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Press Release →

Business performance up on previous year

LBBW delivers strong result in the first half of the year

- **Sustained growth:** operating profit before tax, excluding integration costs from Berlin Hyp, increases to €759 million (previous year: €731 million)
- **Successful core business:** income improves across all customer segments, with the strongest growth in the Corporate Customers business
- **Allowances for losses on loans and securities slightly below previous year – model adjustments unchanged at €880 million**
- **Common equity Tier 1 (CET 1) capital ratio rises to 16.6 percent**
- **Outlook confirmed:** profit before tax above €1 billion for the full year

LBBW has delivered another strong result in a challenging economic environment. Operating profit before taxes, adjusted for expenses from the integration of Berlin Hyp, rose to €759 million, 4 percent above the previous year (€731 million). Including integration effects, the pre-tax profit of €705 million was only slightly below the previous year's figure.

CEO Rainer Neske: "The half-year result shows that LBBW is strategically well positioned, high-performing and resilient. With Berlin Hyp under the umbrella of our universal bank, we have also created the leading CRE competence center and further strengthened our market position. We understand our customers' needs and have the financial strength to stand by them as a partner even in difficult times."

The good result was driven by a strong core operating business with rising income and a stable risk situation with slightly declining allowances for losses on loans and securities. Despite the uncertain geopolitical and economic environment, all four operating segments increased their income and, by mid-year, each achieved a profit in a three-digit million range and reached a pre-tax result at or above the previous year's level.

Income underlines growth path – expenses impacted by integration effects of Berlin Hyp

Group income rose by 3 percent to €2.12 billion, reflecting the successful operating performance. Particularly notable was the 9 percent increase in net fee and commission income, driven by strong securities and custody business as well as higher earnings from structuring larger financings in the business segments Corporate Customers and Project Finance.

Expenses amounted to €1.31 billion. This figure includes €54 million in integration effects from Berlin Hyp. Excluding these, expenses rose by 4 percent to €1.26 billion (previous year: €1.20 billion). The increase was mainly due to investments in IT development (including cyber resilience), collective bargaining and salary effects, and capacity expansion in growth areas. Contributions to the protection schemes of the S-Finanzgruppe also increased.

Berlin Hyp, acquired in summer 2022, was legally integrated into LBBW with effect from 1st of August 2025, and combined with LBBW's own commercial real estate business. This new structure further simplifies processes and the management of business activities. As part of this reorganization, the above-mentioned effects also arose in the first half of the year, including for IT and restructuring provisions.

The operating cost-income ratio stood at 59.2 percent, and including integration effects at 61.8 percent. The operating return on equity was 9.3 percent, or 8.6 percent including integration effects.

Stable risk position – high portfolio quality

The bank's risk position remained stable despite the weak economy and the challenging situation in real estate markets. Allowances for losses on loans and securities totaled €107 million, slightly below the previous year (€118 million), and continued to be at a moderate level in long-term comparison. These provisions mainly resulted from individual cases in the real estate business, with some additional cases in corporate customers. The consistently high quality of the portfolio was reflected in the non-performing exposure (NPE) ratio of 0.6 percent, which remains low compared to the industry. The bank also continues to maintain a strong buffer of additional allowances in the form of model adjustments totaling EUR 880 million, unchanged from the previous year.

The Common Equity Tier 1 ratio under CRR III stood at a very comfortable 16.6 percent. The increase from 14.6 percent in the previous year was largely due to a reduction in risk-weighted assets following methodological changes from the transition from CRR II to CRR III.

Successful operating segments

LBBW's customer business is broken down into four operating segments. All four segments achieved a pre-tax profit in a three-digit million range at mid-year, once again highlighting the balance of LBBW's universal banking model.

The **Corporate Customers** segment increased its pre-tax profit to €352 million, up from €305 million in the previous year. Income rose significantly across a broad range of product areas despite subdued investment demand from companies, with strong contributions from corporate finance, hedging products and cash management. Allowances for losses on loans and securities remained very moderate despite the weak economy, while portfolio quality continued to be solid overall.

The **Real Estate/Project Finance** segment improved its profit to €205 million (2024: €197 million), despite the ongoing challenges in real estate markets. Income was slightly above the previous year, supported by improved margins in real estate financing and a positive performance in new project finance business, the latter with a focus on renewable energy and the expansion of digital infrastructure.

Allowances for losses on loans and securities decreased to €95 million (previous year: €106 million).

The **Capital Markets** business delivered a result in line with the previous year at €142 million (previous year: €143 million). Income rose across a broad spectrum of customers and products, including certificates, credit markets and issuance business. Higher expenses were attributable to investments in IT, amongst others.

The **Private Customers/Savings Banks** segment, with €103 million, reported a result on prior-year level (previous year: €105 million). While interest income, particularly from deposits, declined due to the lower interest rate environment, revenues increased in securities business and asset management. Revenue from the brokerage of pension products also grew, as did deposit volumes.

Outlook

Looking ahead to the coming months, CEO Rainer Neske said: “The economic environment remains volatile, creating uncertainty for both the real economy and the financial markets. This makes reliability and structural reforms in Germany more important than ever for companies. LBBW is prepared to work alongside them to restore Germany as a business location to its former strength. Thanks to our balanced business model, our robust balance sheet, and our long-term partnerships, we are ideally positioned to achieve this. We are therefore reaffirming our pre-tax earnings target of over €1 billion.”

