Annual report 2023

Breaking new ground

Key figures

Income statement (EUR million)	01/01 – 31/12/2023	01/01 – 31/12/2022
Net interest income	2,826	2,305
Net fee and commission income	589	628
Net gains/losses on remeasurement and disposal	162	55
of which allowances for losses on loans and securities	– 254	– 239
Other operating income/expenses	205	1,061
of which badwill	-	972
Total operating income/expenses	*3,781*	*4,048*
Administrative expenses	– 2,227	– 1,985
Expenses for bank levy and deposit guarantee system	– 184	– 188
Net income/expenses from restructuring	4	– 2
Consolidated profit/loss before tax (excluding badwill)	1,374	901
Consolidated profit/loss before tax	*1,374*	*1,873*
Income taxes	– 378	– 363
Net consolidated profit/loss (excluding badwill)	996	538
Net consolidated profit/loss	*996*	*1,510*
Key figures in %	**01/01 – 31/12/2023**	**01/01 – 31/12/2022**
Return on equity (RoE)	9.1	13.4
Return on equity (RoE) (excluding badwill)	9.1	6.2
Cost/income ratio (CIR)	59.6	50.7
Cost/income ratio (CIR) (excluding badwill)	59.6	65.6
Balance sheet figures (EUR billion)	**31/12/2023**	**31/12/2022**
Total assets	333.3	324.2
Equity	16.1	15.4
Ratios in accordance with CRR/CRD V (after full implementation)	**31/12/2023**	**31/12/2022**
Risk-weighted assets (EUR billion)	92.1	93.5
Common equity Tier 1 (CET 1) capital ratio (in %)	14.6	14.1
Total capital ratio (in %)	20.1	20.0
Employees	**31/12/2023**	**31/12/2022**
Group	10,434	10,384

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	A	Long-term Deposits	A (high), stable
Senior Unsecured Bank Debt	Aa2, stable	Long-term Senior Preferred Debt	A	Long-term Senior Debt	A (high), stable
Junior Senior Unsecured Bank Debt[1]	A2, RUR ↑	Long-term Senior Non-Preferred Debt	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	-

1 Moody's placed rating "On Review for Upgrade" on 9 February 2024; RUR: rating under review
As at 18 March 2024,

Content

01

Foreword and Reports

Foreword by the Board of Managing Directors

Dear Readers,

The world is not calming down. In 2023, dramatic geopolitical developments and enormous economic challenges continued to shape the environment in which LBBW operates, both for us as a bank and for our customers. Faced with these challenging conditions, our business model of a mittelstand-minded universal bank and our strategic focus on growth and relevance paid off once again. We were reliable and, in turn, successful partners to our customers. At the same time, we made the bank even more resilient in many different areas. Thanks to this, today we can report the best operating earnings in our bank’s history, with profit before tax reaching EUR 1.37 billion.

Strong customer business was at the heart of this excellent performance. All four operating segments contributed triple-digit million amounts to net consolidated profit – clear evidence of the sustainable balance of our business model. Operating income climbed by 22%. Our strategic growth initiatives are working and are shored up by higher interest rates.

In Corporate Customer business, we further expanded our market position in the key growth area of corporate finance. There was also high demand for our leasing and factoring products. In Commercial Real Estate Financing, we are continuing to enjoy the benefits of the Berlin Hyp acquisition in summer 2022 despite the difficult market environment. In Project Finance business, we are successfully focusing on supporting the transition to green energy and mobility and on expanding digital infrastructure. In Capital Markets business, we further consolidated our strong market position in certificates, thanks in part to close collaboration with savings banks. In Retail Customer business, for example, we broke new ground by launching digital asset management and innovative deposit products.

The risk situation remains solid. Despite the weak economy, defaults in our loan book are still at a moderate level. To further bolster our bank’s resilience, we also recognized additional allowances in the form of model adjustments. In view of the strained real estate market, we combined risk management for Berlin Hyp and LBBW’s own real estate financing under a single management system so that we can respond to potential crises and market developments more quickly. We believe we are well positioned here. To make our bank more resilient, we also invested in IT improvements, including in cyber security. Our common equity Tier 1 capital ratio is a good 14.6%, significantly higher than the regulatory requirements.

Our world is experiencing a series of historic changes. With a strategy focused on growth and relevance, LBBW anticipated the changes and developments in its environment early on and set the right priorities. The sustainable restructuring of the German economy is a central strategic focus area here. We help our customers transform their business models and provide consulting services and pioneering products, such as ESG-linked leases and the first Taxonomy-compliant fixed interest bond in retail customer business, all from a one-stop-shop. Digitalization is also of key importance and will continue to have a major impact on banking activities as a whole. As well as digitalizing traditional processes, we therefore also promote innovative pilot projects – for example, in crypto – and were one of the first banks to operate in the metaverse.

The economic environment will remain extremely challenging. Critical conditions in Germany, such as infrastructure shortcomings, high energy prices, the considerable problems caused by excessive red tape and economic factors such as subdued export demand from China, are taking a toll on large swathes of German industry. This will likely also stifle demand for loans and other financial products. The boost provided by interest rate hikes is also waning. We believe our role is to remain a reliable and competent partner to our customers in these challenging times. This makes us confident that we will perform well this year, too.

We would like to thank our employees, whose personal commitment is what made our success in recent years possible. The success of our bank is driven by the “LBBW spirit”.

Our thanks also go to our owners for the trust they have placed in LBBW. In particular, we would also like to thank our valued customers for their excellent collaboration, which we hope to continue and deepen this year.

Sincerely,

The Board of Managing Directors

Rainer Neske
Chairman

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

Stefanie Münz

Dr. Christian Ricken

Thorsten Schönenberger

Report of the Supervisory Board

Ladies and gentlemen,

During the past financial year, we advised the Board of Managing Directors on the management of the company and regularly monitored the management of LBBW. The Board of Managing Directors provided us with regular, timely and comprehensive information concerning key developments at the Bank and the Group in 2023. The economic situation of the individual business units and the business situation of the LBBW Group were the subject of intense discussion. The Board of Managing Directors informed us on the risk, liquidity and capital management of the Bank, as well as of transactions and events of considerable importance for the Bank, and took advice from us on these matters. The Supervisory Board was involved in decisions of major importance for LBBW and, when required, granted its approval after extensive consultation and examination. We also exchanged ideas with the Board of Managing Directors on significant developments in domestic and European banking supervisory legislation while critically scrutinizing and monitoring LBBW's management and corporate planning. Between the meetings, I, in my capacity as Chairman of the Supervisory Board, maintained close contact with the Chairman of the Board of Managing Directors.

