total	Thereof Male	Thereof Female
Full-time	7,861	4,988	2,873	7,709	4,887	2,822
Part-time	2,929	347	2,582	2,913	321	2,592
Trainees ¹	311	226	86	325	193	132
<i>Total</i>	<i>11,101</i>	<i>5,560</i>	<i>5,540</i>	<i>10,947</i>	<i>5,402</i>	<i>5,545</i>

¹ Including students at universities of cooperative education.

58. Executive and supervisory bodies and positions held

Members of the executive and supervisory bodies

Board of Managing Directors

Chair

Rainer Neske
Central Divisions

Members

Anastasios Agathagelidis
Risk Management and Compliance

Sascha Klaus
(since 1 August 2025)
Real Estate and Infrastructure
Financing

Joachim Erdle
Corporate Customers

Stefanie Münz
Finance and Operations

Andreas Götz
Private and Business Customers/Savings
Banks

Thorsten Schönenberger
(until 31 July 2025)
Real Estate and Project Finance

Dirk Kipp
Capital Markets Business and Asset
Management/International Business

Supervisory Board

Chair

Christian Brand (until 31 March 2026)

Former Chair of the Board of Management of L-Bank

Deputy Chair

Dr. Danyal Bayaz

Minister of Finance of the State of Baden-Württemberg

Members

Jörg Armborst

Employee representative of Landesbank Baden-Württemberg

Jörg Krauss (since 12 May 2025)

State Secretary at the Baden-Württemberg State Ministry and Head of the State Chancellery

Dr. Florian Stegmann (until 12 May 2025)

State Secretary (retired)

Jens Baumgarten

Employee representative of Landesbank Baden-Württemberg

Christiane Milders (since 22 September 2025)

Member of the Executive Board Schwarz Corporate Solutions KG

Thomas Strobl

Minister of the Interior, Digitalization and Local Government for the State of Baden-Württemberg

Dr. Antje Conradi (since 12 May 2025)

Managing partner of Bansbach GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Matthias Neth

President of the Savings Banks Association of Baden-Württemberg

Dr. Jutta Stuiblé-Treder (until 12 May 2025)

Attorney at law, German Public Auditor

Christian Hirsch

Employee representative of Landesbank Baden-Württemberg

Dr. Frank Nopper

Lord Mayor of the state capital of Stuttgart

Angelika Trabold (since 12 May 2025)

Employee representative of Landesbank Baden-Württemberg

Bernhard Ilg

Lord Mayor (retired)

Dr. Fritz Oesterle

Attorney at law

Armin von Falkenhayn (since 1 April 2026)

Former Country Executive Germany of Bank of America Europe DAC

Gabriele Kellermann (since 1 April 2026 Chair of the Supervisory Board of LBBW)

Deputy Chair of the Board of Managing Directors at BBBank eG

Martin Peters (until 12 May 2025)

Managing partner, Chair of the Board of Managing Directors of Eberspacher Gruppe GmbH & Co. KG

Burkhard Wittmacher

Chair of the Board of Managing Directors at Kreissparkasse Esslingen-Nürtingen

Marc Oliver Kiefer

Employee representative of Landesbank Baden-Württemberg

B. Jutta Schneider

Partner at Schneider und Peters Consulting GbR

Prof. Dr. Eckart Würzner

Lord Mayor of the city of Heidelberg

Bettina Kies-Hartmann (until 12 May 2025)

Employee representative of Landesbank Baden-Württemberg

Wiebke Sommer

Employee representative of Landesbank Baden-Württemberg

Norbert Zipf

Employee representative of Landesbank Baden-Württemberg

Remuneration of and defined benefit pension commitments to members of the committees

EUR million	Board of Managing Directors		Supervisory Board	
	2025	2024	2025	2024
Remuneration				
Salaries, remuneration and short-term benefits ¹	8.2	8.6	1.1	1.1
Post-employment benefits (total obligations from defined benefit obligations) ²	8.9	9.1	0.0	0.0
Remuneration for former members and their dependents				
Salaries, remuneration and short-term benefits	17.2	12.5	0.0	0.0
Post-employment benefits (total obligations from defined benefit obligations) ²	160.5	133.9	0.0	0.0

¹ Including attendance allowance.

² Provisions for pensions including assistance provisions.

As at 31 December 2025, loans granted to and contingent liabilities assumed in favor of members of the Board of Managing Directors and members of the Supervisory Board came to EUR 1 million (previous year: EUR 4 million), of which EUR 0 million (previous year: EUR 3 million) related to members of the Board of Managing Directors and EUR 1 million (previous year: EUR 1 million) to members of the Supervisory Board.

The loans were extended with an interest rate ranging from 1.45% to 12.42% and have a contractual remaining term from 2 to 28 years. All of the banking transactions involving the cited persons were concluded on arm's length terms and subject to collateral requirements.

As in the previous year, no advances were made to the Board of Managing Directors or the Supervisory Board in the 2025 financial year.

Positions held

Offices held by legal representatives of LBBW and members of the AidA (Anstalt in der Anstalt – legally dependent institution) Board of Managing Directors on statutory supervisory boards and similar supervisory bodies of large companies and banks, as well as offices held by employees of LBBW on statutory supervisory boards of large companies and banks are listed below.

