HALF-YEARLY FINANCIAL REPORT 2025

Breaking new ground

LBBW

Content

Key figures of the LBBW Group

Income statement (EUR million)	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net interest income	1,281	1,295
Net fee and commission income	349	320
Net gains/losses on remeasurement and disposal	336	248
of which allowances for losses on loans and securities	– 107	– 118
Other operating income/expenses	50	71
Total operating income/expenses	*2,016*	*1,934*
Administrative expenses	– 1,220	– 1,148
Expenses for resolution funds and deposit protection systems	– 77	– 52
Net income/expenses from restructuring	– 14	– 3
Consolidated profit/loss before tax	*705*	*731*
Consolidated profit/loss before tax (adjusted)[1]	759	
Income taxes	– 228	– 222
Net consolidated profit/loss	*477*	*509*
Key figures in %	**01/01/2025 – 30/06/2025**	**01/01/2024 – 30/06/2024**
Return on equity (RoE)	8.6	9.3
Return on equity (adjusted)[1]	9.3	
Cost/income ratio (CIR)	61.8	58.6
Cost/income ratio (adjusted)[1]	59.2	
Balance sheet figures (EUR billion)	**30/06/2025**	**31/12/2024**
Total assets	369.0	356.4
Equity	16.7	16.7
Ratios in accordance with CRR III (previous year: CRR II)	**30/06/2025**	**31/12/2024**
Risk weighted assets (EUR billion)	85.7	97.1
Common equity Tier 1 (CET 1) capital ratio (in %)	16.6	14.4
Total capital ratio (in %)	21.6	19.2
Employees	**30/06/2025**	**31/12/2024**
Group	10,787	10,777

1 Key figure adjusted for external project costs for the integration of Berlin Hyp, write-downs of intangible assets of Berlin Hyp and net income/expenses from restructuring.

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

(As at 31 July 2025)

01

FOREWORD

Foreword by the Board of Managing Directors

Dear Readers,

LBBW is looking back on successful performance in the first half of 2025. In an environment characterized by geopolitical tension and economic uncertainty that is prompting many companies to proceed with caution, our broad-based universal bank model is proving to be robust and successful. Excluding integration costs, we generated a profit before tax of EUR 759 million, up slightly on the previous year's figure of EUR 731 million. On an unadjusted basis, our profit before tax amounted to EUR 705 million. All four operating segments recorded higher income and had already achieved a profit before tax in the hundreds of millions after the first half of the year. At the same time, we made targeted investments in our long-term viability and continued to refine our business model.

Strong customer business was at the heart of this positive performance. We aspire to support our customers in all business areas with first-class products and excellent advice in a rapidly changing environment. In the Corporate Customers segment, LBBW is no longer just a reliable financing partner, but has long established itself as a strategic point of contact and an active supporter of transformation. Although demand for investment was muted in light of economic developments, we again increased our income across the various product areas in the first half of the year, including cash management and the structuring of various major corporate finance transactions. Supporting companies in their international activities is also becoming increasingly important. By becoming the first bank to realize the German federal government's new forfaiting guarantee, we again proved to be a pioneer in the area of export finance.

Our growth area of project finance, which expanded significantly in the first half of the year, is also contributing to the transformation of the economy. The need for additional infrastructure investment on a vast scale is illustrated by the EUR 500 billion special fund created by the German federal government. The market conditions for commercial real estate remain challenging. Nevertheless, we recorded robust development in the area of commercial real estate financing, with Berlin Hyp again making an important contribution.

Our capital markets business performed well in a highly volatile environment. As the leading capital market bank for the Sparkassen-Finanzgruppe, we strengthened our market position in areas such as certificates, trading in credit products and issuance. In the private customer business, our high standard of investment advisory expertise proved particularly popular, with asset management performing strongly as a result.

LBBW's continuous development in recent years shows that we are on the right track with our strategic focus on growth and relevance. At the same time, we are well aware of the huge challenges facing Germany and Europe. In particular, erratic tariff decisions and other economic policy measures in the United States are causing a high degree of uncertainty in the real economy and on the financial markets. However, there are now perceptible signs of an economic recovery, although it remains to be seen whether and to what extent this becomes a sustained upswing. In any case, it is encouraging that politicians have recognized the seriousness of the situation and are addressing the issues with vigor. At LBBW, we are supporting this clear mood of optimism across all our business segments.

None of this would be possible without the commitment and dedication of our employees. We are proud of the passion they demonstrate in supporting our customers. We would also like to sincerely thank our owners for their trust and our business partners for their excellent collaboration. We look forward to continuing on our successful path together.

Sincerely,

The Board of Managing Directors

Rainer Neske
Chairman

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

Dirk Kipp

Sascha Klaus

Stefanie Münz

02

INTERIM GROUP MANAGEMENT REPORT

Business report for the Group

Economic development in the first half of 2025

The German economy recorded mixed development in the first half of the year. The first quarter saw GDP growth of 0.3% compared with the previous quarter. Foreign trade was the main driver of the economy in the first quarter of 2025. Growth was also supported by private consumer demand and investments in fixed assets. This was offset by a sharp reduction in inventories and public-sector spending. German foreign trade benefited from anticipatory effects, as the announcement by new US President Donald Trump that tariffs on imports to the United States would be raised massively in order to reduce the country's trade deficit with the rest of the world prompted many US importers to stock up on products at the more favorable existing conditions. In April and May, exports by German companies to the US were already lower than in the first quarter. In all, exports fell by 1.7% (April) and 1.4% (May) compared with the previous month. German GDP saw a quarter-on-quarter decline of 0.1% in the second quarter of 2025, although details were not yet available at the time this report went to press.

The first half of the year was slightly more positive for the Eurozone than for Germany. In the first quarter, GDP increased by 0.6% compared with the previous quarter thanks to extraordinary effects from exports to the US. At 0.1%, the pace of GDP growth slowed in the second quarter but remained positive on a quarter-on-quarter basis.

In the United States, economic performance initially contracted for the same reason as the upturn in Europe, with imports weighing on GDP growth. Looking at the annualized growth rate compared with the previous quarter, US GDP fell by 0.5% in the first quarter. It then increased by 3.0% in the second quarter thanks to a substantial downturn in imports in particular.

Inflation settled at around the 2% mark. At the end of the first half of the year, i.e. in June, inflation in both Germany and the Eurozone was 2%. The figure for Germany was based on the national consumer price index, while the Eurozone figure was based on the harmonized consumer price index. In both cases, average inflation in the first six months of the year was 2.2%, whereas US inflation averaged 2.6%.

According to official data, the Chinese economy grew by 5.2% year-on-year and 1.1% quarter-on-quarter in the second quarter of 2025, meaning that growth momentum slowed only marginally. Industrial production and the export industry both remained stable. Output in the technology sector in particular (including robotics, EVs and 3D printing) increased substantially in the first half of the year. At the same time, domestic demand remained weak. The real estate market has seen a further deterioration of late (for example, real estate investments declined by 11.2% in the first half of the year).

Monetary policy in the Eurozone and the United States drifted even further apart in the period under review. While the ECB lowered its key interest rate – the deposit facility rate – by 25 basis points on a further four occasions to 2% in response to the relatively weak economy and declining inflation risks, the US Federal Reserve left the corridor for the Fed funds target rate unchanged. It justified this decision with reference to the robust employment market, the stable economy and the fact that inflation is still too high.

The gap between Eurozone and US yields narrowed slightly in the first half of the year. While yields on German Bunds with a 10-year remaining term increased from 2.36% at the end of 2024 to 2.60% at the end of June 2025, 10-year US treasury yields declined from 4.57% to 4.22% over the same period. The development of US yields is likely to be mainly driven by expectations of Fed rate cuts during the remainder of the year. In the Eurozone, the ECB's relaxation of the key interest rate was probably already priced in at the start of the year, hence having little to no effect at the long end. By contrast, signs of a clearly expansionary fiscal policy contributed to the rising yields. One particularly notable development was the announcement by the Chancellor-designate on 4 March that Germany would make greater use of the capital markets than previously due to the creation of a EUR 500 billion special fund for infrastructure and the climate as well as a significant increase in new debt over the coming years, with plans to raise around EUR 850 billion more by 2029. Yields on 10-year Bunds increased by around 30 basis points on this date. In a subsequent development, the NATO states – which include many, although not all, of the Eurozone members – agreed to increase annual defense spending to 5% of GDP. NATO's previous spending target was 2% of GDP, and even this was only occasionally reached by most states.

The stock market saw price gains even against the backdrop of uncertainty. In Germany, the markets substantially outperformed their US counterparts. The DAX rose from 19,909 points at the end of 2024 to 23,910 points after the first six months of 2025. By contrast, the S&P 500 in the United States only climbed from 5,881 to 6,204 points in the same period. On the currency market, the euro appreciated substantially in the first half of the year, especially against the US dollar. It rose from just under USD 1.04 to the euro at the start of the year to USD 1.17 by the end of the first half of the year. Confidence in the US dollar looks to have been undermined by President Trump's confrontational stance in respect of key trading partners as well as his aggressive rhetoric toward the Federal Reserve – Trump has publicly criticized Jerome Powell, the President of the Federal Open Market Committee, on several occasions for what he considers to be an overly hesitant policy approach.

There are signs that the German real estate market has bottomed out. Based on data gathered by the surveyors' councils to date, prices in 21 major cities and municipalities rose in the first quarter of 2025. Although stable prices were also reported for office properties, the low transaction volume means the market cannot yet be assumed to have found a new equilibrium.

In the US, the vacancy rate for office properties continued to rise. The countrywide vacancy rate in May 2025 was 19.4%, up 1.6 percentage points on the previous year. One of the reasons is likely to be the reduction in employee numbers due to the measures by the new US federal government. House prices in the US continued to rise, climbing by 4.7% year-on-year on a countrywide basis in the first quarter. However, this meant the growth rate again slowed slightly. In the United Kingdom, vacancy rates on the London office property market declined but remained above the long-term average. The year-on-year house price rise in the United Kingdom slowed in the first half of 2025, coming in at 2% in June compared with 4% at the start of the year.

Business performance of the LBBW Group in the first half of 2025 – Results of operations, net assets and financial position

LBBW again enjoyed good performance characterized by positive operating earnings performance despite the volatile market environment.

Business development

Despite heightened geopolitical tension and economic challenges as a result of protectionist trade policy in the United States, LBBW achieved further growth in income and closed the first half of the 2025 financial year with a consolidated profit before tax of EUR 705 million. All four operating segments contributed to the positive earnings performance and achieved a profit before tax in the hundreds of millions, which was at or above the prior-year level.

In spite of the challenging environment and a reluctance among companies to invest, the **Corporate Customers** segment made a significantly higher earnings contribution and recorded a slight increase in its financing volume. Deposit volumes also grew despite intense competition.

The volatile environment and the high level of uncertainty meant that LBBW benefited from strong demand for hedging products and was able to assist its customers in an advisory capacity. Another achievement in the first half of the year was successfully supporting a long-standing LBBW corporate customer with its IPO. LBBW also accompanied its customers with some transactions on the euro corporate bond market. In the area of Schuldschein loan issuance, LBBW continued to support its customers and has been established as a leading European bank for Schuldschein loans for a number of years now. At the same time, LBBW provided growth capital to promising start-ups from Baden-Württemberg in the energy, biotech and AI sectors via its venture capital subsidiary. In syndication business, LBBW again secured a strong market position in the first half of the year and defended its good fourth place in Germany's league tables for syndicated financing as measured by the number of transactions. It achieved additional growth in intensively competitive markets with the product areas of cash management and deposits as well as leases.

In **commercial real estate financing**, LBBW used its good market position to achieve positive earnings performance even as the market environment remained muted. As previously, LBBW is particularly focused on financing properties that meet sustainable or ecological criteria, such as a real estate project in the City of London with carbon-neutral utilization. New business was mainly concluded in the residential and office segments. The geographical focus was on Germany, followed by the United Kingdom and the United States. The refinement of the business model also continued as planned, including the unification of the activities of LBBW and Berlin Hyp. The joint market presence was launched on 1 August.

In the **infrastructure finance** business area, the structural conditions for further growth and meeting the expected future demand for infrastructure measures were put in place. The positive development in the first half of the year was reflected in profit that was well in excess of the previous year. This was thanks to successful new business, including the conclusion of major projects. Wind energy remains a focus area. LBBW participated in a syndicated loan to finance offshore wind farms on the Polish coast with the potential to cover the annual electricity requirements of two million households. In Germany, too, LBBW laid the groundwork for more wind energy by structuring the financing and leading the syndicate for the expansion of German wind power capacities in the role of mandated lead arranger and bookrunner. LBBW demonstrated its ability to support economic policy as a strong financing partner with its involvement in large-scale project finance, among other things.

In the financial markets business area of the **Capital Markets Business** segment, certificates and credit markets business enjoyed particularly strong demand. LBBW was also recognized in the "Best Distributor, Germany" and "Best Distributor, Germany & Austria" categories at the SRP Europe Awards 2025. This underlines LBBW's leading position in the sale of structured financial products and the high level of customer satisfaction it enjoys. Supporting customers in their activities on international markets also continues to play an important role for LBBW. According to the London-based specialist information service TXF, LBBW is again ranked as one of the world's leading banks for expert finance this year. Among other things, LBBW demonstrated its innovative strength in this area through Germany's first factoring arrangement with a forfaiting guarantee, making it a pioneer in the area of export finance and helping to support German exports. All in all, the segment's profit remained at the previous year's level.

Despite falling interest rates and growing pressure on margins due to intense competition, the **Private Customers/Savings Banks** segment also recorded profit at the previous year's level. The first half of the year was characterized by strong demand for investment advisory services on the part of customers, which contributed to an increase in net fee and commission income from asset management and intermediary activities in particular. BW-Bank's foundation management was again recognized by FUCHS | RICHTER Prüfinstanz as the leading provider in the area of foundation management for the seventh year in succession.

Key performance indicators

The **key financial performance indicators** also confirm LBBW's successful business performance in the first half of 2025.

At EUR 705 million, **profit before tax** as at 30 June 2025 was just below the previous year's level of EUR 731 million. However, this figure includes notable expenses in connection with the integration of Berlin Hyp. Profit before tax exceeded expectations overall, mainly thanks to higher income and a lower than forecast cost trend.

The **cost/income ratio (CIR)** amounted to 61.8%, an increase of 3.2 percentage points on the previous year's figure of 58.6%. This was due in particular to higher administrative expenses, higher costs for the new DSGV institutional protection fund and higher restructuring provisions, especially in connection with the integration of Berlin Hyp. Despite the slight increase, which was also largely driven by the integration of Berlin Hyp, the CIR was lower than forecast thanks in particular to higher income and the fact that administrative expenses came in below expectations.

LBBW calculates its cost/income ratio (CIR) as the ratio of total administrative expenses, expenses for resolution funds and deposit protection systems 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 8.6%, **return on equity (RoE)** was down on the previous year's figure of 9.3% due to cost factors. Like the CIR, however, RoE was better than forecast.

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

In accordance with the newly applicable provisions in 2025 due to the transition from CRR II to CRR III, the LBBW Group's **common equity Tier 1 (CET1) capital ratio** based on current supervisory law at the reporting date was still well in excess of the regulatory capital requirements. At 16.6%, the ratio was far above the level at the end of the previous year (14.4%) and hence also developed better than expected. This was due in particular to the reduction in RWA resulting from the transition to CRR III.

Since 1 January 2025, **Pillar 2 capital requirements** have stood at 1.87% (previously 1.87% for 2024), of which 1.05% (previously 1.05% for 2024) must be covered by common equity Tier 1 (CET 1) capital. 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 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 in accordance with section 10d KWG, which was extended to domestic receivables in the amount of 0.75% by way of BaFin general ruling effective 1 February 2023 and also a share of international receivables. Secondly, another BaFin general ruling relates to a systematic buffer that was reduced from 2.0% to 1.0% as at 1 May 2025 and is limited to receivables secured by German 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:

Risk weighted assets (RWA) were far below the previous year at EUR 85.7 billion in the reporting period (31 December 2024: EUR 97.1 billion). This development was primarily due to the regime shift from CRR II to CRR III at the start of the year. On the other hand, operational business performance and re-rating effects driven by the economic environment led to a slight increase in RWA.