Supervisory Board meetings

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

In our first ordinary meeting of the year on 27 February 2023, we discussed the preliminary results for the 2022 financial year and other current issues, chiefly the status of the integration of Berlin Hyp into the LBBW Group. At the meeting, we also took note of the 2023 IT strategy and the result of the 2023 risk-taker selection. We also agreed on total variable remuneration for the bank for the 2022 financial year and set the variable remuneration for the Board of Managing Directors for the 2022 financial year and the Group targets for 2023.

The focus of the 27 March 2023 meeting was the 2022 annual financial statements. The Board of Managing Directors and the statutory auditor reported extensively on the previous financial year. After an assessment of the reports and an in-depth discussion, the Supervisory Board agreed with the Audit Committee's recommendation not to raise any objections against the annual or the consolidated financial statements. The Supervisory Board adopted the annual financial statements as at 31 December 2022 prepared by the Board of Managing Directors and approved the 2022 consolidated financial statements. Additionally, we followed the proposal made by the Audit Committee and recommended to the annual general meeting that Deloitte GmbH Wirtschaftsprüfungsgesellschaft be appointed as statutory auditor and auditor in accordance with Section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) for the 2023 financial year. We also discussed construction work.

On 3 July 2023, the Board of Managing Directors presented its assessment of the macroeconomic environment, including in view of the Russia/Ukraine war and informed us of the status of the Berlin Hyp acquisition and other current issues. We also addressed regulatory and organizational issues.

At the meeting on 29 September 2023, we discussed the situation on the real estate market and the commercial real estate portfolio. We also took note of the remuneration structure report for the 2022 financial year and the 2023 remuneration control report and discussed the appointment of the Remuneration Officer and the Deputy Officer from 1 January 2024, which we were consulted about. The meeting also assessed the annual evaluation of the Board of Managing Directors and Supervisory Board.

The 2024 business strategy was presented and discussed in detail at the board's strategy meeting on 29 September 2023. In addition, the Board of Managing Directors gave an update on the implementation of the company strategy, which was refined in 2023.

On 11 December 2023, we approved the business plan for the 2024 financial year and took note of the medium-term planning, including planned variable remuneration and Group targets for 2024. The meeting also looked at the 2024 IT strategy and we discussed the 2024 Group remuneration strategy. At the meeting, the 2024 training plan for the Supervisory Board, including its committees, was also passed and other current topics discussed.

Supervisory Board committees

The Supervisory Board established a total of four committees from among its members: the Risk Committee, Audit Committee, Compensation Control Committee and Executive Committee, with the latter assuming the statutory duties of the Nomination Committee. The current membership of the committees is printed on page 11 and 12 of this Annual Report.

The Executive Committee held five ordinary meetings in the reporting period. Its deliberations centered on preparing the meetings of the Supervisory Board, with a particular focus on personnel and legal issues. The Executive Committee also discussed the evaluation of the Board of Managing Directors and the Supervisory Board in 2023 in accordance with KWG and the assessment of management body members' suitability as per ESMA/EBA guidelines. Furthermore, the Executive Committee approved the mandates of the Board of Managing Directors and reviewed the Board of Managing Directors' principles for the appointment of senior management.

The Compensation Control Committee fulfilled its statutory responsibilities in four meetings in 2023. In particular, it reviewed LBBW's remuneration systems according to the requirements of the Remuneration Ordinance for Institutions. The Head of Human Resources provided extensive information on the Bank's remuneration structure. The Remuneration Officer participated regularly in the committee meetings and presented a comprehensive annual report on activities undertaken. Moreover, in fulfilling its primary responsibility the Compensation Control Committee deliberated on questions relating to the remuneration of the Board of Managing Directors and prepared decisions to be taken by the Supervisory Board.

The Audit Committee held a total of four meetings in 2023. It discussed the annual financial statements and the consolidated financial statements of LBBW as well as the audit reports of the statutory auditor. It requested the auditor's declaration of independence and prepared the Supervisory Board's recommendation to the annual general meeting concerning the appointment of Deloitte GmbH Wirtschaftsprüfungsgesellschaft as the statutory auditor again. The Audit Committee also agreed on the main points of the audit and the statutory auditor's fee. The Audit Committee received regular reports on the current status and results of the audit of annual financial statements and monitored the implementation of the audit. It also discussed mandates for the statutory auditor within the scope of non-audit services. Furthermore, the Audit Committee discussed the half-yearly financial report with the Board of Managing Directors and the statutory auditor as well as the non-financial statement. As well as this, it satisfied itself of the efficacy of internal control, risk management, auditing and compliance systems, and monitored the accounting process. The Committee also took note of the annual report by the Anti Money Laundering Officer and the annual report on the organization of the internal control system. In all meetings, the management of the Group Auditing department also reported on its work.

Within the framework of regular risk reporting of the Board of Managing Directors, the Risk Committee addressed the risk situation, material risk types, risk-bearing capacity and the bank's risk management in depth at a total of 11 meetings in 2023. It also granted its approval / took note of the bank's exposure for which reporting duties apply in accordance with the law, the articles of association and the bylaws. The Risk Committee also discussed the Group risk strategy as derived from the business strategy and the credit, market-price, liquidity, real estate, development, investment and NFR risk strategies with the Board of Managing Directors, taking particular account of Berlin Hyp. Discussions of the NFR strategy addressed the sub-risk types covered in this and, in particular, ESG and reputation risks and information and communication technology risks. There was also detailed reporting on the development of financed emissions and further developments on the assessment of sustainability risks. In addition, it took note of the annual report on country limits and utilization, the updates of the restructuring plan in accordance with the German Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions, the stress test concept and the implementation of BCBS 239. The Risk Committee also regularly discussed other current topics and business areas. These included periodic reports on the development of the pension fund and the LCR portfolio, as well as current reports on significant exposures and credit portfolios under credit risk and non-financial risk aspects. In addition to regular sector reports, there were other specific reports on the CRE portfolio and portfolios in the automotive and construction industries and for financials. The Board of Managing Directors kept the Risk Committee informed of current risk-related developments in the market and competitive environment, such as changes in interest rates and retail deposits and regulatory requirements that impact the bank. In particular, the results of ECB reviews were discussed. The Risk Committee also examined whether the Bank's remuneration system took adequate account of the Bank's risk, capital and liquidity structure.

The committee chairpersons regularly reported in detail on the work of the committees at the ordinary meetings of the full Supervisory Board.

All members of the Supervisory Board attended the meetings of the Supervisory Board and the committees in 2023, with only a few exceptions (average attendance 95%).