Company	Position	Incumbent
Berlin Hyp AG, Berlin ¹	Chairman of the Supervisory Board	Thorsten Schönenberger (until 4 August 2025)
	Supervisory Board	Andrea Schlenzig (until 4 August 2025 Deputy Chair, until 14 October 2025 member)
	Supervisory Board	Dirk Kipp (until 4 August 2025)
	Supervisory Board	Anastasios Agathagelidis (until 4 August 2025)
	Supervisory Board	Stefanie Münz (until 4 August 2025)
	Supervisory Board	Thomas Weiß (until 4 August 2025)
	Supervisory Board	Jana Papst (until 4 August 2025)
	Supervisory Board	Thomas Meister (until 4 August 2025)
Deutscher Sparkassenverlag GmbH, Stuttgart	Supervisory Board	Andreas Götz
HAMBORNER REIT AG, Duisburg	Supervisory Board	Maria Teresa Dreo-Tempsch (until 31 July 2025)
Kreditanstalt für Wiederaufbau, Frankfurt am Main	Administrative Board	Rainer Neske
Landwirtschaftliche Rentenbank, Frankfurt am Main	Administrative Board	Stefanie Münz
LBBW Asset Management Investmentgesellschaft mbH, Stuttgart	Chairman of the Supervisory Board	Dirk Kipp
	Supervisory Board	Ann-Kristin Stetefeld
	Supervisory Board	Andreas Götz
MMV Bank GmbH, Koblenz	Chairman of the Supervisory Board	Joachim Erdle
	Deputy Chair of the Supervisory Board	Anastasios Agathagelidis (until 27 February 2025)
	Deputy Chair of the Supervisory Board	Peter Hähner (until 26 February 2025 member, since 27 February 2025 Deputy Chair)
	Supervisory Board	Christian Beck (since 27 February 2025)
MMV Leasing GmbH, Koblenz	Chairman of the Advisory Board	Joachim Erdle
	Deputy Chair of the Advisory Board	Anastasios Agathagelidis (up to 27 February 2025)
	Deputy Chair of the Advisory Board	Peter Hähner (until 26 February 2025 member, since 27 February 2025 Deputy Chair)
	Advisory Board	Christian Beck (since 27 February 2025)
Private Joint-Stock Company "Ukrainian Financial Housing Company", Kiev (Ukraine)	Supervisory Board	Patrick Seifert (since 15 December 2025)
Siedlungswerk GmbH Wohnungs- und Städtebau, Stuttgart	Deputy Chair of the Supervisory Board	Thorsten Schönenberger (until 31 July 2025)
	Deputy Chair of the Supervisory Board	Andreas Götz (until 9 October 2025 member, since 10 October 2025 Deputy Chair)
	Supervisory Board	Dirk Jörns
SüdFactoring GmbH, Stuttgart	Chairman of the Supervisory Board	Joachim Erdle
	Deputy Chair of the Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Norwin Graf Leutrum von Ertingen
	Supervisory Board	André Korte (since 1 January 2025)
SüdLeasing GmbH, Stuttgart	Chairman of the Supervisory Board	Joachim Erdle
	Deputy Chair of the Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Norwin Graf Leutrum von Ertingen
	Supervisory Board	André Korte (from 1 January 2025)

¹ As a result of the acquisition and spin-off agreement with LBBW (Bank) with effect from 1 August 2025, no longer a large corporation and renamed LBBW Berlin Beteiligungs-AG

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FURTHER
INFORMATION



Responsibility statement

To the best of our knowledge, and in accordance with the applicable financial reporting framework, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the combined 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.

Stuttgart, Karlsruhe, Mannheim and Mainz, 10 March 2026

The Board of Managing Directors



Rainer Neske
Chair



Anastasios Agathagelidis



Joachim Erdle



Andreas Götz



Dirk Kipp



Sascha Klaus



Stefanie Münz

Independent Auditor's report

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

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, and its subsidiaries (the Group) which comprise the statement of financial position as at 31 December 2025, the income statement and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January to 31 December 2025, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the parent and the group of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, for the financial year from 1 January to 31 December 2025. In accordance with the German legal requirements, we have not audited the content of the combined non-financial statement in accordance with Section 315b and Section 315c German Commercial Code (HGB) included in section "Group sustainability statement (combined non-financial statement)" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December, 2025 and of its financial performance for the financial year from 1 January to 31 December 2025, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the combined non-financial statement included in section "Group sustainability statement (combined non-financial statement)" of the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Determination of the fair values of trading transactions and loans using measurement models and techniques (IFRS 13 measurement hierarchy level 2 and level 3)
2. Determination of allowances for credit losses

Our presentation of these key audit matters has been structured as follows:

- a) description (including reference to corresponding information in the consolidated financial statements)
- b) auditor's response

1. Determination of the fair values of trading transactions and loans using measurement models and techniques (IFRS 13 measurement hierarchy level 2 and level 3)

a) For some of the trading transactions and loans measured at fair value pursuant to IFRS 13 by Landesbank Baden-Württemberg and recognized under the items of the statement of financial position "Financial assets measured at fair value through other comprehensive income" (EUR 34.0 billion), "Financial assets designated at fair value" (EUR 1.0 billion), "Financial assets mandatorily measured at fair value through profit or loss" (EUR 47.1 billion), "Financial liabilities designated at fair value" (EUR 3.9 billion) and "Financial liabilities mandatorily measured at fair value through profit or loss" (EUR 22.5 billion), no quoted prices are observable on the main market determined by Landesbank Baden-Württemberg. 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 models are based on inputs observable on the markets, if available.