LBBW's **leverage ratio** was 4.3% as at the end of the reporting period (based on current supervisory law in accordance with CRR III), and thus at the previous year's level (4.4%). This means it remains significantly above the current regulatory minimum of 3.0%.

Results of operations

In a challenging environment, LBBW recorded **consolidated profit before tax** of EUR 705 million in the first half of 2025, down only slightly on the previous year's figure (EUR 731 million). Despite this slight decline, LBBW again demonstrated its operational strength in the first half of the year. Solid growth in its core business in particular meant that all of its operating customer segments recorded higher income than in the previous year. This robust business performance reflects the confidence of LBBW's customers and underlines the systematic implementation of the long-term business strategy.

The main cost-side factors were salary and collective bargaining effects, as well as capacity expansion due to growth and rising IT infrastructure costs. It should be noted that high expenses were recorded in the current financial year in connection with the integration of Berlin Hyp.

Due to the economic environment as described above, allowances for losses on loans and securities were down slightly on the previous year. The quality of the credit portfolio remains at a high level.

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

	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	1,281	1,295	– 15	– 1.1
Net fee and commission income	349	320	29	9.0
Net gains/losses on remeasurement and disposal	336	248	88	35.6
of which allowances for losses on loans and securities	– 107	– 118	11	– 9.7
Other operating income/expenses	50	71	– 20	– 28.8
Total operating income/expenses	*2,016*	*1,934*	*82*	*4.2*
Administrative expenses	– 1,220	– 1,148	– 72	6.3
Expenses for resolution funds and deposit protection systems	– 77	– 52	– 25	47.1
Net income/expenses from restructuring	– 14	– 3	– 12	> 100
Consolidated profit/loss before tax	*705*	*731*	*– 26*	*– 3.6*
Income taxes	– 228	– 222	– 5	2.3
Net consolidated profit/loss	*477*	*509*	*– 32*	*– 6.2*

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

Net interest income declined marginally by EUR – 15 million to EUR 1,281 million but again remained at a high level. Despite the general reluctance to invest in financing business with corporate customers and the sluggish recovery on the real estate market, the financing volume rose slightly compared with the end of the previous year, meaning that net interest income also increased. In contrast, the slight reduction in interest rates on the one hand and the competitive market environment on the other meant there was no significant earnings growth overall. The flattening of the yield curve for money market transactions since the start of the year and maturity transformation had an adverse effect that resulted in lower income. Shifts to net gains/losses on remeasurement and disposal in connection with the recognition of derivatives and structured financial products also had a negative impact.

Net fee and commission income saw extremely encouraging growth of 9% or EUR 29 million to EUR 349 million in the first half of the year. The development of the individual types of commission was positive across the board. Net income from asset management rose to EUR 51 million in the reporting period (previous year: EUR 46 million) thanks to further mandates agreed and a higher volume base. Net income from securities and custody business, which is a key earnings driver, also increased slightly by EUR 11 million to EUR 141 million (previous year: EUR 130 million). Higher income from custodian/investment fund fees and equity transactions played a particularly central role in this development. Commission from lending transactions and guarantees also developed positively, increasing by EUR 10 million to EUR 69 million in the reporting period. This was due among other things to larger individual transactions in the corporate customers business in particular, as well as in project finance. Commission from brokerage business also developed well, rising by EUR 5 million to EUR 24 million. This was due in particular to an increase in new business related to pension products and real estate brokerage.

Net gains/losses on remeasurement and disposal enjoyed a substantial EUR 88 million upturn to EUR 336 million and were characterized by the effects described below.

Allowances for losses on loans and securities declined slightly by EUR 11 million to EUR – 107 million (previous year: EUR – 118 million) and hence remained at a moderate level compared with the long-term average. The uncertainty regarding economic development and the continued turbulence on the commercial real estate market again drove a net increase in allowances for losses on loans and securities in the current financial year. This was primarily due to individual cases in real estate business, but there were also isolated defaults in the corporate customer business. Model adjustments remained unchanged compared to the end of 2024. With the existing model adjustments of around EUR 880 million, LBBW has a resilient starting position in the difficult current market situation. LBBW continues to enjoy good portfolio quality, as demonstrated by the very high exposure share in the investment grade range and a still low default rate. As at the reporting date 30 June 2025, this amounted to 0.6% (previous year: 0.5%). Further information on portfolio quality can be found under "Portfolio quality" in the "Risk situation of the LBBW Group" section of the risk report.

Net gains from financial instruments measured at fair value through profit or loss (FVPL) increased substantially by EUR 62 million to EUR 442 million (previous year: EUR 380 million) as a result of capital market-oriented activities in particular. One notable development related to **net trading gains**, which rose markedly by around EUR 100 million. This was due in particular to strong demand for hedging products and certificates. In contrast, **net gains from the banking book** declined by around EUR 38 million, largely due to the recognition of hedges.

Other operating income fell by EUR – 20 million to EUR 50 million (previous year: EUR 71 million). This sharp downturn was due in particular to lower revenues and impairment losses from development projects in the LBBW Immobilien subgroup, which decreased by EUR – 13 million to EUR 4 million (previous year: EUR 16 million). The transaction volume remains extremely low due to high interest rates, inflation-driven price increases and high construction costs. Prior-period expenses in other taxes also had an impact in the single-digit million euro range.

Administrative expenses rose by EUR – 72 million year-on-year to EUR – 1,220 million (previous year: EUR – 1,148 million). Staff costs increased by EUR – 48 million to EUR – 652 million (previous year: EUR – 604 million). This was mainly due to the workforce expansion in connection with investments in growth areas as well as measures to combat demographic change, accompanied by wage and collective bargaining effects. The EUR – 11 million increase in **other administrative expenses** to EUR – 493 million (previous year: EUR – 482 million) primarily reflects non-recurring expenses in connection with IT support for the integration of Berlin Hyp into LBBW as well as investments in the IT infrastructure. **Depreciation, amortization and write-downs** increased perceptibly to EUR – 74 million (previous year: EUR – 61 million). This was mainly due to the integration of Berlin Hyp and the associated write-downs on intangible assets due to shorter useful lives.

Expenses for **resolution funds and deposit protection systems** saw a significant year-on-year increase of EUR – 25 million to EUR – 77 million (previous year: EUR – 52 million).

Following the end of the build-up phase for the resolution fund, expenses for the **bank levy** remained at EUR 0 million as in the previous year. 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 an increase in covered deposits would require payments into the fund.

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).

In the year under review, contributions amounting to EUR – 77 million were required to be made to the savings bank institutional protection scheme for the first time in connection with a newly created **additional fund**. The member institutions of the Sparkassen-Finanzgruppe had jointly agreed the creation of a new additional fund from 2025. Supplementing the existing protection funds, this fund not only satisfies banking regulatory requirements, but also enables a quicker response in crisis situations and flexible support for the institutions affected.

In connection with the integration of Berlin Hyp, additions to restructuring provisions were necessary in order to implement personnel measures with a view to leveraging efficiency gains in particular. In all, the additional efficiency measures that are planned resulted in **net expenses from restructuring** of EUR – 14 million in the first half of 2025 (previous year: EUR – 3 million).

At EUR 705 million, **consolidated profit before tax** was EUR – 26 million lower than the previous year's figure of EUR 731 million.

Income tax expense increased by EUR – 5 million year-on-year to EUR – 228 million (previous year: EUR – 222 million), largely as a result of prior-period tax expenses.

Consolidated profit after tax declined slightly by EUR – 31 million to EUR 477 million (previous year: EUR 509 million).

Results of operations in the segments

The following description of changes in earnings in the segments is based on the segment structure described in the Group overview in the 2024 annual report. Further information can be found in the notes to the consolidated interim financial statements in the segment report in section C.

The LBBW Group segments' contributions to consolidated profit before tax of EUR 705 million in the first half of 2025 (previous year: EUR 731 million) were as follows:

	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024[1]	Change	
	EUR million	EUR million	EUR million	in %
Corporate Customers	352	305	47	15.5
Real Estate/Project Finance	205	197	7	3.7
Capital Markets Business	142	143	– 1	– 0.9
Private Customers/Savings Banks	103	105	– 2	– 1.9
Corporate Items/Reconciliation/Consolidation	– 97	– 19	– 78	>100
Consolidated profit/loss before tax	*705*	*731*	*– 26*	*– 3.6*

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

In an economic environment that remained challenging, the **Corporate Customers segment** recorded a profit before tax of EUR 352 million, far above the previous year's level (EUR 305 million). Although demand for investment was muted in light of economic developments, income increased across the various product areas, with a particular focus on hedging products, cash management and corporate finance. This more than offset the higher level of administrative expenses due to investments and collective bargaining agreements. Allowances for losses on loans and securities were extremely moderate despite the difficult economic situation, while overall portfolio quality remains solid. In line with these developments, the return on equity was also far above the previous year's level at 14.6% (previous year: 12.2%). The cost/income ratio improved from 53.0% in the previous year to 49.7%.

At EUR 205 million, the **Real Estate/Project Finance segment** generated a slightly higher profit in the first half of 2025 than in the previous year (EUR 197 million). This was primarily due to the year-on-year reduction in allowances for losses on loans and securities despite the challenging nature of the real estate market. Income saw stable development, with improved margins in real estate financing business and encouraging development in the new business volume and margins in project finance. In line with earnings development and supported by lower RWA, the return on equity improved substantially from 11.5% in the previous year to 14.4%. The cost/income ratio increased slightly from 43.0% in the previous year to 44.3%. In addition to growth-related capacity expansion, this was due in particular to expenses in connection with the integration of Berlin Hyp and the contribution to the institutional protection fund for Berlin Hyp.

At EUR 142 million, profit for the first half of the year in the **Capital Markets Business segment** was in line with the previous year's figure (EUR 143 million). Income increased across the customer and product range, especially in certificates business and credit markets. In contrast, lower interest rates meant that Treasury was unable to repeat the extremely good prior-year result in money market transactions, which was due to interest rate spreads. The return on equity was down slightly year-on-year at 11.4% (previous year: 12.6%) while the cost/income ratio rose slightly to 69.7% (previous year: 67.4%), largely as a result of increased expenses due to investments.

Profit in the **Private Customers/Savings Banks segment** was essentially unchanged compared with the previous year's level at EUR 103 million in the first half of 2025 (previous year: EUR 105 million). Lower margins in financing business due to competition and lower deposit revenue as a result of interest rate developments were more than offset by higher income from asset management solutions, payments business, securities and brokerage. At the same time, deposit volumes increased further, while private mortgage lending business picked up again in line with the market. Due in particular to higher administrative expenses as a result of collective bargaining agreements, the return on equity declined slightly overall from 18.5% in the previous year to 17.9%. The cost/income ratio increased slightly from 70.6% to 71.8%.

Profit before tax in **Corporate Items/Reconciliation/Consolidation** was far below the previous year's figure at EUR – 97 million (previous year: EUR – 19 million). This was mainly due to project costs in connection with the integration of Berlin Hyp and a higher contribution to the guarantee systems than in the previous year.

Net assets and financial position

Assets	30/06/2025 EUR million	31/12/2024 EUR million	Change EUR million	Change in %
Cash and cash equivalents	16,464	10,336	6,128	59.3
Financial assets measured at amortized cost	259,177	250,698	8,480	3.4
Loans and advances to banks	98,496	92,396	6,100	6.6
Loans and advances to customers	156,092	154,157	1,935	1.3
Debentures and other fixed-income securities	4,589	4,145	444	10.7
Financial assets measured at fair value through other comprehensive income	35,110	37,839	– 2,729	– 7.2
Financial assets designated at fair value	867	956	– 88	– 9.2
Financial assets mandatorily measured at fair value through profit or loss	50,206	48,351	1,855	3.8
Shares in investments accounted for using the equity method	181	185	– 4	– 2.3
Portfolio hedge adjustment attributable to assets	– 318	– 194	– 124	64.0
Non-current assets held for sale and disposal groups	0	0	0	>100.0
Intangible assets	187	205	– 18	– 9.0
Investment property	875	880	– 5	– 0.5
Property and equipment	995	1,009	– 14	– 1.4
Income tax assets	1,034	1,241	– 207	– 16.7
Current income tax assets	201	268	– 67	– 25.1
Deferred income tax assets	834	973	– 139	– 14.3
Other assets	4,248	4,850	– 602	– 12.4
Total assets	*369,027*	*356,355*	*12,672*	*3.6*

Equity and liabilities	30/06/2025 EUR million	31/12/2024 EUR million	Change EUR million	Change in %
Financial liabilities measured at amortized cost	321,474	310,831	10,643	3.4
Deposits from banks	78,752	70,239	8,513	12.1
Deposits from customers	139,260	140,765	– 1,505	– 1.1
Securitized liabilities	99,581	95,329	4,252	4.5
Subordinated capital	3,881	4,498	– 617	– 13.7
Financial liabilities designated at fair value	3,939	3,395	544	16.0
Financial liabilities mandatorily measured at fair value through profit or loss	23,054	21,883	1,172	5.4
Portfolio hedge adjustment attributable to liabilities	– 977	– 1,174	197	– 16.7
Provisions	1,897	1,808	89	4.9
Liabilities from disposal groups	0	0	0	
Income tax liabilities	208	220	– 12	– 5.4
Current income tax liabilities	179	195	– 15	– 7.9
Deferred income tax liabilities	29	26	4	13.8
Other liabilities	2,713	2,662	51	1.9
Equity	16,719	16,730	– 11	– 0.1
Share capital	3,484	3,484	0	0.0
Capital reserve	8,240	8,240	0	0.0
Retained earnings	3,970	3,462	508	14.7
Other comprehensive income	– 213	– 312	99	– 31.9
Net retained profit/loss	476	872	– 396	– 45.4
Additional equity components	745	970	– 225	– 23.2
Non-controlling interests	16	14	2	11.9
Total equity and liabilities	*369,027*	*356,355*	*12,672*	*3.6*
Guarantee and surety obligations	9,741	10,005	– 263	– 2.6
Irrevocable loan commitments	41,466	41,064	402	1.0
Business volume	*420,235*	*407,424*	*12,810*	*3.1*

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

Increase in total consolidated assets

Total assets rose by EUR 12.7 billion to EUR 369.0 billion as at 30 June 2025 in line with LBBW's fundamental strategic focus on growth and relevance. Despite the market turbulence in the current year, LBBW continues to possess a broadly diversified, resilient and high-quality credit portfolio. LBBW is a reliable partner to its customers in this volatile environment. This is reflected in high demand for investment opportunities among financial market participants. Due to the weak economic environment, new lending business continued to see muted development in the early part of the year. However, the market volatility prompted by the tariff disputes led to strong customer interest in 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) increased by EUR 12.8 billion to EUR 420.2 billion.

Lending

Cash and cash equivalents amounted to EUR 16.5 billion as at 30 June 2025, up EUR 6.1 billion on the figure for the previous year (EUR 10.3 billion). This was attributable almost exclusively to an increase in central bank balances.

Financial assets measured at amortized cost rose by EUR 8.5 billion to EUR 259.2 billion. As previously, the macroeconomic situation meant that customers held back on making investment decisions. Conversely, business with secured money market transactions was expanded in the first half of 2025. There was also strong demand for finance, especially in the area of renewable energies.

Loans and advances to banks saw the most significant change on the asset side, climbing by EUR 6.1 billion to EUR 98.5 billion. LBBW benefited from strong repo business characterized by low-risk and short-term major deals that were driven by the current interest rate environment. This was reflected in a EUR 10.1 billion increase in securities repurchase transactions to EUR 20.4 billion. Current account assets rose by EUR 1.0 billion to EUR 1.3 billion. Conversely, other receivables declined by EUR – 1.9 billion to EUR 0.5 billion, deposits at central banks fell by EUR – 1.8 billion to EUR 34.2 billion, and public-sector loans decreased by EUR – 0.9 billion to EUR 39.0 billion.

Loans and advances to customers increased by EUR 1.9 billion to EUR 156.1 billion. The positive development of repo business is also reflected here in a EUR 1.9 billion increase in securities repurchase transactions to EUR 7.6 billion. Other loans increased by EUR 1.6 billion to EUR 31.7 billion, while mortgage-backed loans declined by EUR – 2.6 billion to EUR 67.7 billion.