Training and development measures

The members of the Supervisory Board assumed responsibility for taking part in the training and development measures which they required to perform their duties. They were given appropriate support for this by LBBW. In addition to individual training, the Supervisory Board also received training on information risk management in the context of non-financial risks on 27 February 2023, on monetary policy on 27 March 2023 and on sustainability on 3 July 2023. The Audit Committee received training on the CSRD – Corporate Sustainability Reporting Directive – on 23 June 2023. A training session on current developments in the Remuneration Ordinance for Institutions (IVV) was held at the Compensation Control Committee meeting on 22 September 2023. The Risk Committee received training on BCBS 239 on 16 October 2023.

Annual and consolidated financial statements

The statutory auditor Deloitte audited the annual financial statements and the consolidated financial statements of LBBW for 2023 including the management report, issuing an unqualified auditor’s certificate. The annual financial statements were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The documentation relating to the financial statements and the principal auditor’s reports were forwarded to all members of the Supervisory Board in good time. Furthermore, the members of the Audit Committee received all the relevant audit reports. The statutory auditor attended the committee meetings pertaining to the annual financial statements, elaborated on the main results of the audit and was available to answer any questions. At its balance sheet meeting on 15 March 2024, the Audit Committee discussed the documentation relating to the financial statements in detail with the Board of Managing Directors and the statutory auditor.

At its meeting on 8 April 2024, following an assessment of the reports and an in-depth discussion, the Supervisory Board adopted the annual financial statements drawn up as at 31 December 2023 and approved the consolidated financial statements for 2023.

Conflicts of interest

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

Legal matters

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

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

The employee representatives Ms Sabine Lehmann and Mr Christian Rogg left the board with effect from 31 December 2022. They were succeeded on the bank's Supervisory Board by Mr Christian Hirsch and Mr Marc Oliver Kiefer, effective 22 February 2023.

Mr Karl Manfred Lochner left the LBBW Board of Managing Directors on 31 December 2023. He was succeeded as the head of Corporate Customers by Mr Joachim Erdle, previously the head of Corporate Finance at LBBW, on 1 January 2024.

On behalf of the members of the Supervisory Board, I would like to thank the Board of Managing Directors as well as all members of staff for their great personal dedication and outstanding, successful performance under challenging conditions in the 2023 financial year.

For the Supervisory Board

Christian Brand

Chairman

Supervisory Board of LBBW

Chairman

Christian Brand

Former chairman of the Board of Management of L-Bank

Deputy Chairman

Dr Danyal Bayaz

Minister of Finance of the State of Baden-Wurttemberg

Members

Jörg Armborst

Employee Representative of Landesbank Baden-Württemberg

Jens Baumgarten

Employee Representative of Landesbank Baden-Württemberg

Wolfgang Dietz

Lord Mayor of the town of Weil am Rhein

Christian Hirsch

(from 22 February 2023)

Employee Representative of Landesbank Baden-Württemberg

Bernhard Ilg

Lord Mayor (retired)

Gabriele Kellermann

Deputy Chairman of the Board of Managing Directors at BBBank eG

Marc Oliver Kiefer

(from 22 February 2023)

Employee Representative of Landesbank Baden-Württemberg

Bettina Kies-Hartmann

Employee Representative of Landesbank Baden-Württemberg

Dr Frank Nopper

Lord Mayor of the state capital of Stuttgart

Dr Fritz Oesterle

Attorney at law

Martin Peters

Managing Partner; Chairman of the Executive Board Eberspächer Group GmbH & Co. KG

B. Jutta Schneider

Shareholder of Schneider & Peters Consulting GbR

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Wiebke Sommer

Employee Representative of Landesbank Baden-Württemberg

Dr Florian Stegmann

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

Thomas Strobl

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

Dr Jutta Stuible-Treder

Attorney at law · German Public Auditor · Tax consultant

Burkhard Wittmacher

Chairman of the Board of Managing Directors of Kreissparkasse Esslingen-Nürtingen

Norbert Zipf

Employee Representative of Landesbank Baden-Württemberg

Executive Committee of LBBW

Chairman

Christian Brand

Former chairman of the Board of Management of L-Bank

Deputy Chairman

Dr Danyal Bayaz

Minister of Finance of the State of Baden-Wurttemberg

Members

Dr Frank Nopper

Lord Mayor of the state capital of Stuttgart

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Norbert Zipf

Employee Representative of Landesbank Baden-Württemberg

Compensation Control Committee of LBBW

Chairman

Christian Brand

Former chairman of the Board of Management of L-Bank

Deputy Chairman

Dr Danyal Bayaz

Minister of Finance of the State of Baden-Wurttemberg

Members

Bernhard Ilg

Lord Mayor (retired)

Dr Frank Nopper

Lord Mayor of the state capital of Stuttgart

B. Jutta Schneider

Shareholder of Schneider & Peters Consulting GbR

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Norbert Zipf

Employee Representative of Landesbank Baden-Württemberg

Audit Committee of LBBW

Chairman

Burkhard Wittmacher

Chairman of the Board of Managing Directors of Kreissparkasse Esslingen-Nürtingen

Deputy Chairman

Thomas Strobl

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

Members

Jens Baumgarten

(from 27 February 2023)

Employee Representative of Landesbank Baden-Württemberg

Bernhard Ilg

Lord Mayor (retired)

Gabriele Kellermann

Deputy Chairman of the Board of Managing Directors at BBBank eG

B. Jutta Schneider

Shareholder of Schneider & Peters Consulting GbR

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Dr Jutta Stuible-Treder

Attorney at law · German Public Auditor · Tax consultant

Guest

Christian Brand

Former chairman of the Board of Management of L-Bank

Risk Committee of LBBW

Chairman

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Deputy Chairman

Christian Brand

Former chairman of the Board of Management of L-Bank

Members

Wolfgang Dietz

Lord Mayor of the town of Weil am Rhein

Christian Hirsch

(from 27 February 2023)

Employee Representative of Landesbank Baden-Württemberg

Gabriele Kellermann

Deputy Chairman of the Board of Managing Directors at BBBank eG

Dr Fritz Oesterle

Attorney at law

B. Jutta Schneider

Shareholder of Schneider & Peters Consulting GbR

Burkhard Wittmacher

Chairman of the Board of Managing Directors of Kreissparkasse Esslingen-Nürtingen

Corporate governance at LBBW

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

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

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

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

Management and monitoring

Business management responsibilities of the Board of Managing Directors

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

The Board of Managing Directors is the line superior for all employees of LBBW, including its subsidiaries, branches, stock market offices, representative offices and their legally dependent institution under public law, BW-Bank. The Board of Managing Directors strives for diversity and therefore a reasonable inclusion of women, in particular, when filling management positions within the Bank.