About LBBW

LBBW is a mittelstand-minded universal bank and a central institution for the savings banks in Baden-Württemberg, Saxony and Rhineland-Palatinate. With total assets of EUR 356 billion and around 10,800 employees, 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 and wealth management clients are served under the BW-Bank brand. Expertise in innovative and complex forms of investment and finance plays an important role, as does support for tapping international markets. To this end, LBBW is represented at 16 locations in 15 countries around the world. Specialized subsidiaries in areas such as leasing, factoring, real estate, commercial investment business, venture capital and asset management round off the LBBW Group’s range of in-house services.

Key figures of the LBBW Group as at 30 June 2025

Income statement

	01/01/ – 30/06/2025	01/01/ – 30/06/2024	Change	
	EUR million	EUR million	EUR million	%
Net interest income	1,281	1,295	-15	-1
Net fee and commission income	349	320	29	9
Net gains/losses on remeasurement and disposal	336	248	88	36
Other operating income/expenses	50	71	-20	-29
Total operating income/expenses	2,016	1,934	82	4
of which income	2,123	2,052	70	3
of which allowances for losses on loans and securities	-107	-118	11	-10
Operating expenses (excluding integration costs for Berlin Hyp)	-1,257	-1,203	-54	4
Expenses	-1,311	-1,203	-108	9
of which administrative expenses	-1,220	-1,148	-72	6
of which bank levy, deposit and institutional protection	-77	-52	-25	47
of which net income/expenses from restructuring	-14	-3	-12	>100
Consolidated operating profit before tax (excluding integration costs for Berlin Hyp)	759	731	28	4
Consolidated profit/loss before tax	705	731	-26	-4
Income taxes	-228	-222	-5	2
Net consolidated profit/loss	477	509	-32	-6

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

Key figures

	30/06/2025	30/06/2024	Change	
	EUR billion	EUR billion	EUR billion	%
Total assets	369.0	360.4	8.6	2.4
Risk-weighted assets	85.7	94,1*	-8.4	-9.0

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

*Previous year's figure for risk-weighted assets according to CRR II ("fully loaded")

	30/06/2025	30/06/2024*
	%	%
Common Equity Tier 1 ratio (CRR III/phase-in")	16.6	14.6
Total capital ratio (CRR III/phase-in")	21.6	19.7

*Previous year's figures according to CRR II ("fully loaded")

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	%	%
Return on equity (RoE) from operations (excluding integration costs for Berlin Hyp)	9.3	9.3
Return on equity (RoE)	8.6	9.3
Cost-income ratio (CIR) from operations (excluding integration costs for Berlin Hyp)	59.2	58.6
Cost/income ratio (CIR)	61.8	58.6

	30/06/2025	30/06/2024	Change	
			Absolute	%
Employees	10,787	10,603	184	1.7
Full-time equivalents	9,841	9,654	187	1.9

Segments at a glance

Corporate Customers

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	EUR million	EUR million
Net interest income	626	549
Net fee and commission income	113	111
Net gains/losses on remeasurement and disposal	-28	-12
Other operating income/expenses	13	11
Total operating income/expenses	723	660
of which income	746	670
of which allowances for losses on loans and securities	-23	-10
Expenses	-371	-355
of which administrative expenses	-362	-346
of which bank levy, deposit and institutional protection	-9	-9
of which net income/expenses from restructuring	0	0
Pre-tax result	352	305

Real Estate/Project Finance

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	EUR million	EUR million
Net interest income	504	479
Net fee and commission income	7	4
Net gains/losses on remeasurement and disposal	-93	-103
Other operating income/expenses	26	47
Total operating income/expenses	443	426
of which income	538	533
of which allowances for losses on loans and securities	-95	-106
Expenses	-238	-229
of which administrative expenses	-230	-223
of which bank levy, deposit and institutional protection	-11	-4
of which net income/expenses from restructuring	2	-2
Pre-tax result	205	197

Capital Markets Business

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	EUR million	EUR million
Net interest income	-29	10
Net fee and commission income	70	64
Net gains/losses on remeasurement and disposal	415	350
Other operating income/expenses	9	13
Total operating income/expenses	464	437
of which income	463	437
of which allowances for losses on loans and securities	1	1
Expenses	-322	-294
of which administrative expenses	-304	-279
of which bank levy, deposit and institutional protection	-18	-14
of which net income/expenses from restructuring	0	0
Pre-tax result	142	143

Private Customers/Savings Banks

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	EUR million	EUR million
Net interest income	230	237
Net fee and commission income	161	142
Net gains/losses on remeasurement and disposal	-6	-6
Other operating income/expenses	-3	-1
Total operating income/expenses	383	373
of which income	390	379
of which allowances for losses on loans and securities	-7	-7
Expenses	-280	-268
of which administrative expenses	-278	-262
of which bank levy, deposit and institutional protection	-2	-6
of which net income/expenses from restructuring	0	0
Pre-tax result	103	105

Corporate Items/Reconciliation/Consolidation

	01/01/ – 30/06/2025	01/01/ – 30/06/2024
	EUR million	EUR million
Net interest income	-49	20
Net fee and commission income	-2	0
Net gains/losses on remeasurement and disposal	48	18
Other operating income/expenses	6	1
Total operating income/expenses	3	39
of which income	-14	34
of which allowances for losses on loans and securities	17	4
Expenses	-100	-58
of which administrative expenses	-46	-38
of which bank levy, deposit and institutional protection	-38	-20
of which net income/expenses from restructuring	-16	0
Pre-tax result	-97	-19

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