In the case of model-based measurements, there are increased risks from valuation uncertainties (e.g., due to the use of inappropriate measurement models or inappropriate characteristics of input factors) and from larger acceptable ranges of the judgments and assumptions needed in measuring these trading transactions and loans. For this reason, we identified the determination of fair values using measurement models to be a key audit matter.

The statements on accounting and measurement of trading transactions and loans are contained in the notes to the consolidated financial statements in sections 22 "Determining fair value", 40 "Fair value and carrying amounts of financial instruments" and 41 "Fair value hierarchy".

b) As part of our audit, we analyzed the trading transactions and loans measured at fair value using models. For this purpose, we assessed the appropriateness and effectiveness of the internal controls relevant for measuring these trading transactions and loans, especially by convincing ourselves of the appropriateness and effectiveness of the audit-relevant controls relating to the Independent Price Verification (IPV) and the model validation. By calling in our internal valuation specialists, who are part of the audit team, we assessed the suitability of the measurement models used in compliance with the requirements of IFRS 13 for products selected according to risk-based criteria.

As at the reporting date, our internal valuation specialists performed an additional separate, independent remeasurement and/or plausibility check of the trading transactions and loans categorized into level 2 and level 3 of the IFRS 13 measurement hierarchy and recognized at fair value on a sample basis and compared them with the measurement carried out by Landesbank Baden-Württemberg.

In addition, we checked the disclosures in the notes to the consolidated financial statements for completeness and accuracy.

2. Determination of allowances for credit losses

a) As at 31 December 2025, in its consolidated financial statements under "Financial assets measured at amortized cost", Landesbank Baden-Württemberg reported loans and advances to banks and customers totaling EUR 237.2 billion, corresponding to 68.3% of total assets. Of these loans and advances, existing allowances for credit losses totaling EUR 2,012.7 million have already been deducted. The allowances for credit losses contain both stage 3 specific allowances for credit losses of EUR 1,053.1 million and stage 1 and stage 2 allowances for credit losses calculated on a parameter basis of EUR 959.6 million. There are also contingent liabilities and other obligations of EUR 54.4 billion as well as revocable loan commitments of EUR 26.6 billion for which credit business-related provisions of EUR 301.8 million have been set up.

For impaired financial instruments (stage 3), the allowances for credit losses are calculated using the method stipulated by the Bank from the difference of the current carrying amount of the loan or advance and the expected future incoming payments derived from at least two scenarios which are discounted on the basis of the original effective interest rate of the loan or advance. For assets that are not significant, the estimate for the allowances for credit losses is the same as for stage 2 allowances for credit losses based on parameters. If applicable, relevant provisions are set up for off-balance-sheet transactions for which the Bank is expected to be held responsible for payment under guarantees or warranties or that are expected to be impaired due to payment obligations.

In addition, for risk allowances for stage 1 and stage 2 financial instruments the Bank determines the expected credit losses using statistically calculated default probabilities and loss given default as well as the expected exposure at default.

Landesbank Baden-Württemberg considers loss allowance adjustments in allowances for credit losses and in credit business-related provisions in order to take appropriate account of its expectations in relation to the economic development.

The lending business is a core business activity at Landesbank Baden-Württemberg. For both the individual and the model-based measurement of loans and advances as well as the calculation of the probable settlement amount of provisions, there is an increased risk that the level of potentially necessary allowances for credit losses is not appropriate. Judgments of the executive directors of the Bank are, for example, made with regard to modeling the measurement models, to the estimates of assumptions and input factors such as expected future incoming payments and with regard to the valuation of collateral or of expected defaults. As the recoverability of financial assets measured at amortized cost and, correspondingly, the appropriate calculation of allowances for credit losses is subject to uncertainty, this matter was particularly important in our audit.

The statements on the determination of allowances for credit losses are contained in the notes to the consolidated financial statements in section 21 "Allowances for losses on loans and securities" and section 27 "Financial assets measured at amortized cost".

b) In the context of our risk-based audit approach, we audited the relevant internal control system and also performed substantive audit procedures based on our risk assessment. The tests of design and implementation and of operating effectiveness covered the processes of identifying indications of an impairment (risk early recognition), of assessing customer credit ratings, of measuring collateral and of determining impairments based on cash flows (calculation of stage 3 specific value adjustment). In addition, we implemented a test of design and implementation and of operating effectiveness of the processes for calculating the allowances for credit losses for stage 1 and stage 2 financial instruments and the allowances for credit losses for stage 3 financial instruments calculated on a parameter basis.

On the basis of risk-based perspectives and representatively selected samples, we also examined and assessed the appropriate identification of indications of an impairment and the measurement of loans and advances that needed to be tested for impairment according to an evaluation of Landesbank Baden-Württemberg, including the appropriateness of the estimated values. For measuring loans and advances, we inspected the underlying assumptions, particularly the amount and time of the expected future payments, including the returns from existing collateral and the discounting of the payments in the respective scenarios, including the scenario weighting.

In addition, we verified both the calculated allowances for credit losses for stage 1 and stage 2 financial instruments and the parameter-based calculation of allowance for credit losses for stage 3 financial instruments on the basis of a randomly selected sample and assessed the derivation of the adjustments to allowances for credit losses and the appropriateness of the amount of allowances on the basis of evidence.