Supervisory Board's monitoring duties

It is the duty of the Supervisory Board to offer regular advice and oversee the Board of Managing Directors' management of LBBW. It is involved in decisions of key importance to the Company. It is responsible for the appointment and dismissal of the members of the Board of Managing Directors and of the Chairman and, where applicable, Deputy Chairmen of the Board and for setting the remuneration of the Board of Managing Directors. The Supervisory Board is able to appoint deputy members of the Board of Managing Directors, who have the same rights and obligations as the members of the Board of Managing Directors. For business of fundamental importance, the articles of association or the Supervisory Board, the latter also in individual cases, stipulate that the consent of the Supervisory Board is required.

Examples include decisions or measures that fundamentally change the Company’s net assets, financial position or results of operations. The Board of Managing Directors agrees the strategic direction of the Company with the Supervisory Board and they discuss the status of strategy implementation at regular intervals. It also submits the audited annual financial statements to the Supervisory Board for approval in line with LBBW’s articles of association.

The Supervisory Board has a Chairman and a Deputy Chairman. The Chairman and Deputy Chairman of the Supervisory Board are elected from the Supervisory Board’s own members on the basis of a proposal made by the annual general meeting.

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

Function of the annual general meeting

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

Landesbank Baden-Württemberg’s owners are:

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

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

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

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

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

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

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

Members of the Board of Managing Directors

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

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

Members of the Supervisory Board

General requirements

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

Independence

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

Supervisory Board elections

The members of the Supervisory Board are elected by the annual general meeting unless they are required to be elected as an employee representative and in the absence of any requirements to the contrary in the Landesbank Baden-Württemberg Act. A specific number, as determined by law and in LBBW's articles of association, of the members of the Supervisory Board elected by the annual general meeting, including the chairman, are independent. Each owner has the right to submit proposals for election.

Supervisory Board's working method

Bylaws

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

Collaboration on Supervisory Board and with the Board of Managing Directors

General requirements

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

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

Supervisory Board committees

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

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

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

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

Supplying information

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

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

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

Meetings and resolutions

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

Collaboration with the statutory auditor

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

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

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

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

Training and development

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

Self-assessment

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

Conflicts of interest

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

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

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

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

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

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

Transparency and external reporting

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

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

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

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

Remuneration for Board of Managing Directors and the Supervisory Board

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

Remuneration report

Board of Managing Directors

Principles of the remuneration system

Responsibility

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

Principles of the remuneration system

The remuneration parameters that determine variable remuneration are geared toward achieving the targets derived from the Bank's strategy on a sustained basis and support it in reaching its strategic company targets.[1] The variable performance-based remuneration for the members of the Board of Managing Directors in 2023 was guided by the Group's sustained overall success over a period of three years, accounting for 50%, and on the individual Board members' contribution to profit in the year under review, accounting for 50%. The individual performance contribution is tied to target achievement agreements based on the business strategy and business plan. Final calculation of the variable performance-based remuneration is based on the overall target achievement as determined in a resolution passed by the Supervisory Board in the following year.

Alongside sustainability in the decision on performance, sustainability in the payout of the variable remuneration constitutes a key element for the remuneration for members of the Board of Managing Directors. Significant parts of the variable remuneration are based on sustained business success. For this reason, 60% of the variable remuneration granted for 2023, the year under review, will be deferred over a five-year period and paid out on a pro rata temporis basis (deferral); negative performance contributions can reduce the deferral, lead to its expiry (malus) or result in a clawback. 60% of the deferred proportion of the variable remuneration granted for 2023, the year under review, is subject to a blocking period of one year and guided by sustained performance (i.e. subject to an appreciation right). LBBW's sustained performance is measured by the change in the adjusted aggregate risk cover[2], taking into account the risk situation (risk protection). To this end, the aggregate risk cover performance in each respective payout year is determined in a comparison with the base year (awarding of variable performance-based remuneration). The current risk situation is evaluated in line with the risk assessment in the overall risk report. Of the non-deferred portion (40%), 40% of the variable remuneration calculated is paid out immediately. The other 60% of the non-deferred portion of variable remuneration is frozen for one year and during this period is also aligned to any changes in the sustained performance.

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

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

Remuneration 2023

In 2023, remuneration of members of LBBW's Board of Managing Directors consisted of fixed, non-performance-based remuneration and a performance-based variable component. In addition to the contractually agreed fixed salary, the fixed remuneration includes payments into the company pension scheme and all other benefits (essentially the use of a company car).

During the 2023 financial year, the members of the Board of Managing Directors received fixed contractually agreed remuneration totaling EUR 6.0 million for their activities as Members of the Board of Managing Directors. The other

1 "Growth and relevance" with the strategic levers (innovative solutions, enhanced resilience, sustainable transformation, inspiring employees, social contribution).
2 This is based on the "aggregate risk cover" figure included in the Bank's risk management, which is adjusted for certain items.

benefits amounted to EUR 0.1 million. In addition, variable performance-based remuneration totaling EUR 1.7 million was paid out (inflow). This amount includes percentages of deferred variable remuneration from previous years.

In 2023, EUR 2.1 million was transferred to the pension obligations for serving members of the Board of Managing Directors as an element of the fixed remuneration according to IFRS and recognized in the income statement. As at 31 December 2023, pension obligations according to IFRS for serving members of LBBW's Board of Managing Directors as at the reporting date totaled EUR 12.6 million.

Supervisory Board

Principles of remuneration for Supervisory Board members

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

- The members of the Supervisory Board receive a fixed remuneration of EUR 30,000 for the respective financial year. The Chairman of the Supervisory Board receives EUR 75,000 and the Deputy Chairman EUR 50,000.
- Supervisory Board members who hold a seat on a committee in accordance with Section 17 (1) of the articles of association (Executive Committee, Compensation Control Committee, Audit Committee and Risk Committee) receive further fixed remuneration of EUR 12,500 per year per committee.
- The Chairman of a committee receives further fixed remuneration of EUR 30,000 per annum, with the Deputy Chairman receiving EUR 20,000.
- The members, the Deputy Chairman and the Chairman of the Executive Committee who are also a member, Deputy Chairman or Chairman of the Compensation Control Committee do not receive remuneration for their work on the Compensation Control Committee.
- Each Supervisory Board member receives an attendance allowance of EUR 200 to attend a meeting of the Supervisory Board or one of its committees.
- The Supervisory Board members are further reimbursed for the expenditure that they incur in connection with performing their duties as members of the Supervisory Board (travel expenses, individual bank-specific further training, etc.).

The employee representatives on the Supervisory Board employed at LBBW also receive their salary as employees.

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

Remuneration 2023

For the 2023 financial year, a total of EUR 1.05 million was paid in salaries and EUR 0.05 million in attendance allowances to the members of the Supervisory Board.