Financial assets measured at fair value through other comprehensive income fell by EUR – 2.7 billion to EUR 35.1 billion. Sales of securities from portfolios to manage liquidity led to a reduction in bonds and debentures of EUR – 2.5 billion to EUR 31.9 billion. Loans and advances declined by EUR – 0.3 billion to EUR 2.3 billion.

Financial assets mandatorily measured at fair value through profit or loss climbed by EUR 1.9 billion to EUR 50.2 billion. Trading asset receivables increased by EUR 1.0 billion, equities and other non-fixed-income securities by EUR 0.8 billion and positive fair values from derivatives by EUR 0.4 billion. Positive fair values from derivative hedging instruments fell by EUR – 0.4 billion to EUR 0.5 billion.

The **portfolio hedge adjustment attributable to assets** changed by just EUR – 0.1 billion and amounted to EUR – 0.3 billion.

Other assets decreased by EUR – 0.6 billion to EUR 4.3 billion. This was due to payments of EUR – 0.5 billion whose value date had not yet occurred, as well as a EUR – 0.2 billion reduction in emission allowances traded by LBBW to EUR 0.4 billion. These items were partially offset by an increase of EUR 0.1 billion in client clearing business.

Funding

Financial liabilities measured at amortized cost saw the biggest change in volume compared with the previous year, increasing by EUR 10.6 billion to EUR 321.5 billion. This growth was driven in particular by strong investment demand among financial market participants and comprehensive capital market funding across all product and seniority classes.

Deposits from banks increased by EUR 8.5 billion to EUR 78.8 billion. Securities repurchase transactions rose by EUR 4.9 billion to EUR 6.0 billion, while overnight and term deposits increased by EUR 4.0 billion to EUR 22.6 billion. By contrast, deposits from central banks fell by EUR – 1.9 billion to EUR 4.8 billion.

Deposits from customers declined by EUR – 1.5 billion to EUR 139.3 billion. The lower volume of overnight and term deposits led to a reduction in this item of EUR – 5.8 billion to EUR 53.8 billion. Conversely, there was an increase in securitized liabilities within the securitized liabilities item for economic reasons. Current account liabilities climbed by EUR 2.8 billion to EUR 60.4 billion, while securities repurchase transactions rose by EUR 1.8 billion to EUR 2.5 billion.

Funding was expanded further in line with new business planning. As a result, the **securitized liabilities** statement of financial position item increased by EUR 4.3 billion to EUR 99.6 billion in the reporting period. The New York branch further increased its short-term refinancing with commercial papers and certificates of deposit, resulting in a EUR 4.2 billion rise in securitized money market transactions to EUR 28.5 billion.

Subordinated capital declined by EUR – 0.6 billion to EUR 3.9 billion, largely due to subordinated bonds maturing.

Financial liabilities designated at fair value increased by EUR 0.5 billion to EUR 3.9 billion. This change was almost entirely attributable to the higher volume of money market transactions.

Financial liabilities mandatorily measured at fair value through profit or loss rose by EUR 1.2 billion to EUR 23.1 billion. In the same way as the corresponding asset-side item, negative fair values from derivatives increased by EUR 1.1 billion to EUR 13.3 billion due to remeasurement effects. Additionally, a EUR 0.4 billion increase in liabilities from securities repurchase agreements and a EUR 0.3 billion rise in delivery obligations from short sales of securities were offset by a EUR – 0.6 billion reduction in negative fair values from derivative hedging instruments.

In the same way as the corresponding asset-side item, the **portfolio hedge adjustment attributable to liabilities** increased by EUR 0.2 billion to EUR – 1.0 billion.

Provisions essentially remained at the previous year’s level at EUR 1.9 billion, a change of EUR 0.1 billion.

Equity

LBBW's **equity** as at 30 June 2025 was unchanged year-on-year at EUR 16.7 billion. Current net income of EUR 0.5 billion was offset by a dividend distribution to shareholders of EUR – 0.3 billion and the partial disposal of an AT1 bond in the amount of 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. The first half of 2025 was again characterized by a reduction in the money supply due to central bank policy. 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 138.7% as at 30 June 2025. The net stable funding ratio (NSFR) requirements applicable since June 2021 were also met at all times and were exceeded at 120.2% as at 30 June 2025.

Risk report

Risk management systems

The risk management methods and processes presented in the combined management report as at 31 December 2024 are still applied by the LBBW Group as at 30 June 2025. There were no material changes in the first half of 2025.

Risk types

Detailed notes on the definition of risks and on the risk management system as a whole can be found in the combined management report for 2024.

Regulatory conditions

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

The ECB has set medium-term priorities based on the key vulnerabilities it has identified and has assigned these strategic objectives and potential regulatory measures. The objective of the banking regulator is to encourage banks to improve their resilience to macrofinancial and geopolitical shocks, to accelerate the rectification of weaknesses in governance and the management of climate and environmental risks, and to achieve further progress in the digital transformation and the establishment of robust frameworks for operational resilience (cyber resilience). This includes the medium-term priorities of thoroughly examining climate and environmental risks, cyber risks, credit risks and developments in the context of digitalization.

The EU-wide EBA stress test, which takes place every two years, has formed a key part of supervisory activities in 2025 to date. The stress test involves examining the impact on EU banks of a baseline scenario and an adverse scenario over a three-year period from 2025 to 2027. Supervisory activities also focused on the development of credit risks in light of economic performance and the geopolitical conditions.

Risk situation of the LBBW Group

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

The economic capital commitment has increased by around EUR 0.2 billion in total since the end of 2024. This is due in particular to portfolio developments in counterparty default and market price risks.

In the first half of 2025, aggregate risk cover (ARC) increased by around EUR 0.6 billion compared to the end of 2024. This is mainly attributable to the development of consolidated profit for the period.

In summary, the risk-bearing capacity of the LBBW Group was maintained at every reporting date in the first half of 2025. The permanent viability required in line with regulations was guaranteed. To test this, specific scenarios were simulated detailing the further development of various crises in light of the current geopolitical situation. The bank retained its risk-bearing capacity even in the severe scenario.

The economic capital limit was maintained at all reporting dates at Group level. The utilization of aggregate risk cover was 45 % as at 30 June 2025.

LBBW Group – Risk-bearing capacity

	30/06/2025		31/12/2024	
EUR million	Absolute[1]	Utilization	Absolute[1]	Utilization
Aggregate risk cover	14,781	45%	14,218	46%
Economic capital limit[2]	11,450	58%	11,450	57%
Correlated total economic capital	6,683		6,528	
of which inter-risk correlations	– 902		– 871	
of which counterparty default risks	4,247		4,110	
of which market price risks	1,928		1,885	
of which investment risks	25		20	
of which operational risks	891		898	
of which development risks	118		110	
of which real estate risks	153		154	
of which other risks[3]	222		222	

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

The further potential effects of geopolitical conflicts, especially US customs policy, and the current economic situation and interest rate developments on LBBW's economic and regulatory key performance indicators are regularly analyzed and investigated in stress scenarios. Given the dynamic pace of developments, however, the ability to provide an exact forecast is very limited.

Risk types

Counterparty risk

Risk situation of the LBBW Group

The information on the risk situation is based on the management approach. Differences compared to the accounting valuations are due to the reasons described in the 2024 Risk report.

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

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

Development of exposure

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

Default risk and effect of risk-mitigating measures

EUR million	30/06/2025	31/12/2024
Gross exposure	*543,472*	*523,404*
Netting/collateral	158,788	138,885
Credit derivatives (protection buy)	6,547	7,794
Classic credit collateral	79,863	79,685
Net exposure	*298,274*	*297,039*

Figures may be subject to rounding differences.

Gross exposure amounted to EUR 543 billion as at 30 June 2025, up by EUR 20 billion compared to the end of 2024. Due to the simultaneous increase in risk-mitigating effects from netting and collateral agreements, this increase is only marginally reflected in net exposure. Net exposure rose by around EUR 1 billion or 0.4% to EUR 298 billion, mainly driven by the public sector.

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 30/06/2025	in % 30/06/2025	EUR million 31/12/2024	in % 31/12/2024
1 (AAAA)	71,891	24.1	64,142	21.6
1 (AAA) – 1 (A–)	136,343	45.7	146,520	49.3
2 – 5	61,472	20.6	59,989	20.2
6 – 8	15,022	5.0	13,242	4.5
9 – 10	4,341	1.5	4,977	1.7
11 – 15	4,220	1.4	3,655	1.2
16 – 18 (default)[1]	1,860	0.6	1,912	0.6
Other[2]	3,125	1.0	2,603	0.9
Total	*298,274*	*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, e.g. improbability of repayment or 90-day default.
The net exposure is presented before accounting for allowances for losses on loans and securities.
2 Non-rated transactions, in particular rating waivers.

The share of investment grade (ratings 1 (AAAA) to 5, 90.4%; previous year: 91.1%) and non-investment grade (ratings 6 to 15, 7.9%; previous year: 7.4%) was largely stable. The top rating class 1 (AAAA) mainly includes the German public sector and central banks. The net exposure on default accounts for 0.6% of the entire portfolio.

The economic environment and how this will develop moving forward remain uncertain in view of the geopolitical conflicts, the risk of growing protectionism, weak economic performance, and the digital and sustainable transformation.

Sectors

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

Sectors

EUR million	Net exposure 30/06/2025	CVaR 30/06/2025	Net exposure on default 30/06/2025	Net exposure 31/12/2024	CVaR 31/12/2024	Net exposure on default 31/12/2024
Financials	*146,485*	*858*	*30*	*148,043*	*927*	*23*
Corporates	*105,112*	*2,334*	*986*	*104,758*	*2,109*	*976*
Automotive	10,378	402	291	10,698	381	269
Construction	9,303	289	107	9,487	253	174
Chemicals and commodities	7,317	158	38	7,432	143	41
of which chemicals	3,556	66	24	3,537	66	27
of which commodities	3,762	92	14	3,895	77	13
Retail and consumer goods	15,940	274	227	16,023	271	268
of which consumer goods	11,362	191	47	11,370	180	41
of which durables	4,578	83	180	4,652	91	227
Industry	11,586	258	49	11,492	239	79
Pharmaceuticals and healthcare	5,637	88	9	5,937	94	16
TM and electronics/IT	12,389	448	129	13,285	373	26
Transport and logistics	8,243	161	26	7,657	133	3
Utilities and energy	14,584	154	80	13,499	139	82
of which utilities	8,760	77	37	8,252	66	38
of which renewable energies	5,824	76	43	5,247	73	44
Other	9,736	101	30	9,250	82	18
Real Estate	*18,455*	*663*	*812*	*18,575*	*681*	*892*
Commercial real estate (CRE)	12,230	518	801	12,134	538	888
Housing	6,225	145	11	6,440	143	5
Public sector	*23,104*	*161*	*0*	*20,518*	*131*	*0*
Private individuals	*5,117*	*44*	*31*	*5,145*	*76*	*20*
Total	*298,274*	*4,059*	*1,860*	*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 146 billion as at 30 June 2025. The decrease of around EUR 2 billion compared to the end of 2024 results in particular from a reduction at private banks.

In the corporates portfolio, the first half of 2025 saw an increase in net exposure in the utilities & energy and transport & logistics sectors in particular. However, reductions in almost all other sectors meant that total net exposure remained unchanged at EUR 105 billion.

The net exposure in real estate also saw stable year-on-year development, amounting to around EUR 18 billion.

Public-sector net exposure increased by around EUR 3 billion to EUR 23 billion compared with the end of 2024. This development was attributable to the public sector outside Germany and supranational institutions in particular.

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 30/06/2025**	**Share 31/12/2024**
Germany	65.9	67.6
Western Europe (excluding Germany)	18.6	19.5
North America	9.4	6.6
Asia/Pacific	3.1	3.5
Other[1]	3.1	2.7
Total	*100.0*	*100.0*

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

The share of domestic business in the net exposure as at 30 June 2025 was 65.9%. The basic distribution by region was largely constant, although there were regional shifts in North America in particular on account of the increased exposure to a central bank as at the end of the reporting period. The focus on the core markets in private, SME and large customer business, and the function as a central bank for the savings banks, will ensure a dominant German share in the future as well. Foreign exposure is spread across Western Europe and North America in particular.

Market price risks

Risk situation of the LBBW Group

The LBBW Group’s market price risk increased in the first half of 2025. The following table shows the composition of the value-at-risk (99%/10 days) by risk type at LBBW Group level. Information on the development of market price risk in the risk-bearing capacity can be found in the "Risk situation of the LBBW Group" section in the first part of the risk report.

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	30/06/2025	31/12/2024
LBBW Group	*144*	*171*	*131*	*166*	*131*
Interest rate risk[1]	167	190	150	182	154
Credit spread risk	93	98	82	96	93
Equity risks	13	22	10	15	12
Foreign exchange risk[2]	2	6	1	4	2

1 Interest risks in the narrower sense.
2 Including commodity risks.

The increase in risk at Group level and in the sub-risk type interest rate risk is primarily due to the longer term of the equity investment. However, the average figures are lower than the average risk figures at the end of 2024. Volatility on the capital markets also increased in the first half of the year.

The following table shows the composition of the value-at-risk (99%/10 days) by risk type at trading book level.

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	30/06/2025	31/12/2024
Trading book	*8*	*11*	*7*	*9*	*9*
Interest rate risk[1]	7	11	5	9	8
Credit spread risk	7	8	6	7	7
Equity risks	4	6	3	4	4
Foreign exchange risk[2]	2	6	1	4	2

1 Interest risks in the narrower sense.
2 Including commodity risks.

The risk in the trading book remained virtually unchanged.

Up to and including the last reporting date of 30 June 2025, the internal risk model shows six outliers for the Clean P/L for the preceding 250 trading days in the CRR portfolio, the portfolio relating to capital adequacy. These occurred due to sharp market movements in response to the publication of economic data, news concerning the central banks and political developments.

Additional backtesting on the basis of dirty P/L is performed on account of regulatory requirements. On this basis, there was one outlier in the CRR portfolio up to and including 30 June 2025. The outlier was due to the adjustment of internal refinancing rates.

Liquidity risks

Risk situation of the LBBW Group

LBBW maintained consistently good liquidity in the first half of 2025. Capital market placements by the LBBW Group attracted lively interest among national and international investors, and the Group's sources of funding are extremely stable in terms of volume and diversification.

Funding requirements and counterbalancing capacity broke down as follows as at 30 June 2025:

Overview of funding requirements and counterbalancing capacity

	3 months		12 months	
EUR billion	**30/06/2025**	**30/12/2024**	**30/06/2025**	**30/12/2024**
Funding requirement from the business portfolio (deterministic cash flow)[1]	– 4.4	9.7	6.3	19.7
Funding requirement from material call risks (stochastic cash flow)	26.1	26.5	53.6	55.8
Funding potential from free liquidity reserves	33.8	35.5	38.3	39.0
Funding potential on the market	95.5	94.6	123.4	121.7
Surplus	*107.6*	*93.8*	*101.9*	*85.1*

1 Figures can be negative if liquidity inflows exceed the funding requirement from the business portfolio over a period of three or twelve months.

The surplus has increased since the end of 2024. This is due in particular to the inflow of deposits as well as the Bank's funding activities in the first half of the year. In the shorter term in particular, the cash flow continues to be characterized by net inflows in EUR (excess liquidity) that are offset by net outflows in USD and GBP (funding requirements). Taken together with the funding potential from eligible free liquidity reserves and the assumed options for unsecured borrowing on the market, LBBW is in a position to offset significant liquidity outflows even at short notice. All in all, the surplus as at 30 June 2025 was EUR 107.6 billion based on a three-month horizon and EUR 101.9 billion based on a twelve-month horizon.

The results of the economic 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. During the first half of the year, sufficient surpluses were also available at all times in all of the foreign currency stress tests conducted and in the EUR stress test for intraday liquidity. The reduction in the funding requirement in the stress scenarios presented here is also due in particular to the inflow of deposits and the Bank's funding activities in the first half of the year.