In addition, we checked the disclosures in the notes to the consolidated financial statements for completeness and accuracy.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the combined non-financial statement in accordance with Section 315b and Section 315c HGB,
- the executive directors' confirmations in accordance with Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report,
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. Otherwise, the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Assurance Opinion

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 84eda9e93f15a236f69311b030b770c3626e29e8ebaba1d942e84cb0a931041d meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this assurance work only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2025 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Assurance Standard: Assurance Work on the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 12 May 2025. We were engaged by the supervisory board on 1/7 July 2025. We have been the group auditor of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the assured ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Stefan Trenzinger.

Stuttgart/Germany, 13 March 2026

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed

Stephan Erb
Wirtschaftsprüfer
(German Public Auditor)

Signed

Stefan Trenzinger
Wirtschaftsprüfer
(German Public Auditor)

TRANSLATION

– German version prevails –

Assurance Report of the Independent German Public Auditor on a Limited Assurance Engagement in Relation to the Combined Sustainability Statement

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

Assurance Conclusion

We have conducted a limited assurance engagement on the sustainability statement of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, combining the Group sustainability statement and the non-financial statement of the parent, included in section “Group sustainability statement (combined non-financial statement)” of the combined management report for the parent and the group, (“the combined sustainability statement”) for the financial year from 1 January to 31 December 2025. The Combined Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 289b to 289e, 315b and 315c German Commercial Code (HGB) for a combined non-financial statement.

Not subject to our assurance engagement is the reference to information of the Company outside of the combined management report marked as unassured:

- LBBW (Bank): Framework, Allocation Report and Impact Reporting on the Social Bond

and the following reference in the Combined Sustainability Statement to assurance reports or reports by other assurance practitioners on the assurance of information, marked as unassured, contained in the Combined Sustainability Statement, from sources in the value chain

- ISS Corporate: Second Party Opinion on the Social Bond Framework of LBBW

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Combined Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 289b to 289e, 315b and 315c HGB for a combined non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

- that the Group sustainability statement included in the accompanying combined sustainability statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group sustainability statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section “Description of the process to identify and assess material impacts, risks and opportunities [IRO-1]” of the Group sustainability statement, or
- that the disclosures in section “Expanded disclosures in accordance with Article 8 of the EU Taxonomy Regulation” in the combined sustainability statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the above-mentioned parts of the Combined Sustainability Statement that were not covered by our assurance engagement.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”, issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Combined Sustainability Statement”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Combined Sustainability Statement

The executive directors are responsible for the preparation of the Combined Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a combined sustainability statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e. fraudulent reporting in the Combined Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Combined Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Combined Sustainability Statement.

Inherent Limitations in Preparing the Combined Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretation of such wording and terms in section “Methodology interpretation decisions” of the combined sustainability statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain.

These inherent limitations also affect the assurance engagement on the Combined Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Combined Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Combined Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Combined Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional scepticism. We also

- obtain an understanding of the process used to prepare the Combined Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgement.

In performing our limited assurance engagement, we

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Combined Sustainability Statement.
- inquired of the executive directors and relevant employees involved in the preparation of the Combined Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Combined Sustainability Statement, and about the internal controls related to this process.
- evaluated the reporting policies used by the executive directors to prepare the Combined Sustainability Statement.
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.
- performed analytical procedures or tests of details and made inquiries in relation to selected information in the Combined Sustainability Statement.
- considered the presentation of the information in the Combined Sustainability Statement.
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the “General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)” dated 1 January 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Stuttgart/Germany, 13 March 2026

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:

Signed:

Stephan Erb

Stefan Trenzinger

Wirtschaftsprüfer
(German Public Auditor)

Wirtschaftsprüfer
(German Public Auditor)

Translation – German version prevails –

Annex to the Group Sustainability Statement

Further disclosures in accordance with Art. 8 of the EU Taxonomy Regulation

The following tables supplement the disclosures in the group sustainability statement in the combined management report and satisfy the disclosure requirements pursuant to Art. 8 of the EU Taxonomy Regulation. The following applies to all templates: Blank fields are not yet subject to reporting requirements and therefore do not have to be filled in.

Taxonomy Regulation templates for the KPIs of credit institutions

Template 1 (turnover): Assets for the calculation of GAR – Stock

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Breakdown per environmental objective													Of which exposures financing counter-parties reporting in accordance with Article 7(9)		
	Total [gross] carrying amount	Of which taxonomy-eligible	Of which taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non-assessed exposures	Of which financing non-material activities of counter-parties ⁴		Of which not assessed non-material by the credit institution ⁵
Stock EUR million																
1 GAR – Covered assets in both numerator and denominator																
2 Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	88,017	28,717	2,638	2,623	4	0	6	5	0	608	181	581	0	0	0	0
3 Financial undertakings	67,636	15,082	1,132	1,127	1	0	0	4	0	143	97	124	0	0	0	0
4 Loans and advances	52,281	10,755	654	648	1	0	0	4	0	143	40	110	0	0	0	0
5 Debt securities, including those where the use of proceeds is known	15,256	4,311	478	478	0	0	0	0	0	0	58	14	0	0	0	0
6 Equity instruments	99	17	1	0	0	0	0	0	0		0	0	0	0	0	0
7 Non-financial undertakings	9,066	4,214	1,150	1,141	3	0	6	1	0	109	83	457	0	0		0
8 Loans and advances	8,637	3,962	951	942	3	0	6	0	0	109	81	298	0	0		0
9 Debt securities, including those where the use of proceeds is known	426	252	200	199	0	0	0	0	0	0	2	159	0	0		0
10 Equity instruments	4	0	0	0	0	0	0	0	0		0	0	0	0		0
11 Households	11,307	9,420	356	356	0		0			356	0	0	0	0		0
12 of which loans collateralised by residential immovable property	7,247	7,073	338	338	0		0			338	0	0	0	0		0
13 of which building renovation loans	16	16	0	0	0		0			0	0	0	0	0		0
14 of which motor vehicle loans	437	393	0	0						0	0	0	0	0		0
15 Local government financing	7	1	0	0	0	0	0	0	0	0	0	0	0	0		0
16 Housing financing	0	0	0	0	0		0			0	0	0	0	0		0
17 Other local government financing	7	1	0	0	0	0	0	0	0	0	0	0	0	0		0
18 Collateral obtained by taking possession: residential and commercial immovable properties	0	0	0	0	0		0			0	0	0	0	0		0