Other information

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

Landesbank Baden-Württemberg

The Supervisory Board

The Board of Managing Directors

02

Combined Management Report

Content

Group overview

This annual report published by Landesbank Baden-Württemberg comprises the combined management report and the consolidated financial statements (IFRS). The management report of LBBW (Bank) and the group management report are combined in accordance with German Accounting Standard (DRS) 20. The report thus comprises both the Group disclosures and the notes on LBBW (Bank) as a single entity on the basis of the German Commercial Code. The LBBW (Bank) annual financial statements according to the German Commercial Code (HGB) and the combined management report are published simultaneously in the German Federal Gazette (Bundesanzeiger).

Section 289b and Section 315b HGB require LBBW to prepare a non-financial (Group) statement in the (Group) management report or a non-financial (Group) report separate to the (Group) management report for LBBW (Bank) and for the LBBW Group. As in the previous year, LBBW again decided to integrate the combined non-financial statement into the combined management report.

As part of its established sustainability reporting, LBBW also provides detailed information on the individual non-financial aspects, further examples of where these have been put into place and key figures in a separate sustainability report. The sustainability report for the 2023 reporting year is published in the second quarter of 2024.

Structure and business model

Landesbank Baden-Württemberg (LBBW) is the leading state bank in Germany as measured by its total assets. The LBBW Group comprises the parent company Landesbank Baden-Württemberg (hereinafter referred to as LBBW (Bank)) and specialized subsidiaries. LBBW (Bank) is an institution incorporated under public law with its registered office in Germany and has four registered offices in Stuttgart, Karlsruhe, Mannheim and Mainz. Its owners are the state of Baden-Württemberg with 40.53%, Sparkassenverband Baden-Württemberg with 40.53% and the state capital Stuttgart with 18.93% of the share capital. The State of Baden-Württemberg holds its share directly and indirectly through Landesbeteiligungen Baden-Württemberg GmbH.

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

Together with Berlin Hyp, LBBW is the competence center for commercial real estate within the Sparkassen-Finanzgruppe. The LBBW Group’s private customer business and asset management as well as SME corporate customers business in Baden-Württemberg operate under the name BW Bank. Outside Baden-Württemberg, LBBW operates corporate customer business under the LBBW brand. In addition, Group companies for special products (leasing, factoring, asset management, real estate and equity investment finance) supplement the LBBW Group’s portfolio of services.

LBBW’s medium-sized universal bank approach ensures broad diversification across the individual customer groups. Various product areas (including Corporate Finance, Asset Management and Global Trade & Export Finance) also further reinforce its customer focus through cross-segment products and services. LBBW thus offers its customers a wide range of solutions and extensive product and market knowledge. Thanks to this, LBBW considers itself well-positioned in terms of the complex economic, social and environmental challenges.

Corporate Customers

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

The main focus is on expanding sustainability advisory and M&A business. Furthermore, Landesbank Baden-Württemberg partners with municipalities in its core markets on a long-term basis.

Various specialized subsidiaries. such as SüdLeasing GmbH, MMV Bank GmbH, SüdFactoring GmbH and Süd Beteiligungen GmbH, which develop equity solutions for SMEs, supplement the offering.

Real Estate/Project Finance

The Real Estate/Project Finance segment offers financing solutions for commercial real estate, infrastructure and transport projects and renewable energy. The Real Estate business area focuses on high-volume commercial real estate financing and real estate leasing (refinancing). It operates on the market together with the wholly-owned subsidiary Berlin Hyp under a two-brand strategy, with each company providing its own services. Both banks serve institutional investors, real estate and housing companies and open and closed-end real estate funds. Types of use include residential, office, retail and logistics in the target markets of Germany, France, the UK, North America, Benelux and major economies in Eastern Europe. LBBW's syndication business focuses on structuring and arranging transactions. It also offers refinancing solutions as part of real estate lease transactions.

As well as Berlin Hyp, LBBW Immobilien Management GmbH is another wholly owned subsidiary in the Real Estate business area. It operates as a project developer and asset manager for LBBW through its Development, Asset and Investment Management and Real Estate Services business areas.

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

Capital Markets Business

The Capital Markets Business segment is in charge of Savings Banks, institutional customers and banks. By taking a holistic relationship approach, the product range is aimed at the customer's requirements and comprises capital market investments, (capital market) financing, risk management products and financial services (including the custodian bank function) and research. LBBW customers are supported in their activities abroad through LBBW's manifold offers for foreign business and its international network. The product expertise in the Capital Markets Business segment is also provided for customers in other segments, in particular for corporate customers, as part of the holistic universal bank approach.

LBBW is the central bank for the savings banks in the core markets of Baden-Württemberg, Saxony and Rhineland-Palatinate and forms a reliable service partnership with these institutions. Specifically, LBBW provides the savings banks with a selected range of products and services, both for savings banks' proprietary business and the market partner business. Services such as research or securities processing and administration are offered for further distribution to savings bank customers. The Bank also offers products and services to other savings banks beyond the core markets.

LBBW's asset management business and the alternatives desk (until 2021: BW-Equity GmbH) are pooled within the subsidiary LBBW Asset Management Investmentgesellschaft mbH. The focus areas are the management of special funds, direct investment mandates and mutual funds. At Board of Managing Directors level, wealth and asset management at BW-Bank and LBBW Asset Management is managed as a joint business area called "LBBW Asset and Wealth Management".

Private Customers/Savings Banks

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

In addition to the classic retail customer segment, the business model is orientated towards wealth and asset management in Baden-Württemberg, Rhineland-Palatinate and Saxony. As part of the nationwide expansion strategy, wealth management operates in other attractive economic regions such as Hamburg, Munich and Frankfurt. As well as high net-worth and ultra high net-worth individuals, wealth and asset management also serves foundations and family offices. At operating level, wealth and asset management at BW-Bank is managed together with LBBW Asset Management as a joint business area called “LBBW Asset and Wealth”. BW Bank has combined its services in financing and investment matters for business customers (health care practitioners, freelancers and tradespeople) into one area. This customer management approach creates close links between private and business financial topics.

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

Segment allocation and coordination

The LBBW Group’s customer-oriented business model is directly reflected in the segments Corporate Customers, Real Estate/Project Finance, Capital Markets Business and Private Customers/Savings Banks. The Corporate Items segment also comprises all business activities not included in the operating segments. These include the financial investments and the management of the Bank’s portfolio of buildings.

Information on the individual segments and their development can be found in the report on the results of operations, net assets and financial position and in the notes in the segment report (IFRS).