Results of the economic stress scenarios

	Funding requirement (3 months)		Funding potential (3 months)	
EUR billion	**30/06/2025**	**30/12/2024**	**30/06/2025**	**30/12/2024**
Rating downgrade scenario	36.0	48.5	61.0	62.2
Financial market crisis scenario	32.9	45.3	73.1	74.1
Combined scenario of market crisis with downgrade	32.8	45.8	71.5	72.5

The required minimum of 100% for the European liquidity coverage ratio (LCR) was complied with. The Group's LCR was 138.7% as at 30 June 2025 (31 December 2024: 149.0%). The net stable funding ratio (NSFR) guidelines were also complied with. At 120.2%, the requirement was also exceeded as at 30 June (31 December 2024: 113.9%).

Non-financial risks

Risk situation of the LBBW Group

The comments on the risk situation as at the end of 2024 continue to apply. The banking landscape continues to face legal risks from the further development of consumer protection and legal risks related to tax law. LBBW takes this into account by monitoring the legal situation on an ongoing basis. On the basis of current knowledge, adequate provision has been made to cover legal risks.

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

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

Regarding the other material non-financial risks, namely

- ICT risks (information and communication technology)
- Outsourcing risks
- Data protection risks
- Operational risks in the narrower sense
- Reputation risks
- Business risks
- Model risks

the statements made in the risk report in the LBBW Group's combined management report for 2024 still apply.

Other material risks

Regarding the other material risk types, namely

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

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

the statements made in the risk report in the LBBW Group's combined management report for 2024 still apply.

Forecast and opportunity report

Anticipated economic performance

Developments in the second half of the year are subject to considerable uncertainty. The indicators for Germany are not bad, with the ifo Business Climate Index –an important monthly indicator calculated by the ifo Institute on the basis of a survey of around 9,000 companies – rising six times in a row since the start of the year. Incoming orders and output in German industry have also recovered slightly, in any case bringing an end to the downward trend that had been observed since 2018. And the steps taken by the new government – such as the adoption of a EUR 43 billion economic stimulus package described as a "growth booster", which includes increased incentives for investment thanks to improved depreciation options – should at least be beneficial to growth in the short term. However, this is counteracted by the fact that the tariffs on imports to the United States, some of which are still threatened and some of which have already been resolved, are likely to substantially disrupt the fabric of world trade. President Trump has imposed tariffs that, depending on how they are calculated, would lead to a substantial increase in the average tariffs on US imports in the current year compared to the average of 2.5% in 2024. In late July, the EU and the US agreed on a tariff of 15% for imports from the EU (i.e. including Germany) to the US. The only exceptions apply to selected goods such as aircraft and aircraft parts, certain pharmaceuticals and some agricultural products. The EU has also committed to increased purchases of liquid gas and weapons from the US, as well as EUR 600 billion in direct investments.

As a result, LBBW expects economic performance in Germany to merely stagnate over the course of 2025 as a whole; indeed, GDP is set to decline by 0.1% compared with 2024 after adjustment for calendar effects. The situation in the Eurozone is a little more positive, with GDP forecast to grow by 1.0% on a full-year basis.

Inflation in Germany is set to remain around the 2% mark throughout the remainder of the year. However, the risks in connection with US tariff policy could have an impact in either direction. For example, if Chinese goods originally shipped to the US are instead redirected to the EU (or the Eurozone), this could lead to deflationary pressure in the latter region. All in all, however, the effects are likely to average out. We are anticipating inflation of 1.9% for both Germany and the Eurozone in 2025.

The US economy is expected to improve slightly compared with the first quarter, with the extraordinary import effects unlikely to be repeated in the same form. We are forecasting overall GDP growth of 1.7% in 2025. Although this is perceptibly lower than in 2024 (+2.8%), it does not constitute a recession.

The second half of the year will be difficult for the Chinese economy. Foreign trade will no longer be a reliable pillar in the coming months due to the general slowdown in the world economy and the absence of anticipatory effects from foreign buyers that had previously provided support. Meanwhile, consumer spending will remain the Achilles' heel of the domestic economy. Additional measures will be required to counteract the downturn on the real estate market. LBBW Research is forecasting GDP growth of 3.7% across 2025 as a whole.

The above scenario for the economy and the Eurozone is likely to prompt the ECB to lower the key interest rate by a further 25 basis points in the second half of the year. However, the available scope will probably be exhausted once the deposit rate reaches 1.75%. The US Federal Reserve is expected to remain on the sidelines and keep its key interest rates unchanged. Against this backdrop, Bund yields are likely to see little in the way of movement. LBBW expects the yield on 10-year Bunds at year-end to be 2.70%. The question of who will succeed the Chair of the Federal Reserve, Jerome Powell, is also set to be an important one for the markets. Powell is the President of the Federal Open Market Committee, which determines the key interest rates for the Federal Reserve System. His term of office in this position will expire in May 2026. The US President is responsible for nominating Powell's successor, a decision that is expected to be taken before the end of 2025. There is already speculation about who will be chosen. The markets are concerned that a FOMC President who is willing to accede to many of President Trump's demands could undermine confidence in the US dollar and US Treasury bonds and lead to significantly increased volatility on the global financial markets.

Equities are likely to find things difficult in this environment. The DAX is expected to close the year at 24,000 points, while the forecast for the S&P 500 is 6,200 points. By contrast, the US dollar should recover slightly if the Fed sticks to its policy of high interest rates. The euro will likely be worth USD 1.13 at the end of the year.

LBBW expects house prices in Germany to continue to stabilize. Although the recovery is built on solid foundations, any upward trend is likely to remain slow. On the office property market, the divide between modern, well-located properties and unattractive properties at risk of vacancy is becoming ever more established. Vacancies are generally expected to rise for the time being. Although working from home will continue to free up space in the future, the economic upturn should start to have a tangible positive impact starting from next year. There remain risks due to renewals of low-interest loans.

Industry and competitive situation

In the view of the banking regulator EBA, the European banking industry is operating in a challenging environment but is proving resilient even in the face of geopolitical tension and trade conflicts. The tariff dispute with the United States is having an impact on industries that are particularly export-dependent, and hence also on banks with corresponding exposures. Although the economic situation continues to be overshadowed by the war in Ukraine and global uncertainties, it has at least improved slightly in recent months. Growing state financing requirements, including due to rising defense spending, also entail long-term risks for Europe’s banking system.

However, the normalization of the interest rate environment has led to improved profitability among EU banks. Although LBBW Research believes net interest income has probably now peaked, income from fees and trading has cushioned the pressure on net interest margins of late. Meanwhile, the recovery in lending is continuing apace, with securitization instruments increasingly being used to release equity and increase lending capacity.

Asset quality has deteriorated slightly, albeit from a good level, and the EBA expects this trend to continue. However, the overall situation is robust and risk costs remain low, while the outlook in terms of asset quality is supported by falling interest rates and stabilization on the real estate market.

In this challenging environment, banks are benefiting from solid capital adequacy, as this makes them more resilient to economic shocks. The negative effects of the first-time application of the "Basel IV" regulations are broadly manageable. Although dividend payments and share buybacks are increasing significantly, the EBA believes that Europe’s banks remain financially strong.

The liquidity situation remained robust on the whole. Although the excess liquidity held with the national central banks declined, the banks have adequate buffers and various regulatory liquidity indicators are well in excess of the regulatory requirements. All in all, Europe’s banks are facing challenges due to market fluctuations and credit risks, but the industry remains resilient thanks to its strong equity and liquidity positions.

Company forecast

General conditions

As expected, the first half of 2025 was characterized by an extremely challenging and volatile geopolitical environment, and the resulting uncertainties are likely to persist even in the wake of the tariff agreement with the United States. However, inflation has continued to decline as expected, prompting the ECB to cut interest rates on four occasions already so far this year. Despite this, credit volumes remain under pressure due to the economic weakness in Germany, the aforementioned uncertainties and the muted investment demand as a result. Initial positive economic growth momentum – including from the new German federal government's infrastructure package and billions of euros in tax relief for companies – is likely to only start having an impact from next year onward. The real estate sector also remained challenging in the first half of 2025, although initial impetus for an improvement on the real estate market is still expected during the current year.

Outlook for LBBW

The statements made in the 2024 annual report regarding the company forecast were based on the planning prepared at the end of 2024, which also took into account the conditions outlined above. The following section presents the current assessment of the development of the most important financial performance indicators from LBBW's perspective.

Although the environment became more difficult and interest rates declined, LBBW achieved good operational business performance on the whole in the first half of 2025. At EUR 705 million, consolidated profit before tax was down slightly on the previous year due to higher administrative expenses in connection with investments and collective bargaining agreements as well as an increased contribution to the guarantee systems, but was nevertheless well in excess of expectations. All of the operating customer segments again made a clearly positive contribution to the Group's results and at least repeated the prior-year level. This serves to underline the resilient nature of LBBW's business model and its balanced universal bank approach.

LBBW expects the environment to remain volatile and challenging in the second half of the year. Profit is likely to reach the target for 2025 that was issued at the end of 2024 and is expected to be well in excess of EUR 1 billion again. This will be due in particular to continued good operating earnings development. As a result, the return on equity is expected to achieve the forecast level. With expenses set to meet expectations, the cost/income ratio is also likely to be in line with planning.

The common equity Tier 1 (CET 1) capital ratio ("phase-in") should be marginally higher than forecast, thereby still notably exceeding the regulatory requirements for the 2025 forecast period.

Compared to its original planning, LBBW assumes that the operating segments will develop as follows over the rest of the 2025 financial year:

Assuming no unexpected developments, LBBW expects profit before tax in the Corporate Customers segment to be higher at year-end than in the previous year due to income and allowances for losses on loans and securities. Earnings performance will benefit from the strategic business initiatives in the area of corporate finance products and the regional expansion. As demand for loans is proving to be generally lower than expected, however, profit before tax is likely to be down slightly on the forecast level. In turn, this development would be reflected in a moderately lower than forecast return on equity. The cost/income ratio at the end of the year is expected to be more or less in line with expectations.

The Real Estate/Project Finance segment is expected to almost achieve its earnings target for the 2025 financial year. With the situation on the real estate market remaining challenging, allowances for losses on loans and securities in connection with US exposures in particular are expected to be slightly higher than forecast, while earnings performance should be broadly in line with planning. As expenses are set to be marginally lower than anticipated, the cost/income ratio should reach the forecast level. The return on equity is expected to be moderately higher than forecast at the end of 2025 due to a slight decline in RWA.

LBBW expects profit before tax in the Capital Markets Business segment in the 2025 financial year to be slightly lower than forecast. While money market transactions are being adversely affected by the flat yield curve for shorter maturities, continued strong certificates business and the expansion of financing and investment solutions for institutional customers in particular should be enough to almost offset this development. Accordingly, the segment return on equity is expected to more or less reach the forecast level, while the cost/income ratio is unlikely to be notably higher than originally planned.

Full-year earnings performance in the Private Customers/Savings Banks segment in 2025 is expected to be moderately lower than forecast. Lower than expected financing revenue and deposit revenue, the latter due in particular to the interest rate level, are unlikely to be offset by higher income from securities transactions, asset management solutions and brokerage. In line with this earnings development, the return on equity is also likely to be slightly lower than expected, while the cost/income ratio is set to be marginally higher than expected.

Opportunities and risks

The opportunities and risks for business development in 2025 described in the company forecast in the 2024 annual report generally still apply. The risks described therein in connection with stronger than expected protectionism in the United States and the outbreak of new military conflicts have already materialized. Development in the remainder of the year will depend to a large extent on how long the respective uncertainties persist and whether the situations escalate any further. By contrast, the risks described in the 2024 annual report concerning higher than expected inflation and the postponement of necessary political decisions following the German parliamentary election in March have not occurred. Instead, the expected interest rate cuts have taken place and the new German federal government has announced promising approaches, although these are not yet considered to represent a decisive breakthrough for the economy. Additional risks relate in particular to the development of the US dollar, where a further depreciation would have an even more pronounced impact on Germany as an export-oriented nation, and hence on our customers.

At the same time, the shift in the Trump administration’s global priorities could result in additional opportunities thanks to increased European cohesion, including with regard to the continent’s own defense capabilities. In turn, this could be reflected in a stronger internal market in particular, and hence an increased propensity to invest on the part of companies.

03

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Content

Income statement

for the period 1 January to 30 June 2025

EUR million	Notes	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net interest income	7	1,281	1,295
Interest income and current income from equity instruments		15,765	22,961
of which interest income from financial assets measured at amortized cost		4,937	5,567
of which interest income from financial assets measured at fair value through other comprehensive income		408	386
Interest expenses and current expenses from equity instruments		– 14,485	– 21,665
of which interest expenses from financial liabilities measured at amortized cost		– 4,332	– 4,949
Net fee and commission income	8	349	320
Fee and commission income		459	421
Fee and commission expenses		– 110	– 100
Net gains/losses on remeasurement and disposal	9	336	248
of which allowances for losses on loans and securities		– 107	– 118
Other operating income/expenses	10	50	71
Administrative expenses	11	– 1,220	– 1,148
Expenses for resolution funds and deposit protection systems	12	– 77	– 52
Net income/expenses from restructuring	13	– 14	– 3
Consolidated profit/loss before tax		*705*	*731*
Income taxes	14	– 228	– 222
Net consolidated profit/loss		*477*	*509*
of which attributable to non-controlling interest after tax		1	0
of which attributable to shareholders after tax		476	508

Statement of comprehensive income

for the period 1 January to 30 June 2025

EUR million	Notes	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net consolidated profit/loss		*477*	*509*
Items that will not be transferred subsequently to the income statement			
Retained earnings	36	0	12
Actuarial gains/losses before tax		0	17
Income taxes	14, 33	– 0	– 5
Measurement gains/losses from own credit rating	36	– 15	– 16
Measurement gains/losses from own credit rating before tax		– 21	– 23
Income taxes	14, 33	6	7
Measurement gains/losses from equity instruments (financial assets measured at fair value through other comprehensive income)	36	8	– 3
Measurement gains/losses before tax		8	– 3
Measurement gains/losses from investments accounted for using the equity method (financial assets measured at fair value through other comprehensive income)	36	1	2
Measurement gains/losses before tax		1	2
Items that will be transferred subsequently to the income statement when specific conditions are met			
Measurement gains/losses from debt instruments (financial assets measured at fair value through other comprehensive income)	36	119	69
Measurement gains/losses before tax		153	85
Change in allowances for losses on loans and securities		– 1	1
Transferred to income statement		3	11
Income taxes	14, 33	– 35	– 28
Currency translation differences	36	– 13	2
Changes before tax		– 13	2
Net consolidated profit/loss in equity		*99*	*64*
Net consolidated total comprehensive income		*577*	*573*
of which attributable to non-controlling interest after tax		1	0
of which attributable to shareholders after tax		576	573

Statement of financial position

as at 30 June 2025

Assets

EUR million	Notes	30/06/2025	31/12/2024
Cash and cash equivalents	16	16,464	10,336
Financial assets measured at amortized cost	17	259,177	250,698
Loans and advances to banks		98,496	92,396
Loans and advances to customers		156,092	154,157
Debentures and other fixed-income securities		4,589	4,145
Financial assets measured at fair value through other comprehensive income	18	35,110	37,839
Financial assets designated at fair value	21	867	956
Financial assets mandatorily measured at fair value through profit or loss	22	50,206	48,351
Shares in investments accounted for using the equity method	6	181	185
Portfolio hedge adjustment attributable to assets		– 318	– 194
Intangible assets	30	187	205
Investment property	31	875	880
Property and equipment	32	995	1,009
Current income tax assets	33	201	268
Deferred income tax assets	33	834	973
Other assets	34	4,248	4,850
Total assets		*369,027*	*356,355*

Equity and liabilities

EUR million	Notes	30/06/2025	31/12/2024
Financial liabilities measured at amortized cost	23	321,474	310,831
Deposits from banks		78,752	70,239
Deposits from customers		139,260	140,765
Securitized liabilities		99,581	95,329
Subordinated capital		3,881	4,498
Financial liabilities designated at fair value	24	3,939	3,395
Financial liabilities mandatorily measured at fair value through profit or loss	25	23,054	21,883
Portfolio hedge adjustment attributable to liabilities		– 977	– 1,174
Provisions	35	1,897	1,808
Current income tax liabilities	33	179	195
Deferred income tax liabilities	33	29	26
Other liabilities	34	2,713	2,662
Equity	*36*	*16,719*	*16,730*
Share capital		3,484	3,484
Capital reserve		8,240	8,240
Retained earnings		3,970	3,462
Other comprehensive income		– 213	– 312
Net consolidated profit/loss		476	872
Shareholders' equity		*15,958*	*15,746*
Additional equity components		745	970
Equity attributable to non-controlling interests		16	14
Total equity and liabilities		*369,027*	*356,355*

