

12 March 2025

Press release →

LBBW achieves profit of more than EUR 1.2 billion

- **Pre-tax profit of EUR 1.232 billion represents the second-best result in the company's history**
- **Strong customer business: all segments with profit in the three-digit million range**
- **Strategic investments further strengthen growth and resilience**
- **Cost/income ratio (CIR) of 60%**
- **Outlook for 2025: profit to remain above EUR 1 billion**

Despite a challenging financial year, LBBW again achieved a profit well in excess of EUR 1 billion in 2024. The bank continued its positive performance in recent years with a consolidated profit before tax of EUR 1.232 billion, the second-best result in the company's history. This was 10% lower than the extremely strong prior-year figure (EUR 1.374 billion), which benefited from extraordinary strong interest rate effects.

"We successfully delivered once again in 2024 while setting our sights on further growth. The good results we achieved despite huge challenges underline the strength of LBBW's performance. Our strategy with its focus on growth and relevance is paying off," said CEO Rainer Neske. "With our business model as a mittelstand-minded universal bank, we are ideally positioned to remain successful and be a reliable partner to our customers, shareholders and employees in these extremely testing times for the economy."

Each of LBBW's four customer segments reported profit in the three-digit million range. The bank's strength is also reflected in its healthy KPIs: The cost/income ratio remains at 60% despite extensive investments, while the common equity Tier 1 capital ratio is 14.4%. Net consolidated profit after tax amounted to EUR 864 million.

Despite the challenging economic conditions and the normalization of the interest rate environment, **income** remained at the extremely high prior-year level, totaling EUR 4.022 billion (previous year: EUR 4.036 billion). This was thanks to growth in margins and the business volume, with both the deposit volume (+15% to EUR 82 billion in the Corporate Customers and Private Customers/Savings Banks segments) and lending (+3% to EUR

181 billion in the operating customer segments excluding capital markets businesses) increasing further compared with the extremely good prior-year figures. "This development provides us with very strong foundations for working with our customers in 2025," said Rainer Neske.

Expenses rose slightly to EUR 2.430 billion (previous year: EUR 2.407 billion). Whereas the absence of the European bank levy had a positive effect, administrative expenses rose due to general inflation as well as future-oriented investments in growth and resilience. In addition to investments in IT and cyber security, this includes the modernization of the LBBW Campus at the Group's headquarters in Stuttgart and the further expansion of growth areas such as asset management, corporate finance, and business with regional companies and institutional clients. Expenses also resulted from strategic recruitment as an early response to demographic change, as well as project costs for the integration of Berlin Hyp.

Allowances for losses on loans and securities increased to EUR 360 million (previous year: EUR 254 million). This reflects developments on the real estate markets and the weakness of the economy, which are increasingly having a negative impact on companies. Despite this, the risk situation as a whole remains robust. At 0.6%, the share of non-performing exposures (NPE ratio) is still at a low level by industry standards. LBBW also continues to recognize substantial additional allowances in the form of model adjustments totaling EUR 880 million (previous year: EUR 929 million). At 14.4%, the common equity Tier 1 capital ratio (CRR II/CRD V fully loaded) remains well above the requirements of the banking supervisory authorities. The total capital ratio is 19.2%.

All four operating segments again record profit in the three-digit million range

LBBW's customer business is broken down into four operating segments. As in the previous year, each of them made a contribution to consolidated profit in the three-digit million range:

The **Corporate Customers** segment recorded a profit before tax of EUR 449 million (previous year: EUR 657 million). Deposit revenue declined as expected, whereas demand for loans picked up perceptibly in the second half of 2024 following an extremely weak start to the year. The growth area of corporate finance and payment solutions again enjoyed positive development. The substantial rise in allowances for losses on loans and securities was mainly attributable to a handful of larger individual cases, while the quality of the well-diversified portfolio remains generally solid.

Despite the difficult situation on the real estate markets, the **Real Estate/Project Finance** segment reported an increase in profit to EUR 456 million (2023: EUR 347 million). Berlin Hyp, which was acquired in 2022, made a strong contribution to this performance. As announced in September 2024, Berlin Hyp will be fully integrated into LBBW in the current year and will operate as an independent unit. The Group's entire real estate business, comprising a portfolio worth around EUR 63 billion, will then be managed under the Berlin Hyp brand. Allowances for losses on loans and securities declined to EUR 150 million (previous year: EUR 180 million). While the focus in the previous year was on model adjustments, the allowances in 2024 were based on real cases from real estate financing in particular, including in the US.