Within this business model, integrated bank management at LBBW takes account of the long-term company targets set out in the business strategy (growth and relevance, long-term profitability, solid capitalization and enhanced efficiency). The key financial performance indicators for LBBW are profit/loss before tax (IFRS), return on equity (RoE), the common equity Tier 1 capital ratio (in accordance with CRR II/CRD V after full implementation) and the cost/income ratio (CIR). Other relevant performance indicators are used at Group and segment level as part of strategic management and monitored using the LBBW strategy house (formerly the balanced scorecard). The information required for managing the LBBW is provided through comprehensive, target-oriented regular reports.

LBBW Group strategy

To address the rapidly changing environment and the wide range of complex customer requirements, LBBW's new Group strategy came into effect on 1 January 2023. Key elements of the Group strategy are the company targets described of growth and relevance. At its core is a clear focus on growth with steady earnings growth, systematic risk management and active cost control. At the same time, LBBW wants to secure a relevant position in the competition and be a reliable social and economic partner, providing long-term support to its stakeholders in complex transformation processes.

Five strategic levers support the Group strategy and help implement it in the individual LBBW segments:

- **Sustainable transformation**: The sustainable transformation of our economic system poses many challenges for companies. At the heart of the strategic lever are the requirements of the transformation facing LBBW's customers, many of which are very complex. As a partner and player in the transformation, LBBW takes these needs into consideration and develops suitable solutions for its customers. For example, not only does LBBW finance relevant transformation projects such as wind farms and photovoltaic systems, it also offers a sustainable range of products and services. Services include individual consulting on sustainable business models, the digital transformation and improving existing value chains. With specific reduction roadmaps for individual industries (sector paths), LBBW is reducing the CO2 emissions of its lending portfolio in the long term. LBBW also identifies its own ESG risks and actively works to mitigate these.

- **Innovative solutions:** Through the Innovative Solutions lever, LBBW encourages the development of new products, production processes and services throughout the Group. Its focus here is on cross-segment collaboration in order to meet its customers' diverse needs by providing a full range of goods and services. LBBW's aim is to be a holistic solutions provider and give its own customers access to broad banking expertise through its extensive product portfolio.

- **Enhanced Resilience:** The still challenging environment reinforces the importance of resilience and flexibility for LBBW's business policies. As well as business model diversification and the strategic further development of risk management, the lever focuses on resource discipline by way of capital and cost management and on improving operating resilience (including cyber security).

- **Inspire Employees:** Dedicated employees are the most important resource for successful banking. Demographic change and the resulting shortage of skilled workers and management personnel mean that recruiting and retaining highly-qualified top performers is vital. With the goal of boosting its appeal as an employer in the long term, LBBW is in the midst of a fundamental cultural change. It is not only the youngest generation of employees that is driven by a desire for meaningful work: This is key to employee satisfaction for the workforce as a whole. The "Inspire Employees" lever also combines employee promotion and further development initiatives, establishes new working and career models and thus fosters a sense of long-term identification with LBBW among its employees.

- **Social Contribution:** As a responsible market participant, LBBW takes its responsibility to society and business seriously. In view of this, LBBW encourages its employees to take part in charitable initiatives, for example through corporate volunteering. With its economic and financial expertise, LBBW also aims to play an active role in social discussions.

Business report for the Group

Overall economic development

The German economy contracted in 2023, with GDP down 0.3%. The eurozone saw GDP growth of 0.5%.

China achieved GDP growth of 5.2% in 2023 as a whole. GDP in the US is predicted to have risen by 2.5% in 2023, according to initial estimates for the closing quarter.

Private household inflation fell in 2023. Inflation in Germany (national consumer price index, base year 2020) came to 5.9%, with the eurozone reporting 5.4% in the year as a whole (harmonized consumer price index). In the US, inflation declined to 4.1% compared to 8.1% in the previous year.

The European Central Bank (ECB) continued to tighten its monetary policy in the 2023 reporting year, increasing its deposit rate by a total of 200 basis points to 4.00% in the months up to September. It also raised the main refinancing rate by 200 basis points to 4.50%.

Overall, yields on 10-year Bunds declined in 2023, going from 2.56% at the end of 2022 to 2.02% at the close of 2023. Yields on US Treasuries with matching maturities came to 3.83% at the start of the year and 3.87% at the end of the year.

On the stock market, the DAX trended upwards, rising from 13,923 at the end of 2022 to 16,751 points at the end of 2023. The S&P 500, the US stock market index, rose from 3,839 to 4,769 points throughout the year. On the currency market, the euro appreciated against the US dollar, from USD 1.07 to the euro at the start of the year to over USD 1.10 by the end of the year.

House prices in Germany fell in the first three quarters of last year. This decline slowed in the second and third quarters compared to the previous two quarters. Prices of office properties also decreased in the first three quarters of last year. Office rents, on the other hand, trended upwards. German retail properties also saw prices cool off, while the downward trend for rents seen in previous years came to an end and prices picked up. Prices on the London office property market declined. Vacancies varied depending on the location, although rates increased in most places. Office vacancy rates in the US also trended upwards until Q3 2023.

Lending business performance

Europe’s banking sector faced a challenging environment in 2023, with ongoing geopolitical risks, the ECB’s cycle of interest rate hikes that begun in mid-2022 and weak economic growth. In addition, there was turbulence on the financial market in March, triggered by idiosyncratic problems at some regional US banks and the bailout of Credit Suisse, which temporarily resulted in higher risk premiums at European institutions on the credit default swap market. However, these costs trended downwards again as the year went on. LBBW Research believes that this is broadly thanks to banks’ solid fundamentals.

Although refinancing costs on the bond market increased compared to the previous year, primarily due to higher interest rates, on balance the ECB’s monetary policy tightening benefited Europe’s banking systems. For example, profits reported in banks’ quarterly reports in the 2023 reporting season exceeded market expectations in most cases. Figures from the European Banking Authority (EBA) show that the average return on equity at European banks is higher than it has been for years. The share of non-performing loans (NPL ratio) remains very low. This means that potential risks, for example due to increasing company bankruptcies on account of the weak economy and higher interest rates, have not (yet) materialized at an aggregate level. Overall, capital adequacy is also higher than in previous years. This better starting position also had a positive impact on the results of the EBA stress test in July 2023. Although capital consumption is significant in the stress scenario, the EU supervisory authority believes that the results demonstrate the resilience of the European banking sector.

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

LBBW once again reported improved operating earnings at the end of 2023. All four operating segments generated net earnings in the hundreds of millions.

Strategic direction

Thanks to its successful strategic direction, LBBW reported a further improvement in operating earnings at the end of the 2023 financial year. At operating level, contributions to consolidated profit before tax of EUR 1,374 million ran into the hundreds of millions for all customer segments, reinforcing the strength of the business model. Interest rate trends in 2023 were a major driver of this improvement in earnings.