[illegible]

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
				Breakdown per environmental objective												
															Of which exposures financing not assessed	Of which not considered non- material by the credit institution ⁵
	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non- assessed exposures	Of which financing non- material activities of counter- parties ⁴	accordance with Article 7(9)	
Stock																
EUR million																

Off-balance sheet exposures (stock) to undertakings subject to CSRD disclosure obligations and local governments:

41	Financial guarantees	4,657	189	71	64	0	0	7	0	0	0	0	27	0	0	0
42	Assets under management	77,361	6,440	1,720	1,633	4	8	66	8	0	0	83	862	0	0	0
43	of which debt securities	44,938	3,994	1,197	1,150	3	8	28	8	0	0	59	550	0	0	0
44	of which equity instruments	22,494	2,446	523	483	1	0	39	1	0	0	24	312	0	0	0

Note 1. The following accounting categories of financial assets should be considered: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; equity investments in subsidiaries, joint ventures and associates; financial assets measured at fair value through profit or loss and financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss; and real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

Note 2. Credit institutions shall duplicate this template for reporting on stocks for the calculation of GAR stock and reporting on new assets for the calculation of GAR flow.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 In accordance with Article 7(8)(a) and (b) of this Regulation

5 In accordance with Article 4(1a) of this Regulation

6 In accordance with Article 7(3) of this Regulation

Disclosure reference date 31/12/2025

[illegible]

[illegible]

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
				Breakdown per environmental objective												
Flow EUR million	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non- assessed exposures	Of which financing non- material activities of counter- parties ⁴	Of which financing counter- parties reporting in accordance with Article 7(9)	Of which not assessed considered non- material by the credit institution ⁵
Off-balance sheet exposures (stock) to undertakings subject to CSRD disclosure obligations and local governments:																
41 Financial guarantees	191	98	53	46	0	0	7	0	0	0	0	13	0	0	0	0
42 Assets under management	22,901	2,004	490	464	2	1	17	5	0	0	28	241	0	0	0	0
43 of which debt securities	15,565	1,247	351	335	2	1	8	5	0	0	24	157	0	0	0	0
44 of which equity instruments	7,335	758	139	129	0	0	9	0	0	0	4	84	0	0	0	0

Note 1. The following accounting categories of financial assets should be considered: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; equity investments in subsidiaries, joint ventures and associates; financial assets measured at fair value through profit or loss and financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss; and real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

Note 2. Credit institutions shall duplicate this template for reporting on stocks for the calculation of GAR stock and reporting on new assets for the calculation of GAR flow.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 In accordance with Article 7(8)(a) and (b) of this Regulation

5 In accordance with Article 4(1a) of this Regulation

6 In accordance with Article 7(3) of this Regulation

Template 2 (turnover): GAR sector information

	Disclosure reference date 31/12/2025										
		a	b	c	d	e	f	g	h	i	j
		Breakdown by sector – NACE 4 digits level (code and label) (EUR million)	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)
1	6820	Renting and operating of own or leased real estate	2,355	2,100	456	456	0	0	0	0	0
2	7010	Activities of head offices	656	91	3	3	0	0	0	0	0
3	5223	Service activities incidental to air transportation	558	211	33	33	0	0	0	0	0
4	3511	Production of electricity	385	120	87	87	0	0	0	0	0
5	4910	Passenger rail transport, interurban	355	239	194	194	0	0	0	0	0
6	2319	Manufacture and processing of other glass, including technical glassware	321	64	0	0	0	0	0	0	0
7	2931	Manufacture of electric and electronic equipment for vehicles	271	4	4	4	0	0	0	0	0
8	6832	Management of real estate on a fee or contract basis	267	240	0	0	0	0	0	0	0
9	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	263	19	14	14	0	0	0	0	0
10	6110	Wired telecommunications activities	240	6	1	0	0	0	1	0	0
11	Nuclear activities ⁴		57	57	57						
12	Fossil gas activities ⁵		9	9	9						
13	of which non-assessed exposures ⁶		0								

Note 1. Credit institutions shall disclose in this template information on their top ten exposures in the banking book to the top ten sectors covered by the Taxonomy (NACE sectors, 4 levels of detail), using the relevant NACE codes on the basis of the principal activity of the counterparty.

Note 2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 Referred to in sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139.