New real estate financing business was at prior-year level at around EUR 13 billion, with Berlin Hyp contributing EUR 7 billion of this figure. Sustainable financing accounted for almost half of the new business. New project finance business was down slightly at EUR 3.1 billion (previous year: EUR 3.4 billion).

Profit in the **Capital Markets Business** segment increased to EUR 217 million (previous year: EUR 208 million), with structured retail products again making a strong contribution. As a central bank for savings banks, LBBW successfully supported its customers in a volatile market environment. Business with institutional clients also remained at the prior-year level. In addition to strong treasury earnings, foreign payment transactions and

custody business contributed to the good result. LBBW also diversified its funding base with a debut issue on the Australian bond market with a volume of AUD 750 million.

In the **Private Customers/Savings Banks** segment, LBBW held its own in a competitive market environment. Profit reached EUR 194 million (previous year: EUR 252 million). Deposit revenue declined as expected due to the lower interest margin, whereas deposit volumes increased significantly. Asset management enjoyed substantial growth thanks to an increase in the number of mandates accompanied by a corresponding rise in the investment volume. Wealth management also developed positively.

Outlook

LBBW expects to see sustained difficult economic conditions in Germany and ongoing geopolitical tension the coming months. However, CEO Rainer Neske is looking ahead with confidence: "Times of change also provide opportunities. We anticipated these developments in our strategy at an early stage and have made the necessary preparations. We possess the financial strength and the right products and services to stand by our customers in these times and support their transformation. With our broad expertise as a universal bank and the right team, we will continue to grow in the future." Despite the historically difficult environment, LBBW therefore expects to again achieve a profit before tax in excess of EUR 1 billion in the 2025 financial year.

Key figures of the LBBW Group as at 31 December 2024

Income statement

	01/01 – 31/12/2024	01/01 – 31/12/2023	Change	
	EUR million	EUR million	EUR million	%
Net interest income	2,631	2,826	-195	-7
Net fee and commission income	635	589	47	8
Net gains/losses on remeasurement and disposal	315	162	153	94
Other operating income/expenses	81	205	-124	-60
<i>Total operating income/expenses</i>	<i>3,662</i>	<i>3,781</i>	<i>-119</i>	<i>-3</i>
of which income	4,022	4,036	-13	0
of which allowances for losses on loans and securities	-360	-254	-106	42
Expenses	-2,430	-2,407	-23	1
of which administrative expenses	-2,388	-2,227	-161	7
of which bank levy and deposit guarantee system	-52	-184	132	-72
of which net income/expenses from restructuring	10	4	6	>100
<i>Consolidated profit/loss before tax</i>	<i>1,232</i>	<i>1,374</i>	<i>-142</i>	<i>-10</i>
Income taxes	-368	-378	10	-3
<i>Net consolidated profit/loss</i>	<i>864</i>	<i>996</i>	<i>-132</i>	<i>-13</i>

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

Key figures

	31/12/2024	31/12/2023	Change	
	EUR billion	EUR billion	EUR billion	%
Total assets	356.4	333.3	23.1	6.9
Risk-weighted assets	97.1	92.1	5.0	5.5

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

	31/12/2024	31/12/2023
	%	%
Common equity Tier 1 capital ratio (CRR II/CRD V "fully loaded")	14.4	14.6
Total capital ratio (CRR II/CRD V "fully loaded")	19.2	20.1

	01/01 – 31/12/2024	01/01 – 31/12/2023
	%	%
Return on equity (RoE)	7.8	9.1
Cost/income ratio (CIR)	60.4	59.6

	31/12/2024	31/12/2023	Change	
			Absolute	%
Employees (Full-time equivalents)	9,829	9,464	365	4

12 March 2025 – page 7

Segments at a glance

Corporate Customers

	01/01 – 31/12/2024	01/01 – 31/12/2023
	EUR million	EUR million ¹
Net interest income	1,123	1,149
Net fee and commission income	224	225
Net gains/losses on remeasurement and disposal	-192	-17
Other operating income/expenses	25	25
<i>Total operating income/expenses</i>	<i>1,180</i>	<i>1,382</i>
of which income	1,380	1,481
of which allowances for losses on loans and securities	-200	-98
Expenses	-731	-726
of which administrative expenses	-718	-669
of which bank levy and deposit guarantee system	-14	-57
of which net income/expenses from restructuring	1	0
<i>Consolidated profit/loss before tax</i>	<i>449</i>	<i>657</i>