Statement of changes in equity

for the period 1 January to 30 June 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	Share-holders' equity	Additional equity components[2]	Equity attributable to non-controlling interests	Total
Equity as at 1 January 2024	*3,484*	*8,240*	*2,854*	*– 41*	*– 311*	*1*	*56*	*20*	*999*	*15,302*	*745*	*21*	*16,067*
Allocation to retained earnings	0	0	999	0	0	0	0	0	– 999	0	0	0	0
Distribution to shareholders	0	0	– 400	0	0	0	0	0	0	– 400	0	– 0	– 400
Net consolidated profit/loss in equity	0	0	12	– 3	69	2	– 16	2	0	64	0	0	64
Net consolidated profit/loss	0	0	0	0	0	0	0	0	508	508	0	0	509
Net consolidated total comprehensive income	0	0	12	– 3	69	2	– 16	2	508	573	0	0	573
Servicing of additional equity components	0	0	– 30	0	0	0	0	0	0	– 30	0	0	– 30
Other changes in equity	0	0	– 13	0	0	0	0	0	0	– 13	0	1	– 12
Equity as at 30 June 2024	*3,484*	*8,240*	*3,422*	*– 45*	*– 243*	*3*	*40*	*22*	*508*	*15,432*	*745*	*22*	*16,199*
Net consolidated profit/loss in equity	0	0	53	– 4	– 101	– 2	15	3	0	– 36	0	0	– 36
Net consolidated profit/loss	0	0	0	0	0	0	0	0	364	364	0	– 8	355
Net consolidated total comprehensive income	0	0	53	– 4	– 101	– 2	15	3	364	327	0	– 8	319
Servicing of additional equity components	0	0	– 12	0	0	0	0	0	0	– 12	0	0	– 12
Other changes in equity	0	0	– 1	0	0	0	0	0	0	– 1	225	– 0	224
Equity as at 31 December 2024	*3,484*	*8,240*	*3,462*	*– 49*	*– 344*	*1*	*54*	*25*	*872*	*15,746*	*970*	*14*	*16,730*
Equity as at 1 January 2025	*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	0	8	119	1	– 15	– 13	0	99	0	0	99
Net consolidated profit/loss	0	0	0	0	0	0	0	0	476	476	0	1	477
Net consolidated total comprehensive income	0	0	0	8	119	1	– 15	– 13	476	576	0	1	577
Servicing of additional equity components	0	0	– 31	0	0	0	0	0	0	– 31	0	0	– 31
Other changes in equity	0	0	– 3	0	0	0	0	0	0	– 3	– 225	1	– 226
Equity as at 30 June 2025	*3,484*	*8,240*	*3,970*	*– 41*	*– 225*	*2*	*39*	*12*	*476*	*15,958*	*745*	*16*	*16,719*

1 Profit and loss carryforwards from prior periods are also recognized under retained earnings.
2 Following a buyback of EUR 520 million in 2024, the AT1 bond issued in the 2019 financial year was repaid in full. LBBW also issued a new AT1 bond of EUR 745 million in 2024.

Condensed cash flow statement

for the period 1 January to 30 June 2025

EUR million	Notes	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Cash and cash equivalents at the beginning of the period	*16*	*10,336*	*12,026*
Cash flow from operating activities		6,506	950
Cash flow from investing activities		– 26	– 80
Cash flow from financing activities		– 1,123	– 551
Changes to cash and cash equivalents owing to exchange rates, basis of consolidation and measurement		772	– 270
Cash and cash equivalents at the end of the period	*16*	*16,464*	*12,073*

In addition to the cash change in equity (dividends paid, issuing and servicing additional equity components), cash flow from financing activities includes the cash flows from the silent partners’ contributions and additional subordinated capital.

In the period under review, the volume of subordinated capital held decreased by EUR – 617 million compared to the previous year. In addition to the cash reduction of EUR – 524 million, the change results from remeasurement effects of EUR 2 million and changes in deferred interest of EUR – 31 million. Furthermore, changes in exchange rates of EUR – 65 million and other effects of EUR 1 million affected the amount of subordinated capital.

Selected notes to the consolidated interim financial statements

for the first half of 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 (Am Victoria-Turm 2, 68163 Mannheim) and Mainz (Rheinallee 86, 55120 Mainz). The commercial register numbers at the responsible district court in Germany are as follows: district court of Stuttgart HRA 12704, district court of Mannheim HRA 104440 (for Karlsruhe) and HRA 4356 (for Mannheim) and district court of Mainz HRA 40687.

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

LBBW offers the full range of products and services throughout Germany that a 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 leases, factoring, asset management, real estate development and financing or equity finance, diversify and supplement LBBW's portfolio of services within the Group.

The condensed consolidated interim financial statements of LBBW as at 30 June 2025 were prepared in accordance with Section 115 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with Section 117 no. 2 WpHG pursuant to the International Financial Reporting Standards (IFRS) as adopted in the European Union. The standards and interpretations published at the time of preparation of the financial statements, adopted by the European Union and relevant and binding for the Group, are authoritative. In particular, the requirements set out in IAS 34 Interim Financial Reporting were taken into account.

2. Principles

The reporting period for the consolidated interim financial statements is the period from 1 January to 30 June 2025. The consolidated interim financial statements as at 30 June 2025 do not contain all the information and disclosures required of the consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2024. Unless explicitly stated, the interim financial statements use the same accounting policies as the 2024 consolidated financial statements. For information on major changes, please also refer to the commentary in the report on the results of operations, net assets and financial position in the interim Group management report.

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

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

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

The reporting year is the calendar year.

3. Changes and estimates

The section below provides an explanation of 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
  The amendment has no material effect on LBBW's consolidated interim financial statements.

Details of material IFRS Accounting Standards applied for the first time

The new standard listed above does not have a material impact on LBBW's income statement, statement of comprehensive income, statement of financial position or disclosure requirements in the 2025 financial year.

IFRS Accounting Standards to be applied in the future

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

Title of IFRS Accounting Standards	First-time adoption expected in	Endorsement (yes/no)	IFRS Accounting Standards subject matter
Annual Improvements Volume 11	2026 financial year	No	Various predominantly editorial amendments and clarifications to various IFRS.
Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments	2026 financial year	Yes	The amendments relate to the settlement of financial liabilities via (electronic) payment systems and the assessment of the SPPI criterion for financial assets, including those linked to ESG factors.
Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	2026 financial year	Yes	The amendment specifies the own-use exemption in the case of sustainable energy supply contracts and the treatment of such contracts in cash flow hedge accounting.
IFRS 18 Presentation and Disclosure in Financial Statements	2027 financial year	No	This standard replaces the previous IAS 1 and sets out requirements for the presentation and disclosure of information in the statement of financial position and the income statement.
IFRS 19 Subsidiaries without Public Accountability: Disclosures	2027 financial year	No	This standard enables subsidiaries without public accountability that are included in the IFRS consolidated financial statements of the parent to apply IFRS accounting standards in their own financial statements with reduced disclosure requirements in the notes.

4. Events after the reporting period

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

B. Group of companies

5. Basis of consolidation

In addition to LBBW (Bank) as the parent company, 85 subsidiaries (31 December 2024: 86 subsidiaries), including five structured entities (unchanged from the previous year), were included in the consolidated interim financial statements.

The consolidated subsidiary LBBW Leasing GmbH i.L. was deleted from the commercial register effective 30 January 2025.

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

A total of 46 subsidiaries (31 December 2024: 46 subsidiaries) were not included in the consolidated financial statements because their individual and aggregate influence on the net assets, financial position and results of operations of LBBW Group is not significant. These are predominantly property and shelf companies.

6. Shares in investments accounted for using the equity method

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

EUR million	30/06/2025	31/12/2024
Associates	180	185
Total	*181*	*185*

C. Segment reporting

LBBW's segment reporting for the first half of 2025 has been prepared in accordance with the provisions of IFRS 8. Under the management approach, segment reporting is therefore based on internal management reporting to the Group's Board of Managing Directors, which, in its function as the chief operating decision-maker, regularly makes decisions on the allocation of resources and the assessment of the performance of the segments on this basis.

Segment definition

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

There have been no changes to LBBW's segment structure since 2024. The description of the individual segments can be found in the 2024 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 capital benefit, i.e. investment income from restricted equity.

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

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

The average restricted capital in the segments is calculated on the basis of calculated risk weighted assets and an imputed Tier 1 capital backing ratio. A segment's return on equity (RoE) is calculated as the ratio of (annualized) consolidated profit/loss before tax to the average restricted equity in the reporting period (for the definition of the Group's return on equity (RoE) and the cost/income ratio (CIR), see the report on the results of operations, net assets and financial position).

Segment results

01/01/2025 – 30/06/2025 EUR million	Corporate Customers	Real Estate/ Project Finance	Capital Markets Business	Private Customers/ Savings Banks	Corporate Items/ Reconciliation/ Consolidation	LBBW Group
Net interest income	626	504	– 29	230	– 49	1,281
Net fee and commission income	113	7	70	161	– 2	349
Net gains/losses on remeasurement and disposal	– 28	– 93	415	– 6	48	336
of which allowances for losses on loans and securities	– 23	– 95	1	– 7	17	– 107
Other operating income/expenses	13	26	9	– 3	6	50
Total operating income/expenses	*723*	*443*	*464*	*383*	*3*	*2,016*
Administrative expenses	– 362	– 230	– 304	– 278	– 46	– 1,220
Expenses for resolution funds and deposit protection systems	– 9	– 11	– 18	– 2	– 38	– 77
Net income/expenses from restructuring	0	2	– 0	0	– 16	– 14
Consolidated profit/loss before tax	*352*	*205*	*142*	*103*	*– 97*	*705*
Income taxes						– 228
Net consolidated profit/loss						*477*
Assets (EUR billion)	73.8	71.0	186.3	43.2	– 5.3	369.0
Risk weighted assets[1] (EUR billion)	34.9	20.4	17.5	8.4	4.5	85.7
Tied-up equity[1] (EUR billion)	4.8	2.8	2.5	1.1	5.0	16.3
Return on equity (RoE) (in %)	14.6	14.4	11.4	17.9		8.6
Cost/income ratio (CIR) (in %)	49.7	44.3	69.7	71.8		61.8

1 In accordance with CRR III.

01/01/2024 – 30/06/2024 EUR million	Corporate Customers[2]	Real Estate/ Project Finance[2]	Capital Markets Business[2]	Private Customers/ Savings Banks	Corporate Items/ Reconciliation/ Consolidation[2]	LBBW Group
Net interest income	549	479	10	237	20	1,295
Net fee and commission income	111	4	64	142	– 0	320
Net gains/losses on remeasurement and disposal	– 12	– 103	350	– 6	18	248
of which allowances for losses on loans and securities	– 10	– 106	1	– 7	4	– 118
Other operating income/expenses	11	47	13	– 1	1	71
Total operating income/expenses	*660*	*426*	*437*	*373*	*39*	*1,934*
Administrative expenses	– 346	– 223	– 279	– 262	– 38	– 1,148
Expenses for resolution funds and deposit protection systems	– 9	– 4	– 14	– 6	– 20	– 52
Net income/expenses from restructuring	0	– 2	– 0	0	– 0	– 3
Consolidated profit/loss before tax	*305*	*197*	*143*	*105*	*– 19*	*731*
Income taxes						– 222
Net consolidated profit/loss						*509*
Assets (EUR billion)	71.4	70.0	181.3	42.6	– 4.8	360.4
Risk weighted assets[1] (EUR billion)	38.0	26.2	17.5	8.6	3.8	94.1
Tied-up equity[1] (EUR billion)	5.0	3.4	2.3	1.1	3.9	15.7
Return on equity (RoE) (in %)	12.2	11.5	12.6	18.5		9.3
Cost/income ratio (CIR) (in %)	53.0	43.0	67.4	70.6		58.6

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

Corporate Items, Reconciliation and Consolidation

EUR million	Corporate Items		Reconciliation/Consolidation		Corporate Items/ Reconciliation/Consolidation	
	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024[2]	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024[2]	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024[2]
Net interest income	– 8	16	– 41	3	– 49	20
Net fee and commission income	– 1	0	– 1	– 0	– 2	– 0
Net gains/losses on remeasurement and disposal	11	10	37	8	48	18
of which allowances for losses on loans and securities	17	4	0	– 0	17	4
Other operating income/expenses	6	1	0	0	6	1
Total operating income/expenses	*8*	*27*	*– 5*	*12*	*3*	*39*
Administrative expenses	– 46	– 38	0	0	– 46	– 38
Expenses for resolution funds and deposit protection systems	– 38	– 20	0	0	– 38	– 20
Net income/expenses from restructuring	– 16	0	0	– 0	– 16	– 0
Consolidated profit/loss before tax	*– 92*	*– 30*	*– 5*	*12*	*– 97*	*– 19*
Assets (EUR billion)	1.8	1.9	– 7.0	– 6.6	– 5.3	– 4.8
Risk weighted assets[1] (EUR billion)	6.3	4.5	– 1.7	– 0.8	4.5	3.8
Tied-up equity[1] (EUR billion)	5.3	4.0	– 0.3	– 0.1	5.0	3.9

1 In accordance with CRR III (previous year: CRR II).
2 Restatement of prior year amounts due to methodology changes that resulted in more detailed segment allocation.

Reconciliation of segment results to the consolidated income statement

In the first half of 2025, the total of Reconciliation/Consolidation in consolidated profit/loss before tax was EUR – 5 million (previous year: EUR 12 million) and is essentially due to the following factors:

- In internal management reporting, net interest income is calculated on the basis of the market interest method. Differences compared to the income statement therefore result from prior-period net interest income and measurements specific to IFRS accounting standards not included in internal management reporting.
- In addition, consolidation adjustments are presented to ensure adequate representation of internal reporting.

D. Income statement

7. Net interest income

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

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Interest income and current income from equity instruments	*15,765*	*22,961*
Interest income	15,754	22,951
Trading derivatives	6,444	11,388
Lending and money market transactions	5,227	5,996
Hedging derivatives	2,534	3,999
Fixed-income securities and debentures	558	517
Early termination fees[1]	13	10
Leasing business	214	181
Other	762	858
Positive interest expenses from financial liabilities	3	3
Current income from equity instruments	11	10
Equities and other non-fixed-income securities	10	9
Equity investments and affiliates	1	1
Interest expenses and current expenses from equity instruments	*– 14,485*	*– 21,665*
Interest expenses	– 14,485	– 21,666
Trading derivatives	– 6,554	– 11,602
Hedging derivatives	– 2,517	– 3,822
Deposits	– 2,706	– 3,460
Securitized liabilities	– 1,582	– 1,470
Leasing business	– 21	– 17
Lease liabilities	– 2	– 1
Subordinated capital	– 82	– 90
Other	– 1,020	– 1,200
Negative interest income from financial assets	– 2	– 3
Total	*1,281*	*1,295*

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

Other interest income/expenses include amortization on purchase price allocations of EUR 240 million (previous year: EUR 272 million) / EUR – 251 million (previous year: EUR – 294 million).