5 Referred to in sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139.

6 In accordance with Article 7(8) of this Regulation

Template 3 (turnover): GAR KPI – Stock

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m
			Breakdown per environmental objective									Proportion of taxonomy-aligned in taxonomy-eligible	Non-assessed exposures ³
% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling		
1 GAR – Covered assets in the numerator and denominator													
Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	32.6	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.7	9.2	0.0
2 Financial undertakings	22.3	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	7.5	0.0
3 Loans and advances	20.6	1.3	1.2	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.2	6.1	0.0
4 Debt securities, including those where the use of proceeds is known	28.3	3.1	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.1	11.1	0.0
5 Equity instruments	17.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.2	3.9	0.0
6 Non-financial undertakings	46.5	12.7	12.6	0.0	0.0	0.1	0.0	0.0	1.2	0.9	5.0	27.3	0.0
7 Loans and advances	45.9	11.0	10.9	0.0	0.0	0.1	0.0	0.0	1.3	0.9	3.4	24.0	0.0
8 Debt securities, including those where the use of proceeds is known	59.2	46.9	46.7	0.0	0.0	0.1	0.1	0.0	0.0	0.5	37.3	79.2	0.0
9 Equity instruments	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
10 Households	83.3	3.1	3.1	0.0		0.0			3.1	0.0	0.0	3.8	0.0
11 of which loans collateralised by residential immovable property	97.6	4.7	4.7	0.0		0.0			4.7	0.0	0.0	4.8	0.0
12 of which building renovation loans	100.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
13 of which motor vehicle loans	89.9	0.0	0.0						0.0	0.0	0.0	0.0	0.0
14 Local government financing	12.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 Housing financing	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
16 Other local government financing	12.2	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
18 Exposures included on a voluntary basis ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
19 Total GAR assets	32.6	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.7	0.0	0.0

Note 1. Institutions shall disclose in this template the GAR KPIs on stock of exposures calculated based on the data disclosed in template 1 on covered assets.

Note 2. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

3 In accordance with Article 7(8) of this Regulation

4 In accordance with Article 7(3) of this Regulation

Template 4 (turnover): GAR KPI – Flow

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m
			Breakdown per environmental objective									Proportion of taxonomy-aligned in taxonomy-eligible	Non-assessed exposures ³
% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling		
1 GAR – Covered assets in the numerator and denominator													
Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	20.7	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.7	9.4	0.0
2 Financial undertakings	17.6	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	6.5	0.0
3 Loans and advances	17.0	1.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	6.2	0.0
4 Debt securities, including those where the use of proceeds is known	27.2	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	10.6	0.0
5 Equity instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
6 Non-financial undertakings	27.2	10.3	10.1	0.0	0.0	0.2	0.0	0.0	0.5	0.7	7.4	37.9	0.0
7 Loans and advances	27.2	10.3	10.1	0.0	0.0	0.2	0.0	0.0	0.5	0.7	7.4	37.9	0.0
8 Debt securities, including those where the use of proceeds is known	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Equity instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10 Households	50.2	0.7	0.7	0.0		0.0			0.7	0.0	0.0	1.4	0.0
11 of which loans collateralised by residential immovable property	80.8	0.8	0.8	0.0		0.0			0.8	0.0	0.0	1.0	0.0
12 of which building renovation loans	100.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
13 of which motor vehicle loans	89.2	0.0	0.0						0.0	0.0	0.0	0.0	0.0
14 Local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 Housing financing	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
16 Other local government financing	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
18 Exposures included on a voluntary basis ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
19 Total GAR assets	20.7	1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.7	0.0	0.0

Note 1. Institutions shall disclose in this template the GAR KPIs on flow of new loans and advances, debt securities, equity instruments and repossessed collateral during the financial year prior to the disclosure reference date calculated based on the data disclosed in template 1 on covered assets.

Note 2. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

3 In accordance with Article 7(8) of this Regulation

4 In accordance with Article 7(3) of this Regulation

Template 5 (turnover): KPI off-balance-sheet exposures – Stock

Disclosure reference date 31/12/2025

		a	b	c	d	e	f	g	h	i	j	k	l
				Breakdown per environmental objective									
		Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non-assessed exposures ⁴
% (compared to corresponding total off-balance sheet assets)													
1	Financial guarantees (FinGuar KPI)	4.1	1.5	1.4	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.6	0.0
2	Assets under management (AuM KPI)	8.3	2.2	2.1	0.0	0.0	0.1	0.0	0.0	0.0	0.1	1.1	0.0

Note 1. Institutions shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1 on covered assets.

Note 2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 In accordance with Article 7(8) of this Regulation

Template 5 (turnover): KPI off-balance-sheet exposures – Flow

Disclosure reference date 31/12/2025													
		a	b	c	d	e	f	g	h	i	j	k	l
		Breakdown per environmental objective											
				Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non-assessed exposures ⁴
% (compared to corresponding total off-balance sheet assets)		Taxonomy-eligible	Taxonomy-aligned										
1	Financial guarantees (FinGuar KPI)	51.4	27.7	24.0	0.0	0.0	3.7	0.0	0.0	0.0	0.0	6.9	0.0
2	Assets under management (AuM KPI)	8.8	2.1	2.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	1.1	0.0

Note 1. Institutions shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1 on covered assets.
Note 2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.
Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.
4 In accordance with Article 7(8) of this Regulation

Disclosure reference date 31/12/2025

[illegible]

[illegible]

Disclosure reference date 31/12/2025

Breakdown per environmental objective																
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
Stock EUR million	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non- assessed exposures	Of which financing non- material activities of counter- parties ⁴	Of which exposures financing counter- parties reporting in accordance with Article 7(9)	Of which not assessed considered non-material reporting by the creditor institution ⁵