Accordingly, activities in the 2023 financial year centered on refining LBBW's business model and strategic direction in line with the long-term Group objectives of growth and relevance to ensure the bank is in a good competitive position to address future challenge. As well as achieving these core objectives, increasingly dramatic environmental factors mean that a balance of growth and resilience is crucial to successfully maintaining the growth trajectory. **Five strategic levers** have been established to drive and support the sustainable development of the Group and the segments:

The aim of the **sustainable transformation** lever is to meet and support changing customer demands over the next few years. Numerous requirements of the transformation represent major challenges for customers and so LBBW provides support in the form of targeted consulting on sustainable business models, the digital transformation and value chain restructuring.

LBBW further increased its market presence in 2023. To promote and implement the transition to renewable energies as a reliable partner to our customers, our focus remains on growth, for example in project financing. For example, the level of new business in sustainable transformation financing increased both with corporate customers and in CRE. LBBW also established a new type of guarantee structure with the European Investment Bank (EIB) that frees up balance sheet capacity. LBBW was able to take advantage of this and use the green securitization to promote renewable energies in the form of wind farms and solar plants. As part of a synthetic securitization, it was agreed to invest the resources this freed up in loans for wind farms and solar plants to support the economic transformation.

As well as existing expertise, the increasing complexity of customer requests also requires new and **innovative solutions and ideas**. As a universal bank and general solutions provider, LBBW addresses this complexity and improves the range of products and processes on offer, leveraging digitalization as an enabling force both for customers and internally.

To translate new ideas into product solutions, LBBW screens digital trends and associated opportunities on an ongoing basis. In this context, LBBW secured an interest in the blockchain platform SWIAT and thereby positioned itself as a creative player in the digital finance industry early on. The platform offers the technological infrastructure for the standardized issuance and settlement of digital assets.

In a challenging environment, it is increasingly essential to continuously optimize the business model and make it even stronger. **Enhanced Resilience** is LBBW's strategic lever for the ever-faster changing landscape: It focused on expanding the risk function and improving management to make LBBW more resilient and easier to manage in times of macroeconomic and global turbulence. The business areas continued to work on expanding the customer basis and improving the sector mix in 2023 to further increase diversification in the lending portfolio and, in turn, make it more resilient. Thanks to this, LBBW benefits from still moderate underlying allowances for losses on loans and securities as a result of low default levels in the lending portfolio. Model adjustments were also increased to make the bank more resilient to hard-to-predict risks. Further progress was also made in increasing balance sheet flexibility through securitization transactions to reduce RWA, which also resulted in improved capital management and can be seen in the relevant key performance indicators. The focus of management activities increasingly turned to liquidity indicators at the start of 2023 on account of the crises at US banks and Credit Suisse. As a result, liquidity risk reporting was restructured and funding channels reviewed. Many companies experienced cyber attacks last year and so a conscious decision was made in 2023 to invest in more resilient IT, including chiefly in cyber security.

Demographic change and the resulting shortage of skilled workers and management personnel are making it increasingly difficult to recruit and retain employees. The aim of the **Inspire Employees** strategic lever is to build and maintain a long-term dynamic workforce – LBBW's most important resource. The "Hybrid working" Works Agreement laid the foundations for a modern work culture and was established as a new element of the performance dialogue. The previous formats (discussion of targets, performance appraisal and development planning) were combined to ensure even more individual and comprehensive employee development and allow employees to contribute more of their own ideas. Another aim of the strategic lever is to recruit talented employees. To this end, LBBW is continuing to focus on fostering junior talent. The employer branding campaign launched in September under the slogan #NeuesSchaffen (create something new) aims to make professionals and university graduates aware of LBBW and encourage them to join the bank. The campaign is intended to actively address demographic change and the staffing challenges that this entails.

Contributing to society is essential to LBBW's position as an active player in the transformation. As well as managing cash flows responsibly and taking on social responsibility, the aim here is to have a positive impact on employees and customers and thus increase our relevance in social discussions. As part of corporate volunteering initiatives, for example, LBBW allowed its employees to engage in selected social projects. In addition, employees at all German LBBW locations were for the first time asked for their input in choosing which organizations to donate to. LBBW has also been contributing to society for many years by promoting art and culture, nature and the environment and training and development throughout Baden-Württemberg.

Business development

Despite the still difficult general conditions, the strategy focusing on growth and relevance proved effective and all operating segments enjoyed considerable successes in the strategic target visions:

The further expansion of the corporate finance growth area was evidence of the good performance in **Corporate Customer business**. Despite changes in demand and lower investment requirements in the Corporate Customer business, LBBW continued to strengthen its own market position here. On the Schuldschein market, the Corporate Finance department once again defended its market leadership and expanded its market share. LBBW's good market position also reflects transaction figures in the syndicated loan market: Bloomberg put LBBW in third place in the league tables for bookrunners and fourth place for mandated lead arrangers in the 2023 financial year, as measured by transaction volume in Germany. In the mid-cap market, the most recent publication by investment bank Houlihan Lokey at the end of November 2023 named LBBW the number one senior bank in the LBO market in Germany, demonstrating its expertise in SME business. Consulting business was also stepped up. As well as assisting own customers, the M&A team also advised on a sale of an LBBW subsidiary. LBBW also played a leading role in the TransnetBW deal of the EnBW subsidiary.

Once again, excellent performance in Corporate Customer business was acknowledged in the FINANCE bank survey. As in 2021 and 2022, LBBW was again awarded first place in the service for corporate customers category this year.

Sustainability is increasingly reflected in customer products. After implementing ESG-linked factoring at SüdFactoring, SüdLeasing is now also introducing an ESG-linked financing opportunity. The concept of ESG-linked factoring is scalable, flexible and can be used in all sectors and companies. It allows customers to contribute to creating a sustainable future as well as receiving a monetary bonus thanks to increased sustainability performance.

The **Real Estate/Project Finance** segment was again dominated by the integration of Berlin Hyp. The difficult environment on the real estate market also had an increasing impact. Sharp increases in interest rates and the costs of raw materials and construction and the high inflation rate weighed heavily on transaction activity for real estate projects, although LBBW nonetheless realized/initiated some transactions. Despite the still-challenging conditions on the real estate market, LBBW held its ground in the Commercial Real Estate Financing business area and generated a new business volume, including long-term renewals, of EUR 12.8 billion. With sustainable financing accounting for almost 40% of new business, LBBW is continuing to support the transformation. LBBW is well established in the sustainable financing segment with an extensive portfolio and so plays a key role in the transformation of the real estate industry required. Project finance business also enjoyed good growth. By financing projects in areas including renewable energies and digital infrastructure, LBBW is helping bring about a sustainable and digital economic transformation.