8. Net fee and commission income

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 – 30/06/2025	01/01/2024 – 30/06/2024
Fee and commission income	*459*	*421*
Securities and custody business	203	185
Payments business	73	69
Brokerage business	27	21
Loans and guarantees	90	81
Lending business fee and commission income	48	40
Fee and commission income from financial guarantees	8	8
Fee and commission income from guarantee business	33	33
Fee and commission income from factoring business	9	9
Fee and commission income from asset management	51	46
Other	7	10
Fee and commission expenses	*– 110*	*– 100*
Securities and custody business	– 63	– 55
Payments business	– 12	– 13
Loans and guarantees	– 21	– 22
Lending business fee and commission expense	– 5	– 6
Fee and commission expense from guarantee business	– 15	– 16
Brokerage business	– 3	– 2
Leasing business	– 1	– 1
Fee and commission expenses from factoring business	– 3	0
Other	– 7	– 7
Total	*349*	*320*

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

9. Net gains/losses on remeasurement and disposal

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net income/expenses from investments accounted for using the equity method	2	– 4
Net gains/losses from financial assets measured at amortized cost	– 107	– 117
Net gains/losses from financial instruments measured at fair value through other comprehensive income	– 2	– 11
Net gains/losses from financial instruments measured at fair value through profit or loss	442	380
Total	*336*	*248*

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

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Valuation result	*2*	*– 4*
Net gains/losses from investments in associates	2	– 4
Current expenses	0	– 3
Current income	8	10
Impairment	– 5	– 11
Total	*2*	*– 4*

Net gains/losses from financial assets measured at amortized cost

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*– 108*	*– 117*
Reversal of/disposals from allowances for losses on loans and securities	433	198
Net gains/losses from provisions for lending business	– 63	18
Recoveries on loans and securities previously written off	6	3
Direct loan write-offs	– 2	– 1
Gains/losses from financial assets that were already impaired when purchased or originated	27	1
Additions to allowances for losses on loans and securities	– 508	– 332
Other expenses for the lending business	– 0	– 3
Realized gains/losses	*1*	*0*
Lending business net gains/losses on disposal	1	0
Total	*– 107*	*– 117*

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

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

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*1*	*– 1*
Reversal of/disposals (from allowances for losses on loans and securities)	1	1
Additions to allowances (for losses on loans and securities)	– 0	– 2
Realized gains/losses	*– 3*	*– 11*
Net gains/losses on disposal	– 3	– 11
Total	*– 2*	*– 11*

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

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

Interest income and interest expenses in connection with trading transactions are reported in net interest income. Within net trading gains/losses, the main shifts between trading transactions in the context of economic hedges are between issues and (interest rate) derivatives. Economic hedges also result in shifts between net gains/losses from financial instruments measured at fair value through profit or loss and net interest income.

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Net gains/losses from hedging transactions	*– 5*	*– 8*
Portfolio fair value hedge	– 3	– 11
of which hedged items	– 248	– 187
of which hedging instruments	245	176
Micro fair value hedge	– 2	3
of which hedged items	– 7	– 46
of which hedging instruments	5	49
Group fair value hedge	– 0	– 0
of which hedged items	– 1	0
of which hedging instruments	1	– 0
Net trading gains/losses	*410*	*331*
Lending business	11	9
Equity transactions	197	99
Foreign exchange transactions	– 25	17
Economic hedging derivatives	49	78
Interest rate transactions	130	127
Gains/losses from foreign exchange/commodity products	48	2
Net gains/losses from financial instruments designated at fair value	*17*	*32*
Realized gains/losses	– 0	– 1
Unrealized gains/losses	18	32
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	*20*	*25*
Net gains/losses from bills	– 2	6
Net gains/losses from credits and loans	3	7
Net gains/losses from equity investments	– 3	– 2
Net gains/losses from shares and other equity instruments	21	14
Total	*442*	*380*

10. Other operating income/expenses

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Other operating income	*165*	*134*
Disposal of inventories	63	34
Reversal of other provisions	10	11
Revenue from property services	9	8
Income from cost refunds by third parties	17	12
Operating leases	11	13
Property and equipment and intangible assets	2	0
Lease income from investment property	27	27
Foreign currency translation on investment property	0	3
Miscellaneous operating income	25	26
Other operating expenses	*– 114*	*– 63*
Disposal of inventories	– 55	– 18
Addition to other provisions	– 2	– 1
Impairment of inventories	– 5	0
Operating leases	– 5	– 5
Operating expenses for leased properties	– 6	– 5
Net losses from the fair value measurement of investment property	– 1	– 1
Foreign currency translation on investment property	– 3	0
Miscellaneous operating expenses	– 38	– 33
Total	*50*	*71*

The sub-item disposal of inventories includes expenses/income from girder fabrication, real estate business, the sale of new properties, construction services, development measures and the sale of undeveloped land in accordance with IFRS 15.

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

11. Administrative expenses

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Staff costs	*– 652*	*– 604*
Wages and salaries	– 468	– 437
Expenses for pensions and benefits	– 44	– 45
Social security contributions	– 82	– 74
Other staff costs	– 58	– 48
Other administrative expenses	*– 493*	*– 482*
IT costs	– 273	– 249
Legal and consulting expenses	– 65	– 69
Expenses from leases	– 2	– 2
Cost of premises	– 42	– 55
Association and other contributions	– 32	– 28
Advertising, public relations and representation costs	– 19	– 19
Audit costs	– 7	– 6
Miscellaneous administrative expenses	– 54	– 53
Depreciation, amortization and write-downs[1]	*– 74*	*– 61*
Amortization and write-downs of intangible assets	– 37	– 26
Depreciation and write-downs of property and equipment	– 19	– 17
Depreciation and write-downs on right-of-use assets	– 18	– 18
Total	*– 1,220*	*– 1,148*

1 This includes scheduled and unscheduled write-downs.

12. Expenses for resolution funds and deposit protection systems

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Expenses for deposit protection fund	– 0	– 52
Expenses for additional DSGV fund (institutional protection fund)	– 77	0
Total	*– 77*	*– 52*

As the target volume for both the bank levy fund and the statutory deposit protection fund have been achieved, no additional contributions were required in 2025.

In the year under review, contributions were required to be made to the savings bank institutional protection scheme for the first time in connection with a newly created additional fund. Supplementing the existing protection funds, this fund not only satisfies banking regulatory requirements, but also enables a quicker response in crisis situations and flexible support for the institutions affected.

13. Net income/expenses from restructuring

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Reversal of provisions for restructuring measures	17	0
Additions to restructuring provisions	– 31	– 2
Total	*– 14*	*– 3*

An addition to restructuring provisions was required in connection with the integration of Berlin Hyp. This was due in particular to personnel measures and matters relating to assets such as real estate and IT licenses. This was offset by provisions recognized in previous years in connection with product and process improvements, which were no longer required and hence were reversed in the reporting year.

14. Income taxes

EUR million	01/01/2025 – 30/06/2025	01/01/2024 – 30/06/2024
Income taxes from previous years	– 6	2
Income taxes from the reporting period	– 105	– 188
Deferred income taxes	– 116	– 36
Total	*– 228*	*– 222*

The notional effective tax rate for the Group was 32% in the reporting period (previous year: 30%).

E. Financial instruments

Accounting policies

15. Determining fair value

General information

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

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

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

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

The aim of 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, e.g. 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

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.

Financial assets

16. Cash and cash equivalents

EUR million	30/06/2025	31/12/2024
Balances with central banks	16,322	10,172
Cash	142	163
Total, gross	*16,464*	*10,336*
Allowances for losses on loans and securities	– 0	– 0
Total, net	*16,464*	*10,336*

Balances with central banks included balances with Deutsche Bundesbank of EUR 681 million (previous year: EUR 3,391 million).

17. Financial assets measured at amortized cost

Loans and advances to banks

EUR million	30/06/2025	31/12/2024
Public-sector loans	38,993	39,877
Deposits at central banks	34,188	35,984
Securities repurchase transactions	20,365	10,234
Current account claims	1,324	296
Other loans	1,494	1,483
Overnight and term money	1,623	2,110
Schuldschein loans	77	75
Other receivables	461	2,365
Total, gross	*98,525*	*92,425*
Allowances for losses on loans and securities	– 29	– 29
Total, net	*98,496*	*92,396*

Public-sector loans include gross transmitted loans of EUR 27,925 million (previous year: EUR 28,018 million).

Loans and advances to customers

EUR million	30/06/2025	31/12/2024
Mortgage loans	68,556	71,132
Other loans	32,290	30,714
Public-sector loans	14,012	13,956
Receivables from finance leases	6,673	6,832
Transmitted loans	4,053	3,919
Securities repurchase transactions	7,564	5,639
Current account claims	3,775	3,164
Overnight and term money	5,621	5,683
Schuldschein loans	7,301	7,430
Other receivables	8,084	7,630
Total, gross	*157,928*	*156,100*
Allowances for losses on loans and securities	– 1,836	– 1,943
Total, net	*156,092*	*154,157*

In addition to the transmitted loans shown in the table, the sub-item of mortgage loans also includes gross transmitted loans of EUR 3,113 million (previous year: EUR 3,281 million).

Public-sector loans also include gross transmitted loans of EUR 462 million (previous year: EUR 551 million).

Debentures and other fixed-income securities

EUR million	30/06/2025	31/12/2024
Money market instruments	81	49
Government bonds and government debentures	423	217
Other bonds and debentures	4,092	3,885
Total, gross	*4,596*	*4,152*
Allowances for losses on loans and securities	– 7	– 7
Total, net	*4,589*	*4,145*

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 Credit-impaired after recognition	Credit-impaired on recognition	Total
Balance as at 1 January 2025	*393*	*621*	*964*	*1*	*1,979*
Changes in inventories	– 288	204	– 22	0	– 106
Transfer to Stage 1	37	– 36	– 0	0	– 0
Transfer to Stage 2	– 90	91	– 1	0	– 0
Transfer to Stage 3	– 1	– 11	11	0	0
Additions	10	244	199	0	452
Reversals	– 244	– 83	– 61	– 0	– 389
Utilization	– 0	0	– 170	0	– 170
Additions	17	11	28	0	56
Disposals	– 5	– 10	– 29	– 0	– 44
Other changes	– 1	– 4	– 7	– 0	– 12
Balance as at 30 June 2025	*116*	*822*	*933*	*1*	*1,872*

EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
Balance as at 1 January 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
Balance as at 31 December 2024	*393*	*621*	*964*	*1*	*1,979*

Calculating the allowances for losses on loans and securities remains extremely challenging in light of the current economic and geopolitical uncertainties. To take these uncertainties into account to an adequate extent, LBBW determined the allowances for losses on loans and securities in the 2025 half-year financial statements using a multi-scenario approach. The single- and multi-year PDs were initially forecast using statistical macro-models on the basis of macro-factor projections and sector-specific profitability projections in line with these, and a scenario-specific differentiation of the LGDs was performed by reference to macro-models and qualitative adjustments. A cyclical adjustment of the stage transfer was also implemented using macro-adjusted lifetime PDs. The reduction in Stage 1 allowances for losses on loans and securities is mainly due to the reversal of an overlay which served as a provision for Stage 1 assets affected by the overall increase in risk of loss in the macroeconomic special case on the basis of 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 affecting the increased risk of loss in later forecast years during the residual term in particular.

Allowances for losses on loans and securities to quantify the effects of structural change towards e-mobility have been merged into the determination of the effects of structural change. All in all, the amount for economic adjustment – referred to as the model adjustment – is almost unchanged compared to the previous year's level. This also includes components recognized in lending business provisions.

The gross carrying amount of financial assets measured at amortized cost was EUR 261,050 million as at 30 June 2025 (previous year: EUR 252,677 million) and broke down as follows: EUR 214,347 million Stage 1 (previous year: EUR 215,797 million), EUR 43,931 million Stage 2 (previous year: EUR 34,219 million), EUR 2,739 million Stage 3 (previous year: EUR 2,645 million) and EUR 33 million credit-impaired on recognition (previous year: EUR 16 million).

To offset the allowances for losses on loans and securities, expected reimbursements from guarantees related to synthetic securitizations amounted to EUR 2 million (previous year: EUR 2 million). These transactions are recognized under other assets in the statement of financial position.

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

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 macro scenarios were considered at the end of the first half of 2025 that appropriately represent the possible economic developments:

- a baseline scenario;
- a negative scenario characterized by a worldwide recession due to a global trade war with massive supply chain disruption and heightened geopolitical conflicts (negative geopolitics);
- a negative situation in which a massive increase in government spending triggers inflationary pressures that prompt the central banks to raise key interest rates, accompanied by escalating concerns of excess government debt (negative debt crisis);
- a positive scenario in which the US turns to a more moderate trade policy approach.

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

German GDP growth is the most significant macro factor in the quantitative macro model to calculate allowances for losses on loans and securities for corporate business. In the first half of 2025, GDP growth of 0% p.a. was applied in the baseline scenario for the first forecast year 2026, which runs from 1 July 2025 to 30 June 2026, while growth of 1.0% p.a. was applied for each of the two subsequent forecast years. With a GDP decline of 1.5 percentage points p.a. in each of the first three forecast years, the expected credit losses would rise by around EUR 275 million compared to the baseline scenario. They would be around EUR 90 million lower than the scenario-averaged credit losses and around EUR 510 million lower than the credit losses that would result in the negative debt crisis scenario. A GDP increase of one percentage point p.a. in each year compared to the GDP forecasts in the baseline scenario would reduce the expected credit losses by around EUR 60 million.

Modifications

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

30/06/2025 EUR million	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
Amortized cost before contract amendment in the current financial year	1,815	406	1	2,222

31/12/2024 EUR million	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on 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

In the reporting period, there were no material cases of Stage 2 or 3 financial assets being allocated to Stage 1 after adjustments were made (previous year: EUR 2 million).

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

EUR million	30/06/2025	31/12/2024
Equity instruments	*43*	*40*
Equity investments	40	37
Shares in affiliates	3	3
Debentures and other fixed-income securities	*32,768*	*35,242*
Money market instruments	849	857
Bonds and debentures	31,919	34,385
Receivables	*2,299*	*2,557*
Total	*35,110*	*37,839*

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

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

EUR million	Stage 1	Total
Balance as at 1 January 2025	*3*	*3*
Changes in inventories	– 1	– 1
Reversals	– 1	– 1
Balance as at 30 June 2025	*2*	*2*

EUR million	Stage 1	Total
Balance as at 1 January 2024	*5*	*5*
Changes in inventories	– 2	– 2
Additions	1	1
Reversals	– 3	– 3
Additions	1	1
Balance as at 31 December 2024	*3*	*3*

The gross carrying amount of financial assets mandatorily measured at fair value through other comprehensive income amounted to EUR 35,066 million as at 30 June 2025 (previous year: EUR 37,799 million) and relates entirely to Stage 1.

For more details on changes in allowances for losses on loans and securities see Note 19. Note 20 contains further information on equity instruments voluntarily measured at fair value through other comprehensive income.

19. Counterparty risk

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

Collateral

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

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

30/06/2025 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	36,922	35	0	878	36,009
Equity instruments	1,145	0	0	0	1,145
Debentures and other fixed-income securities	33,585	35	0	656	32,893
Receivables	2,193	0	0	222	1,971
Financial assets designated at fair value	845	0	0	0	845
Debentures and other fixed-income securities	23	0	0	0	23
Receivables	822	0	0	0	822
Financial assets mandatorily measured at fair value through profit or loss	122,634	101,139	6,547	741	14,207
Trading assets	114,507	94,016	6,547	720	13,224
Derivatives	71,915	63,437	5,244	308	2,926
Equity instruments	3,242	3,203	0	0	39
Debentures and other fixed-income securities	8,784	2,559	1,304	162	4,759
Receivables	30,566	24,816	0	249	5,500
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	1,215	235	0	21	959
Equity instruments	302	0	0	0	302
Debentures and other fixed-income securities	633	235	0	0	398
Receivables	280	0	0	21	259
Positive fair values from derivative hedging instruments	6,912	6,888	0	0	24
Financial assets measured at amortized cost					
Cash and cash equivalents	17,053	0	0	0	17,053
Financial assets measured at amortized cost	282,859	57,614	0	72,547	152,698
Loans and advances to banks	123,449	46,178	0	870	76,401
Loans and advances to customers	155,080	11,436	0	71,669	71,975
Debentures and other fixed-income securities	4,330	0	0	8	4,322
Total	*460,314*	*158,788*	*6,547*	*74,166*	*220,813*
Loan commitments and other agreements	83,158	0	0	5,698	77,461
Total exposure	*543,472*	*158,788*	*6,547*	*79,863*	*298,274*

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 543 billion as at 30 June 2025 is EUR 245 billion or 45.1% in total (previous year: 43.2%). Nonetheless, there are differences between segments – for example, credit collateral is higher for real estate financing than for corporate customers.

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

Of the total portfolio of EUR 543 billion of gross exposures as at 30 June 2025, transactions of EUR 408 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). These rating classes accounted for gross exposure of EUR 2.8 billion and net exposure of EUR 1.8 billion as at 30 June 2025.