¹ Prior-year figures incl. adjustments

Real Estate/Project Finance

	01/01 – 31/12/2024	01/01 – 31/12/2023
	EUR million	EUR million ¹
Net interest income	1,010	930
Net fee and commission income	8	8
Net gains/losses on remeasurement and disposal	-138	-217
Other operating income/expenses	45	99
<i>Total operating income/expenses</i>	<i>925</i>	<i>820</i>
of which income	1,074	1,000
of which allowances for losses on loans and securities	-150	-180
Expenses	-469	-472
of which administrative expenses	-467	-430
of which bank levy and deposit guarantee system	-6	-41
of which net income/expenses from restructuring	4	-1
<i>Consolidated profit/loss before tax</i>	<i>456</i>	<i>347</i>

¹ Prior-year figures incl. adjustments

12 March 2025 – page 8

Capital Markets Business

	01/01 – 31/12/2024	01/01 – 31/12/2023
	EUR million	EUR million ¹
Net interest income	32	290
Net fee and commission income	129	112
Net gains/losses on remeasurement and disposal	640	413
Other operating income/expenses	28	15
<i>Total operating income/expenses</i>	<i>829</i>	<i>831</i>
of which income	828	816
of which allowances for losses on loans and securities	1	14
Expenses	-611	-623
of which administrative expenses	-588	-554
of which bank levy and deposit guarantee system	-22	-69
of which net income/expenses from restructuring	-1	0
<i>Consolidated profit/loss before tax</i>	<i>217</i>	<i>208</i>

¹ Prior-year figures incl. adjustments

Private Customers/Savings Banks

	01/01 – 31/12/2024	01/01 – 31/12/2023
	EUR million	EUR million ¹
Net interest income	469	506
Net fee and commission income	287	267
Net gains/losses on remeasurement and disposal	-13	14
Other operating income/expenses	10	11
<i>Total operating income/expenses</i>	<i>752</i>	<i>798</i>
of which income	768	787
of which allowances for losses on loans and securities	-16	11
Expenses	-559	-546
of which administrative expenses	-549	-535
of which bank levy and deposit guarantee system	-9	-10
of which net income/expenses from restructuring	0	0
<i>Consolidated profit/loss before tax</i>	<i>194</i>	<i>252</i>

¹ Prior-year figures incl. adjustments

Corporate Items/Reconciliation/Consolidation

	01/01 – 31/12/2024	01/01 – 31/12/2023 ¹
Net interest income	-3	-49
Net fee and commission income	-11	-23
Net gains/losses on remeasurement and disposal	18	-31
Other operating income/expenses	-26	55
<i>Total operating income/expenses</i>	-23	-49
of which income	-29	-49
of which allowances for losses on loans and securities	5	-1
Expenses	-61	-40
of which administrative expenses	-66	-38
of which bank levy and deposit guarantee system	-1	-8
of which net income/expenses from restructuring	6	5
<i>Consolidated profit/loss before tax</i>	-84	-89

¹ Prior-year figures incl. adjustments

About LBBW

LBBW is a mittelstand-minded universal bank and a central bank for the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 356 billion, LBBW is one of the largest banks in Germany. Its core activities include business with corporate customers, especially SMEs, and business with private customers and savings banks. It also focuses on real estate and project finance in selected markets and customer-oriented capital markets business with banks, savings banks and institutional investors. SMEs and private customers in Baden-Württemberg as well as wealth management clients are served under the BW-Bank brand. In addition to its expertise in innovative and complex forms of investment and financing, support for tapping international markets plays a key role. LBBW operates at 16 locations in 15 countries around the world. Specialized subsidiaries in areas such as leasing, factoring, real estate, commercial direct investment business, venture capital and asset management complement the LBBW Group's range of in-house services.

Contact

LBBW
 Angela Brötzel
 Mobile +49 175 7760826
 E-mail: Angela.Broetel@lbbw.de
<https://www.LBBW.de>

LBBW
 Christian Potthoff
 Mobile +49 151 14 65 90 43
 E-Mail: Christian.Potthoff@lbbw.de
<https://www.LBBW.de>