Off-balance sheet exposures (stock) to undertakings subject to CSRD disclosure obligations and local governments:

41	Financial guarantees	4,657	192	79	79	0	0	0	0	0	1	41	0	0	0	0
42	Assets under management	77,361	7,678	2,657	2,570	23	15	40	10	0	151	1,234	0	0	0	0
43	of which debt securities	44,938	4,811	1,820	1,760	17	14	19	9	0	107	809	0	0	0	0
44	of which equity instruments	22,494	2,867	837	810	5	0	20	1	0	44	426	0	0	0	0

Note 1. The following accounting categories of financial assets should be considered: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; equity investments in subsidiaries, joint ventures and associates; financial assets measured at fair value through profit or loss and financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss; and real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

Note 2. Credit institutions shall duplicate this template for reporting on stocks for the calculation of GAR stock and reporting on new assets for the calculation of GAR flow.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 In accordance with Article 7(8)(a) and (b) of this Regulation

5 In accordance with Article 4(1a) of this Regulation

6 In accordance with Article 7(3) of this Regulation

[illegible]

[illegible]

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
				Breakdown per environmental objective												
															Of which exposures financing non-material activities of counter-parties ⁴	Of which not assessed considered non-material by the credit institution ⁵
Flow EUR million	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non- assessed exposures			

Off-balance sheet exposures (stock) to undertakings subject to CSRD disclosure obligations and local governments:

41	Financial guarantees	191	114	40	40	0	0	0	0	0	0	10	0	0	0	0
42	Assets under management	22,901	2,417	819	791	9	11	6	0	0	54	369	0	0	0	0
43	of which debt securities	15,565	1,559	581	561	7	6	5	0	0	43	235	0	0	0	0
44	of which equity instruments	7,335	858	237	230	2	4	0	0	0	11	134	0	0	0	0

Note 1. The following accounting categories of financial assets should be considered: financial assets measured at amortized cost; financial assets measured at fair value through other comprehensive income; equity investments in subsidiaries, joint ventures and associates; financial assets measured at fair value through profit or loss and financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss; and real estate collaterals obtained by credit institutions by taking possession in exchange for the cancellation of debts.

Note 2. Credit institutions shall duplicate this template for reporting on stocks for the calculation of GAR stock and reporting on new assets for the calculation of GAR flow.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 In accordance with Article 7(8)(a) and (b) of this Regulation

5 In accordance with Article 4(1a) of this Regulation

6 In accordance with Article 7(3) of this Regulation

Template 2 (CapEx): GAR sector information

	Disclosure reference date 31/12/2025										
		a	b	c	d	e	f	g	h	i	j
		Breakdown by sector – NACE 4 digits level (code and label) (EUR million)	Total [gross] carrying amount	Of which taxonomy- eligible	Of which taxonomy- aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)
1	6820	Renting and operating of own or leased real estate	2,355	2,100	456	456	0	0	0	0	0
2	7010	Activities of head offices	656	91	3	3	0	0	0	0	0
3	5223	Service activities incidental to air transportation	558	211	33	33	0	0	0	0	0
4	3511	Production of electricity	385	122	90	89	0	0	0	1	0
5	4910	Passenger rail transport, interurban	355	287	224	224	0	0	0	0	0
6	2319	Manufacture and processing of other glass, including technical glassware	321	64	0	0	0	0	0	0	0
7	2931	Manufacture of electric and electronic equipment for vehicles	271	4	4	4	0	0	0	0	0
8	6832	Management of real estate for third parties	267	240	0	0	0	0	0	0	0
9	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	263	19	15	15	0	0	0	0	0
10	6110	Wired telecommunications activities	240	6	1	0	0	0	1	0	0
11	Nuclear activities ⁴		52	52	52						
12	Fossil gas activities ⁵		6	6	6						
13	of which non-assessed exposures		0								

Note 1. Credit institutions shall disclose in this template information on their top ten exposures in the banking book to the top ten sectors covered by the Taxonomy (NACE sectors, 4 levels of detail), using the relevant NACE codes on the basis of the principal activity of the counterparty.

Note 2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

4 Referred to in sections 4.26, 4.27 and 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139.

5 Referred to in sections 4.29, 4.30 and 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139.

6 In accordance with Article 7(8) of this Regulation

Template 3 (CapEx): GAR KPI – Stock

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m
			Breakdown per environmental objective									Proportion of taxonomy-aligned in taxonomy-eligible	Non-assessed exposures ³
% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling		
1 GAR – Covered assets in the numerator and denominator													
Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	36.2	3.1	3.1	0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.8	8.5	0.0
2 Financial undertakings	26.9	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.2	0.1	0.2	6.4	0.0
3 Loans and advances	26.9	1.4	1.3	0.0	0.0	0.0	0.0	0.0	0.3	0.1	0.3	5.0	0.0
4 Debt securities, including those where the use of proceeds is known	27.0	2.9	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	10.9	0.0
5 Equity instruments	16.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.4	4.4	0.0
6 Non-financial undertakings	47.2	13.3	13.1	0.0	0.0	0.1	0.0	0.0	1.2	0.9	5.9	28.1	0.0
7 Loans and advances	45.9	11.2	11.1	0.0	0.0	0.1	0.0	0.0	1.3	0.9	3.6	24.4	0.0
8 Debt securities, including those where the use of proceeds is known	72.6	55.2	55.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	51.6	76.1	0.0
9 Equity instruments	70.1	2.2	2.2	0.0	0.0	0.0	0.0	0.0		0.0	0.0	3.1	0.0
10 Households	83.3	3.1	3.1	0.0		0.0			3.1	0.0	0.0	3.8	0.0
11 of which loans collateralised by residential immovable property	97.6	4.7	4.7	0.0		0.0			4.7	0.0	0.0	4.8	0.0
12 of which building renovation loans	100.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
13 of which motor vehicle loans	89.9	0.0	0.0						0.0	0.0	0.0	0.0	0.0
14 Local government financing	12.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 Housing financing	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
16 Other local government financing	12.2	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
18 Exposures included on a voluntary basis ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
19 Total GAR assets	36.2	3.1	3.1	0.0	0.0	0.0	0.0	0.0	0.7	0.2	0.8	0.0	0.0
20													