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

30/06/2025 EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	2,602	999	1,604
Loans and advances to banks	22	0	22
Loans and advances to customers	2,580	998	1,582
Total	*2,602*	*999*	*1,604*
Loan commitments and other agreements	191	29	162
Total exposure	*2,794*	*1,028*	*1,766*

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
Total	*2,571*	*911*	*1,660*
Loan commitments and other agreements	180	14	166
Total exposure	*2,751*	*925*	*1,826*

Default risk and concentrations

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

Gross exposure by rating cluster (internal rating class)

30/06/2025 EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
1 (AAAA)	69,298	68	0	0	69,366
1(AAA) – 1(A-)	192,978	10,395	0	0	203,373
2 – 5	56,385	29,393	0	0	85,778
6 – 8	10,796	15,370	0	0	26,166
9 – 10	1,483	5,804	0	0	7,286
11 – 15	2,878	5,965	0	0	8,843
16 – 18 (default)[1]	0	0	2,761	33	2,794
Other[2]	3,856	140	0	0	3,995
Gross exposure	*337,674*	*67,134*	*2,761*	*33*	*407,602*

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

31/12/2024 EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on 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, e.g. improbability of repayment or 90-day default. The gross exposure is presented before accounting for allowances for losses on loans and securities.
2 Non-rated transactions, in particular rating waivers.

Gross exposure by sector

30/06/2025 EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
Financials	*186,614*	*729*	*31*	*0*	*187,374*
Corporates	*80,358*	*38,330*	*1,327*	*33*	*120,049*
Automotive	5,254	5,140	303	30	10,728
Construction	7,533	3,601	118	0	11,252
Chemicals and commodities	935	6,787	122	0	7,844
of which chemicals	82	3,605	85	0	3,773
of which commodities	853	3,181	37	0	4,071
Retail and consumer goods	14,083	5,429	360	0	19,872
of which consumer goods	10,843	2,554	129	0	13,526
of which durables	3,240	2,875	232	0	6,346
Industry	4,289	8,720	103	0	13,112
Pharmaceuticals and healthcare	5,040	1,532	10	2	6,585
TM and electronics/IT	10,819	2,343	137	0	13,299
Transport and logistics	9,274	1,427	52	0	10,753
Utilities and energy	12,417	2,076	83	0	14,576
of which utilities	7,234	1,127	39	0	8,400
of which renewable energies	5,183	949	44	0	6,176
Other	10,714	1,275	39	0	12,027
Real Estate	*39,690*	*26,747*	*1,358*	*0*	*67,796*
Commercial real estate (CRE)	23,596	21,720	1,330	0	46,646
Housing	16,094	5,027	28	0	21,149
Public sector	*22,227*	*2*	*0*	*0*	*22,229*
Private individuals	*8,784*	*1,327*	*44*	*0*	*10,155*
Gross exposure	*337,674*	*67,134*	*2,761*	*33*	*407,602*

31/12/2024 EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
Financials	*168,179*	*635*	*25*	*0*	*168,838*
Corporates	*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
Real Estate	*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
Public sector	*19,880*	*33*	*0*	*0*	*19,913*
Private individuals	*8,993*	*1,287*	*34*	*0*	*10,314*
Gross exposure	*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 is due to the fact that the credit rating in the two customer groups is more volatile and reacts more to negative economic stimuli. In particular, companies are currently being impacted by the sharp rise in uncertainty due to US President Trump's tariff policy approach depending on the industry in which they operate. Other factors negatively affecting credit ratings in the corporates and real estate portfolio include the sustained rise in energy prices, muted economic performance and the continued weakness of the commercial real estate market. Finally, the use of collective stage transfer as a tool has contributed to an increase in Stage 2 exposures in certain industries.

Gross exposure by region

30/06/2025 EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Credit-impaired on recognition	Total
Germany	200,340	43,041	1,744	33	245,158
Western Europe (excluding Germany)	84,748	14,272	258	0	99,278
North America	34,705	5,017	555	0	40,276
Asia/Pacific	8,225	2,214	33	0	10,472
Other[1]	9,655	2,590	172	0	12,417
Gross exposure	*337,674*	*67,134*	*2,761*	*33*	*407,602*

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 Credit-impaired after recognition	Credit-impaired on 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).

Forbearance

As at 30 June 2025, LBBW held assets with a net carrying amount of EUR 6,256 million (31 December 2024: EUR 5,786 million) for which forbearance measures were adopted. The concessions granted mainly related to terms and conditions. A EUR 1,130 million (31 December 2024: 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 347 million (31 December 2024: EUR 322 million) for assets with forbearance measures.

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

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

For some financial investments in equity instruments, LBBW exercises the fair value through other comprehensive income option in accordance with IFRS 9.5.7.5. These essentially comprise equity investments in a real estate company held with no intention to sell.

Equity instruments measured voluntarily at fair value through other comprehensive income amounted to EUR 43 million as at 30 June 2025 (previous year: EUR 40 million; see Note 18).

In the reporting period, no dividends were recognized for equity instruments voluntarily measured at fair value through other comprehensive income (previous year: EUR 1 million). The dividends recognized in the previous year related entirely to equity instruments held at the reporting date 31 December 2024.

21. Financial assets designated at fair value

EUR million	30/06/2025	31/12/2024
Debentures and other fixed-income securities	*25*	*24*
Bonds and debentures	25	24
Receivables	*843*	*931*
Total	*867*	*956*

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

EUR million	30/06/2025	31/12/2024
Trading assets	48,263	46,028
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	1,458	1,410
Positive fair values from derivative hedging instruments	485	913
Total	*50,206*	*48,351*

Trading assets

EUR million	30/06/2025	31/12/2024
Positive fair values from derivative financial instruments	*15,785*	*15,402*
Equity instruments	*3,247*	*2,463*
Shares	406	444
Investment fund units	2,838	2,017
Other securities	2	2
Debentures and other fixed-income securities	*5,495*	*5,469*
Money market instruments	268	199
Bonds and debentures	5,227	5,270
Receivables	*23,736*	*22,694*
Schuldschein loans	1,800	2,556
Other money market transactions	2,975	4,101
Receivables from securities repurchase agreements	16,798	13,751
Other receivables	2,162	2,287
Total	*48,263*	*46,028*

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

EUR million	30/06/2025	31/12/2024
Equity instruments	*567*	*536*
Shares	17	4
Investment fund units	213	195
Equity investments	278	270
Shares in affiliates	60	67
Debentures and other fixed-income securities	*633*	*620*
Debt securities	633	620
Receivables	*257*	*253*
Loans and advances to customers	257	253
Total	*1,458*	*1,410*

Positive fair values from derivative hedging instruments

EUR million	30/06/2025	31/12/2024
Positive fair values from portfolio fair value hedges	251	662
Positive fair values from micro fair value hedges	232	251
Positive fair values from group fair value hedges	2	0
Total	*485*	*913*

Financial liabilities

23. Financial liabilities measured at amortized cost

Deposits from banks

EUR million	30/06/2025	31/12/2024
Transmitted loans	35,237	35,463
Overnight and term money	22,588	18,539
Securities repurchase transactions	5,962	1,034
Schuldschein loans	2,176	2,123
Current account liabilities	2,787	1,784
Liabilities from central banks	4,777	6,689
Registered bonds	690	688
Public-sector registered covered bonds issued	292	297
Mortgage-backed registered covered bonds issued	293	305
Other liabilities	3,951	3,318
Total	*78,752*	*70,239*

In addition to the transmitted loans shown in the table, other liabilities include transmitted loans of EUR 53 million (previous year: EUR 53 million).

Deposits from customers

EUR million	30/06/2025	31/12/2024
Current account liabilities	60,425	57,611
Overnight and term money	53,762	59,575
Savings deposits	10,693	10,854
Schuldschein loans	4,136	4,307
Securities repurchase transactions	2,478	679
Registered bonds	3,364	3,320
Public-sector registered covered bonds issued	1,706	1,558
Mortgage-backed registered covered bonds issued	1,436	1,412
Other liabilities	1,260	1,450
Total	*139,260*	*140,765*

Other liabilities included transmitted loans of EUR 281 million (previous year: EUR 256 million).

Securitized liabilities

EUR million	30/06/2025	31/12/2024
Issued debentures	*71,051*	*71,040*
Mortgage-backed covered bonds	27,118	27,721
Public-sector covered bonds	9,036	8,341
Other debentures	34,897	34,978
Other securitized liabilities	*28,530*	*24,289*
Total	*99,581*	*95,329*

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

Subordinated capital

EUR million	30/06/2025	31/12/2024
Typical silent partners' contributions	838	883
Subordinated liabilities	3,043	3,615
Total	*3,881*	*4,498*

24. Financial liabilities designated at fair value

EUR million	30/06/2025	31/12/2024
Securitized liabilities	*1,897*	*1,827*
Other securitized liabilities	1,548	1,457
Junior bonds	349	370
Deposits	*2,042*	*1,568*
Schuldschein loans	613	563
Subordinated deposits	15	14
Money market transactions	581	107
Other	834	883
Total	*3,939*	*3,395*

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

EUR million	30/06/2025	31/12/2024
Trading liabilities	22,515	20,734
Negative fair values from derivative hedging instruments	539	1,149
Total	*23,054*	*21,883*

Trading liabilities

EUR million	30/06/2025	31/12/2024
Negative fair values from derivatives	*13,325*	*12,271*
Other trading liabilities	*9,191*	*8,463*
Delivery obligations from short sales of securities	1,108	852
Securitized liabilities	6,940	6,968
Schuldschein loans	263	243
Liabilities from securities repurchase agreements	738	354
Money market transactions	139	41
Other	3	5
Total	*22,515*	*20,734*

Negative fair values from derivative hedging instruments

EUR million	30/06/2025	31/12/2024
Negative fair values from portfolio fair value hedges	195	819
Negative fair values from micro fair value hedges	344	330
Total	*539*	*1,149*

26. Issuing activities

EUR million	30/06/2025	31/12/2024
Securitized liabilities	99,581	95,329
Securitized liabilities designated at fair value	1,548	1,457
Securitized liabilities mandatorily measured at fair value through profit or loss	6,940	6,968
Total	*108,069*	*103,754*

New issuances, essentially short-dated and medium-dated money market and capital market paper, with a nominal volume of EUR 2,402,247 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. Over the same period, the volume of buybacks was nominally EUR 653 million (previous year: EUR 671 million) and the volume of repayments was nominally EUR 1,776,772 million (previous year: EUR 2,868,486 million).

Other disclosures about financial instruments

27. Fair value and carrying amounts of financial instruments

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

Assets

	30/06/2025		31/12/2024	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at amortized cost				
Cash and cash equivalents	16,464	16,464	10,336	10,335
Financial assets measured at amortized cost	259,177	259,239	250,698	250,490
Loans and advances to banks	98,496	96,369	92,396	89,987
Loans and advances to customers	156,092	158,232	154,157	156,309
Debentures and other fixed-income securities	4,589	4,638	4,145	4,194

Equity and liabilities

	30/06/2025		31/12/2024	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities measured at amortized cost				
Financial liabilities measured at amortized cost	321,474	318,384	310,831	306,598
Deposits from banks	78,752	76,217	70,239	67,245
Deposits from customers	139,260	139,164	140,765	140,672
Securitized liabilities	99,581	99,243	95,329	94,415
Subordinated capital	3,881	3,760	4,498	4,266

28. Fair value hierarchy

The fair values applied in the valuation of financial instruments are classified within a three-level fair value hierarchy, taking into account the valuation 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) 30/06/2025	Prices traded on active markets (Level I) 31/12/2024	Valuation method – on the basis of externally observable parameters (Level II) 30/06/2025	Valuation method – on the basis of externally observable parameters (Level II) 31/12/2024	Valuation method – on the basis externally unobservable parameters (Level III) 30/06/2025	Valuation method – on the basis externally unobservable parameters (Level III) 31/12/2024
Financial assets measured at fair value						
Financial assets measured at fair value through other comprehensive income	29,171	31,604	5,935	6,231	3	3
Equity instruments	40	37	0	0	3	3
Debentures and other fixed-income securities	29,131	31,568	3,637	3,674	0	0
Receivables	0	0	2,299	2,557	0	0
Financial assets designated at fair value	0	0	867	956	0	0
Debentures and other fixed-income securities	0	0	25	24	0	0
Receivables	0	0	843	931	0	0
Financial assets mandatorily measured at fair value through profit or loss	2,794	1,976	44,630	43,444	2,781	2,931
Trading assets	2,790	1,972	43,149	41,566	2,324	2,490
Derivatives	0	0	15,777	15,382	8	20
Equity instruments	418	446	2,830	2,017	0	0
Debentures and other fixed-income securities	2,371	1,523	2,520	3,265	604	681
Receivables	2	3	22,023	20,903	1,711	1,789
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	4	4	997	965	457	441
Equity instruments	4	4	213	195	351	336
Debentures and other fixed-income securities	0	0	633	620	0	0
Receivables	0	0	150	149	107	105
Positive fair values from derivative hedging instruments	0	0	485	913	0	0

Equity and liabilities

EUR million	Prices traded on active markets (Level I) 30/06/2025	Prices traded on active markets (Level I) 31/12/2024	Valuation method – on the basis of externally observable parameters (Level II) 30/06/2025	Valuation method – on the basis of externally observable parameters (Level II) 31/12/2024	Valuation method – on the basis externally unobservable parameters (Level III) 30/06/2025	Valuation method – on the basis externally unobservable parameters (Level III) 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	1,897	1,761	0	66
Deposits	0	0	2,018	1,542	24	26
Financial liabilities mandatorily measured at fair value through profit or loss	1,121	846	21,925	21,015	9	22
Trading liabilities	1,121	846	21,386	19,866	9	22
Derivatives	0	0	13,316	12,249	9	22
Delivery obligations from short sales of securities	1,080	843	28	9	0	0
Securitized liabilities	39	0	6,901	6,968	0	0
Deposits	2	3	1,140	640	0	0
Negative fair values from derivative hedging instruments	0	0	539	1,149	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

	Reclassification from Level I to Level II		Reclassification from Level II to Level I	
EUR million	**30/06/2025**	**31/12/2024**	**30/06/2025**	**31/12/2024**
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income	69	13	12	257
Debentures and other fixed-income securities	69	13	12	257
Financial assets mandatorily measured at fair value through profit or loss	32	17	299	46
Trading assets	32	17	299	46
Debentures and other fixed-income securities	32	17	299	46

Equity and liabilities

	Reclassification from Level I to Level II		Reclassification from Level II to Level I	
EUR million	**30/06/2025**	**31/12/2024**	**30/06/2025**	**31/12/2024**
Financial liabilities measured at fair value				
Financial liabilities mandatorily measured at fair value through profit or loss	0	1	39	14
Trading liabilities	0	1	39	14
Delivery obligations from short sales of securities	0	1	0	14
Securitized liabilities	0	0	39	0

In the first half of 2025, LBBW reclassified instruments from Level I to II of the fair value hierarchy as there were no longer quoted prices from active markets for the corresponding financial instruments. Instruments were also reclassified in the other direction as quoted prices from active markets became available again.

Development of Level III

The development of 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 compensating gains and losses from these hedges are not included in the above tables as IFRS 13 stipulates that only unrealized gains and losses on Level III financial instruments must be reported.

Assets

EUR million	Financial assets measured at fair value through other comprehensive income – Equity instruments	Financial assets mandatorily measured at fair value through profit or loss – Trading assets – Derivatives	Trading assets – Debentures and other fixed-income securities	Trading assets – Receivables	Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments – Equity instruments	Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments – Receivables	Total
Carrying amount as at 1 January 2025	*3*	*20*	*681*	*1,789*	*336*	*105*	*2,934*
Gains and losses recognized in net consolidated profit/loss	0	1	– 77	– 101	10	3	– 164
Net interest income and current net income from equity instruments	0	– 0	2	5	0	1	7
Net gains/losses from financial instruments measured at fair value through profit or loss	0	2	– 79	– 105	10	2	– 171
Additions through acquisitions	0	0	0	185	13	4	201
Disposals through sales	0	0	0	0	– 8	0	– 8
Repayments/offsetting	0	0	0	– 181	0	– 4	– 186
Reclassification to Level III	0	2	0	20	0	0	21
Reclassification from Level III	0	– 14	0	0	0	0	– 14
Carrying amount as at 30 June 2025	*3*	*8*	*604*	*1,711*	*351*	*107*	*2,785*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	1	– 77	– 106	9	2	– 170
Net interest income and current net income from equity instruments	0	– 0	2	– 0	0	0	1
Net gains/losses from financial instruments measured at fair value through profit or loss	0	2	– 79	– 106	9	2	– 172

	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		
EUR million		Derivatives	Debentures and other fixed-income securities	Receivables	Equity instruments	Receivables	
Carrying amount as at 1 January 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 December 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

EUR million	Financial liabilities designated at fair value: Securitized liabilities	Financial liabilities designated at fair value: Deposits	Financial liabilities mandatorily measured at fair value through profit or loss: Trading liabilities: Derivatives	Total
Carrying amount as at 1 January 2025	*66*	*26*	*22*	*114*
Gains and losses recognized in net consolidated profit/loss	0	– 2	3	1
Net interest income and current net income from equity instruments	0	0	0	1
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 2	2	0
Reclassification to Level III	0	0	1	1
Reclassification from Level III	– 66	0	– 17	– 84
Carrying amount as at 30 June 2025	*0*	*24*	*9*	*33*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	– 2	4	2
Net interest income and current net income from equity instruments	0	0	0	1
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 2	3	1

EUR million	Financial liabilities designated at fair value: Securitized liabilities	Financial liabilities designated at fair value: Deposits	Financial liabilities mandatorily measured at fair value through profit or loss: Trading liabilities: Derivatives	Total
Carrying amount as at 1 January 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 December 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 first half of the financial year were no longer available or these were now considered to have a material influence on fair value, LBBW made reclassifications from Level II to Level III. Offsetting this, parameters that were again observable were available on the market or the influence of non-observable parameters on fair value was considered immaterial, and so LBBW made reclassifications from Level III to II.

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

	Positive changes in fair value		Negative changes in fair value	
	Net gains/losses from financial instruments measured at fair value and valuation reserve		Net gains/losses from financial instruments measured at fair value and valuation reserve	
EUR million	**30/06/2025**	**31/12/2024**	**30/06/2025**	**31/12/2024**
Financial assets measured at fair value				
Financial assets mandatorily measured at fair value through profit or loss	20.7	20.0	– 22.6	– 23.0
Trading assets	13.3	12.7	– 13.8	– 13.5
Derivatives	1.1	1.6	– 1.6	– 2.4
Debentures and other fixed-income securities	0.3	0.4	– 0.3	– 0.4
Receivables	11.9	10.7	– 11.9	– 10.7
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	7.4	7.3	– 8.9	– 9.5
Equity instruments	6.4	6.1	– 7.9	– 8.4
Receivables	0.9	1.2	– 0.9	– 1.1
Total	*20.7*	*20.0*	*– 22.6*	*– 23.0*

Equity and liabilities

	Positive changes in fair value		Negative changes in fair value	
	Net gains/losses from financial instruments measured at fair value and valuation reserve		Net gains/losses from financial instruments measured at fair value and valuation reserve	
EUR million	**30/06/2025**	**31/12/2024**	**30/06/2025**	**31/12/2024**
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0.3	0.3	– 0.1	– 0.1
Deposits	0.3	0.3	– 0.1	– 0.1
Financial liabilities mandatorily measured at fair value through profit or loss	1.7	2.8	– 1.2	– 1.9
Trading liabilities	1.7	2.8	– 1.2	– 1.9
Derivatives	1.7	2.8	– 1.2	– 1.9
Total	*2.0*	*3.1*	*– 1.3*	*– 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 shown below depicts the highs and lows in the non-observable parameters on which the valuations in the Level III category were based. 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 in the unobservable parameters that are tested in the sensitivity analysis. They thus provide information on the range of alternative parameters selected by LBBW for its calculation of fair value.

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

Assets

30/06/2025 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	n/a	n/a	n/a
Financial assets mandatorily measured at fair value through profit or loss				
Trading assets				
Derivatives	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
	Option price models	Volatility	6 %–11 %	Relative – 25%/+ 25%
Debentures and other fixed-income securities	Discounted cash flow method	Gap risk	9 %–17 %	Relative –30% / +30%
Receivables	Net present value method	Credit spread (bps)	49 – 514	Relative –10% to –30% / +10% to 30%
	TRS model	Gap risk	10 %–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	1.00–1.45	Relative +5% / –5%
Receivables	Net present value method	Credit spread (bps)	148–274	Relative –30% / +30%

31/12/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	n/a	n/a	n/a
Financial assets mandatorily measured at fair value through profit or loss				
Trading assets				
Derivatives	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
	Option price models	Volatility	6 %–10 %	Relative – 25%/+ 25%
	Option price models	Foreign exchange correlations	1 %–61 %	Absolute –30% / +30%
Debentures and other fixed-income securities	Discounted cash flow method	Gap risk	9 %–17 %	Relative –30% / +30%
Receivables	Net present value method	Credit spread (bps)	52–429	Relative –10% to –30% / +10% to 30%
	TRS model	Gap risk	10 %–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	1.00–1.45	Relative +5% / –5%
Receivables	Net present value method	Credit spread (bps)	175–326	Relative –30% / +30%

Equity and liabilities

30/06/2025 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Deposits	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
	Option price models	Volatility	6 %–11 %	Relative – 25%/+ 25%

31/12/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Securitized liabilities	Option price models	Foreign exchange correlations	1 %–61 %	Absolute –30% / +30%
Deposits	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	54%–100%	Relative –20% / +10%
	Option price models	Volatility	6 %–10 %	Relative – 25%/+ 25%
	Option price models	Foreign exchange correlations	1 %–61 %	Absolute –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 price 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 change in day one profit for the first half of the 2025 financial year as against the end of 2024, which was deferred as a result of applying material non-observable parameters for financial instruments carried at fair value:

EUR million	2025	2024
As at January 1	*6*	*6*
New transactions (additions)	0	1
Income recognized in the income statement in the reporting period (reversals)	– 2	– 1
Balance as at 30 June/31 December	*4*	*6*

F. Other

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

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 relates to the corporate items segment.
- Sales negotiations were conducted for three properties recognized in property and equipment. In the case of one property, this only involves the sale of a share in the building. This relates to the corporate items segment.

At the reporting date, the holdings in the main groups of assets and liabilities held for sale amounted to less than EUR 1 million.

30. Intangible assets

EUR million	**30/06/2025**	**31/12/2024**
Purchased software	115	104
Goodwill	10	10
Advance payments and cost for development and preparation	17	45
Internally generated intangible assets	18	16
Other purchased intangible assets	28	30
Total	*187*	*205*

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

31. Investment property

Property leased out to third parties or acquired for investment purposes is reported separately in the statement of financial position under investment property according to IAS 40 as long as it is held to earn rental income and/or for capital appreciation. For mixed-use properties, if the non-owner-occupied parts can be sold or leased out separately, these parts 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 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	Rights of use from leases	Total
Carrying amount as at 1 January 2025	*856*	*23*	*880*
Additions	6	0	6
Currency translation differences	– 8	– 1	– 9
Changes in fair value from assets (through profit or loss)	0	– 1	– 1
Carrying amount as at 30 June 2025	*853*	*22*	*875*

EUR million	Investment property	Rights of use from leases	Total
Carrying amount as at 1 January 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 December 2024	*856*	*23*	*880*

Modernization costs for investment property were capitalized in the amount of EUR 6 million in the first half of the financial year (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 1 January 2025	*880*	*0*
Gains and losses recognized in net consolidated profit/loss	– 4	0
Other earnings items	– 4	0
Additions through acquisitions	6	0
Other changes	– 7	0
Carrying amount as at 30 June 2025	*875*	*0*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	– 4	0
Other earnings items	– 4	0

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

30/06/2025 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization/indexing	2.00%	n/a
		Discount rate	1.50 %–10.90 %	n/a
		Risk of loss of rent	0.75 %–5.00 %	n/a
		Basic maintenance costs	EUR 0.00–25.30/m^2	n/a
		Administration costs (% of target rent)	1.00 %–6.80 %	n/a

31/12/2024 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization/indexing	2.00%	n/a
		Discount rate	1.50 %–10.90 %	n/a
		Risk of loss of rent	0.75 %–5.00 %	n/a
		Basic maintenance costs	EUR 0.00–28.10/m^2	n/a
		Administration costs (% of target rent)	1.00 %–6.50 %	n/a

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

32. Property and equipment

Depreciation and write-downs (both scheduled and unscheduled) are recognized under the depreciation and write-downs of property and equipment item in administrative expenses. Reversals of impairment losses and gains and losses on the disposal of property and equipment are recognized under other operating income/expenses.

EUR million	30/06/2025	31/12/2024
Land and buildings	300	307
Leased assets under operating leases	239	264
Operating and office equipment	100	101
Technical equipment and machinery	9	10
Rights-of-use from leases	168	165
Advance payments and assets under construction	180	162
Total	*995*	*1,009*

33. Income taxes

Income tax assets

EUR million	30/06/2025	31/12/2024
Current income tax assets	201	268
Domestic	60	170
Abroad	140	98
Deferred income tax assets	834	973
Total	*1,034*	*1,241*

Income tax liabilities

EUR million	30/06/2025	31/12/2024
Current income tax liabilities	179	195
Deferred income tax liabilities	29	26
Total	*208*	*220*

34. Other assets and other liabilities

Other assets

EUR million	30/06/2025	31/12/2024
Inventories	405	402
Receivables from tax authorities	27	29
Miscellaneous other assets	3,816	4,420
Total	*4,248*	*4,850*

Other assets include receivables from guarantees for synthetic securitizations in the amount of EUR 2 million (previous year: EUR 2 million). They also include CO_2 emission allowances in the amount of EUR 377 million (previous year: EUR 565 million).

Other liabilities

EUR million	30/06/2025	31/12/2024
Liabilities from		
Other taxes	235	163
Employment	21	21
Trade payables	87	105
Non-controlling interests	1	1
Leasing	192	203
Advances received	56	38
Miscellaneous other liabilities	2,121	2,130
Total	*2,713*	*2,662*

35. Provisions

EUR million	30/06/2025	31/12/2024
Provisions for pension obligations	989	960
Provisions for litigation and recourse risk	134	139
Provisions for lending business	374	316
Other personnel-related provisions	188	223
Other provisions	213	170
Total	*1,897*	*1,808*

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

EUR million	Stage 1	Stage 2	Stage 3 Credit-impaired after recognition	Total
Balance as at 1 January 2025	*101*	*139*	*76*	*316*
Changes in inventories	– 79	157	– 19	59
Transfer to Stage 1	12	– 12	0	– 0
Transfer to Stage 2	– 29	29	0	0
Transfer to Stage 3	– 0	– 1	1	0
Additions	4	157	17	177
Reversals	– 65	– 16	– 38	– 118
Additions	8	1	7	16
Disposals	– 1	– 3	– 8	– 13
Other changes	– 0	– 0	– 3	– 4
Balance as at 30 June 2025	*29*	*293*	*52*	*374*

36. Equity

EUR million	30/06/2025	31/12/2024
Share capital	3,484	3,484
Capital reserve	8,240	8,240
Retained earnings	3,970	3,462
Other comprehensive income	– 213	– 312
Net consolidated profit/loss	476	872
Shareholders' equity	*15,958*	*15,746*
Additional equity components	745	970
Equity attributable to non-controlling interests	16	14
Total	*16,719*	*16,730*

Retained earnings included cumulative actuarial gains/losses after tax of EUR – 772 million (previous year: EUR – 772 million). Profit and loss carryforwards from prior periods are also recognized under retained earnings.

As at the end of the current reporting period, a measurement effect after deferred taxes of EUR 39 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 387 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.

37. Own funds and total amount at risk

The following table shows the structure of the LBBW Group's own funds and the total amount at risk under current supervisory law as at the reporting date 30 June 2025:

EUR million	30/06/2025	31/12/2024
Own funds	*18,514*	*18,681*
Tier 1 capital	15,011	14,859
of which common equity Tier 1 capital (CET 1)	14,266	14,113
of which additional Tier 1 capital (AT 1)	745	745
Supplementary capital (Tier 2)	3,503	3,822
Total amount at risk	85,689	96,995
Total capital ratio (in %)	21.6	19.3
Tier 1 capital ratio (in %)	17.5	15.3
Common equity Tier 1 (CET 1) capital ratio (in %)	16.6	14.6

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.

The common equity Tier 1 (CET 1) capital of LBBW Group increased compared to the previous year. This is primarily due to the positive development in the revaluation reserve, the full recognition of the 2024 annual profit and a lower capital deduction from securitization exposures. This was offset by the elimination of the transitional provisions for IFRS 9.

The reduction in supplementary capital (Tier 2) results in particular from the precise daily amortization of supplementary capital instruments in the final five-year period of their term.

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 updated each quarter and can be found on LBBW's website under "Disclosure report". In contrast to the annual report, the disclosure report as at 31 December 2024 presented the figures after the annual financial statements were approved by the Supervisory Board. This resulted in a slight increase in regulatory capital due to full profit retention and in the total amount at risk due to adjustments for operational risks compared to the presentation in the annual report as at 31 December 2024.

38. Off-balance-sheet transactions

Contingent liabilities

EUR million	30/06/2025	31/12/2024
Sureties and guarantee agreements	9,741	10,005
Other contingent liabilities	358	323
Total	*10,100*	*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 is to be calculated using probability-weighted scenarios. The amount of the provision is determined by the present-value amount at which the Bank expects the beneficiary under a guarantee to make a claim against it, minus expected inflows e.g. from rights (rights of recourse, securities). 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 the first half of 2025 (cumulative since 2015: EUR 151 million), as no new additional contribution requirement was determined by the European Single Resolution Board (SRB). 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. LBBW makes an irrevocable commitment to the owner of the bank-related guarantee system, German Savings Bank Association (Deutscher Sparkassen- und Giroverband – DSGV), to make further payments on first demand e. g. in the compensation case pursuant to Section 10 EinSiG, in addition to the annual contribution. In this context, other contingent liabilities include payment obligations towards the deposit protection 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 the first half of 2025 (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 covered and secured deposits.

In addition, irrevocable payment obligations of EUR 33 million were required for the first time in the first half of 2025 for a newly created additional fund in connection with the institutional protection scheme. Supplementing the existing protection funds, this fund not only satisfies banking regulatory requirements, but also enables a quicker response in crisis situations and flexible support for the institutions affected. Collateral for these payment obligations is also pledged in the form of low-risk securities at the Bundesbank after the final contribution assessment is issued.

Contingent claims

EUR million	30/06/2025	31/12/2024
Legal disputes	7	7
Total	*7*	*7*

39. Related party transactions

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

30/06/2025 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	519	3	559	37	3	1,224
Financial assets measured at fair value through other comprehensive income	330	0	16	116	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	477	0	53	160	23	230
Total assets	*1,344*	*3*	*628*	*312*	*26*	*1,455*
Financial liabilities measured at amortized cost	788	8	26	96	2	13,322
Financial liabilities mandatorily measured at fair value through profit or loss	404	0	1	21	0	71
Other liabilities	0	0	0	35	0	0
Total equity and liabilities	*1,193*	*8*	*27*	*151*	*2*	*13,393*
Off-balance-sheet transactions	334	1	4	60	0	1,486

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*
Off-balance-sheet transactions	331	1	2	67	0	1,439

Related party transactions resulted in material income and expenses in net interest income of EUR – 174 million (previous year: EUR – 325 million).

04

FURTHER INFORMATION

Responsibility statement

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

Stuttgart, Karlsruhe, Mannheim and Mainz, 7 August 2025

The Board of Managing Directors

Rainer Neske
Chairman

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

Dirk Kipp

Sascha Klaus

Stefanie Münz

Review report

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

We have reviewed the condensed interim consolidated financial statements, which comprise the statement of financial position as at 30 June 2025, the income statement and the statement of comprehensive income, the condensed statement of cash flows, the statement of changes in equity as well as selected explanatory notes, and the interim group management report of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, for the period from 1 January to 30 June 2025, that are part of the half-yearly financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS® Accounting Standards issued by the International Accounting Standards Board (hereafter referred to as: “IFRS Accounting Standards”) applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Stuttgart/Germany, 8 August 2025

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Stephan Erb	Stefan Trenzinger
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Note regarding forward-looking statements

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

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

Breaking new ground

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