Note 1. Institutions shall disclose in this template the GAR KPIs on stock of exposures calculated based on the data disclosed in template 1 on covered assets.

Note 2. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

3 In accordance with Article 7(8) of this Regulation

4 In accordance with Article 7(3) of this Regulation

Template 4 (CapEx): GAR KPI – Flow

Disclosure reference date 31/12/2025

	a	b	c	d	e	f	g	h	i	j	k	l	m
			Breakdown per environmental objective									Proportion of taxonomy-aligned in taxonomy-eligible	Non-assessed exposures ³
% (compared to corresponding total covered assets in the denominator)	Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling		
1 GAR – Covered assets in the numerator and denominator													
Loans and advances, debt securities and equity instruments not held for trading eligible for GAR calculation	32.2	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.8	6.6	0.0
2 Financial undertakings	31.3	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	4.1	0.0
3 Loans and advances	17.3	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	6.9	0.0
4 Debt securities, including those where the use of proceeds is known	0.0	3.4	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0
5 Equity instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
6 Non-financial undertakings	27.4	10.9	10.7	0.0	0.0	0.2	0.0	0.0	0.5	0.6	7.9	39.9	0.0
7 Loans and advances	27.4	10.9	10.7	0.0	0.0	0.2	0.0	0.0	0.5	0.6	7.9	39.9	0.0
8 Debt securities, including those where the use of proceeds is known	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9 Equity instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0	0.0
10 Households	50.2	0.7	0.7	0.0		0.0			0.7	0.0	0.0	1.4	0.0
11 of which loans collateralised by residential immovable property	80.8	0.8	0.8	0.0		0.0			0.8	0.0	0.0	1.0	0.0
12 of which building renovation loans	100.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
13 of which motor vehicle loans	89.2	0.0	0.0						0.0	0.0	0.0	0.0	0.0
14 Local government financing	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15 Housing financing	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
16 Other local government financing	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.0	0.0	0.0	0.0		0.0			0.0	0.0	0.0	0.0	0.0
18 Exposures included on a voluntary basis ⁴	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
19 Total GAR assets	32.2	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.8	0.0	0.0
20													

Note 1. Institutions shall disclose in this template the GAR KPIs on flow of new loans and advances, debt securities, equity instruments and repossessed collateral during the financial year prior to the disclosure reference date calculated based on the data disclosed in template 1 on covered assets.

Note 2. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.

3 In accordance with Article 7(8) of this Regulation

4 In accordance with Article 7(3) of this Regulation

Template 5 (CapEx): KPI off-balance-sheet exposures – Stock

Disclosure reference date 31/12/2025													
		a	b	c	d	e	f	g	h	i	j	k	l
		Breakdown per environmental objective											
		Taxonomy-eligible	Taxonomy-aligned	Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non-assessed exposures ⁴
% (compared to corresponding total off-balance sheet assets)													
1	Financial guarantees (FinGuar KPI)	4.1	1.7	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.9	0.0
2	Assets under management (AuM KPI)	9.9	3.4	3.3	0.0	0.0	0.1	0.0	0.0	0.0	0.2	1.6	0.0

Note 1. Institutions shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1 on covered assets.
Note 2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.
Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.
4 In accordance with Article 7(8) of this Regulation

Template 5 (CapEx): KPI off-balance-sheet exposures – Flow

Disclosure reference date 31/12/2025													
		a	b	c	d	e	f	g	h	i	j	k	l
		Breakdown per environmental objective											
				Climate change mitigation (CCM)	Climate change adaptation (CCA)	Water and marine resources (WTR)	Circular economy (CE)	Pollution (PPC)	Biodiversity and ecosystems (BIO)	Of which use of proceeds	Of which transitional	Of which enabling	Non-assessed exposures ⁴
% (compared to corresponding total off-balance sheet assets)		Taxonomy-eligible	Taxonomy-aligned										
1	Financial guarantees (FinGuar KPI)	59.6	20.8	20.8	0.0	0.0	0.1	0.0	0.0	0.0	0.0	5.3	0.0
2	Assets under management (AuM KPI)	10.6	3.6	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.2	1.6	0.0

Note 1. Institutions shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1 on covered assets.
Note 2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.
Note 3. Credit institutions shall duplicate this template for turnover-based and CapEx-based disclosures.
4 In accordance with Article 7(8) of this Regulation

Note regarding forward-looking statements

This Annual 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.

FURTHER INFORMATION ON LANDESBANK BADEN-WÜRTTEMBERG

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