For example, LBBW supported Südwest Konsortium's stake in the transmission system operator TransnetBW, managed by SparkassenVersicherung (SV), which was agreed in 2023. In addition to its role as an M&A advisor, LBBW also helped design the investment vehicle in which the investors bundle their shares. Last but not least, thanks to its structuring expertise in the infrastructure sector LBBW also plays a key role in financing the investment for Südwest Konsortium and is itself a lender. By participating in the transaction, LBBW is helping better illustrate the capital requirements for the expansion of the high-voltage grid as a way of providing a carbon-neutral power supply in the future. LBBW was also the first bank in Germany to issue a climate fixed-income bond for private investors (in accordance with the EU Taxonomy).

Capital Markets Business benefited primarily from good structured notes business, where demand remained high. LBBW’s role as a structured note provider was once again acknowledged through various German structured note prizes.

Nonetheless, volatile markets ensured stable demand for hedging products, especially for interest rates and currencies.

LBBW Asset Management made further progress in expanding its sustainable product portfolio. For example, 10 LBBW AM funds were awarded the Sustainable Investment Forum (FNG) label during the year.

After years of low interest rates and excess liquidity, the **Private Customers/Savings Banks** segment picked up. It stood to benefit considerably from high interest rates, which pushed up demand in particular for overnight, forward and savings products. In connection with this, deposit volumes rose slightly compared to the previous year, underscoring customers’ trust in their house bank. The broad, attractive product range for all customer groups was constantly adjusted to meet market conditions, bolstering customer demand. Now that interest rates have stabilized and interest has been gradually passed on to customers, however, deposit income have now peaked. Customer behavior is also reflected in the slight decline in commission income, although the securities investment volume continued to rise.

The successful completion of the “BW ON” digital asset management project marked a milestone in the private customer business digitalization strategy. BW-Bank’s asset management was also awarded the “Outstanding Asset Management” title by Focus Money in recognition of its high levels of professionalism and competitive position.

Key performance indicators

The **key financial performance indicators** confirm LBBW's successful business performance and growth in 2023.

The **cost/income ratio (CIR)**[1] came to 59.6% and improved by 6 percentage points against the previous year's ratio of 65.6%, thanks primarily to income (excluding non-recurring income from the badwill in connection with the acquisition of Berlin Hyp); including the badwill effect, the ratio in the previous year was 50.7%.

Return on equity (RoE)[2] was also up on the previous year at 9.1% (previous year: 6.2%) in view of the improved earnings (excluding non-recurring income from the badwill); including the non-operating badwill effect, the ratio in the previous year was 13.4%.

Driven by earnings performance, both the CIR and RoE were therefore higher than expected for the 2023 financial year.

The LBBW Group's **common equity Tier 1 capital ratio** as at the end of the reporting period remained considerably higher than the regulatory capital requirements (CRR II/CRD V "fully loaded"). At 14.6%, the figure was far higher than at the end of the previous year (14.1%). This reflected both the decline in RWA and the improved capital base. The reduction in RWA in particular was a major reason the ratio was higher than the original target.

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

Other LBBW Group financial indicators developed as follows:

Risk weighted assets (RWA) were down on the previous year in the reporting period at EUR 92.1 billion (previous year: EUR 93.5 billion). This was the result of factors including methodological effects, for example because there were no outliers in the internal risk model. In addition, efficient capital management created scope for additional business and so operating business performance generated growth.

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

1 LBBW calculates its cost/income ratio as the ratio of total administrative expenses, expenses for the bank levy and deposit guarantee system and net income/expenses from restructuring to total net interest income, net fee and commission income, net gains/losses on remeasurement and disposal before allowances for losses and other operating income/expenses.
2 RoE is calculated on the basis of (annualized) consolidated profit/loss before tax and average equity on the balance sheet. This figure is adjusted for the unappropriated profit for the current period.

Results of operations

LBBW boosted its operating consolidated profit before tax by 52.5% to EUR 1,374 million last year, up considerably on the previous year's figure of EUR 901 million.[1]

	01/01/2023 – 31/12/2023	01/01/2022 – 31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	2,826	2,305	521	22.6
Net fee and commission income	589	628	– 39	– 6.2
Net gains/losses on remeasurement and disposal	162	55	107	>100
of which allowances for losses on loans and securities	– 254	– 239	– 15	6.1
Other operating income/expenses	205	1,061	– 856	– 80.7
of which badwill	0	972	– 972	– 100.0
Total operating income/expenses	*3,781*	*4,048*	*– 267*	*– 6.6*
Administrative expenses	– 2,227	– 1,985	– 241	12.2
Expenses for bank levy and deposit guarantee system	– 184	– 188	4	– 2.1
Goodwill impairment	0	0	0	
Net income/expenses from restructuring	4	– 2	6	-
Consolidated profit/loss before tax (excluding badwill)	1,374	901	473	52.5
Consolidated profit/loss before tax	*1,374*	*1,873*	*– 499*	*– 26.6*
Income taxes	– 378	– 363	– 15	4.2
Profit or loss from discontinued operations	0	0	0	
Net consolidated profit/loss (excluding badwill)	996	538	458	85.0
Net consolidated profit/loss	*996*	*1,510*	*– 514*	*– 34.0*

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

Net interest income improved again considerably in the 2023 financial year, picking up by EUR 521 million to EUR 2,826 million. At operating level, this was bolstered primarily by the Corporate Customers and Private Customers/Savings Banks segments with a rise of EUR 284 million. This was driven by good performance in the deposit business and the expansion of the lending business in line with the strategy. In addition, the Real Estate/Project Finance segment particularly benefited from the integration of Berlin Hyp, which was not yet included in the first half of 2022, and the expansion of renewable energy and digital infrastructure business. Net interest income in the segment thus rose by EUR 262 million. On the other hand, non-recurring effects in particular were lower than in the previous year. The bonus from participating in targeted longer-term refinancing operations (TLTRO III) reduced by EUR 68 million to EUR 0 million following the end of the bonus period (previous year: EUR 68 million).

Net fee and commission income fell short of the strong previous year figure at EUR 589 million (previous year: EUR 628 million). Different types of commission performed differently. In particular, revenue-related business in the Private Customers/Savings Banks and Corporate Customers segments declined in 2023 as a result of changes in interest rates and lower market volatility compared to the previous year, the effect of which was primarily seen in lower fee and commission income. Profit in lending business including guarantees declined by around EUR – 20 million to EUR 114 million (previous year: EUR 135 million). This was attributable mainly to expenses in connection with securitization transactions and was not fully offset by higher income, primarily from payment transactions and other commission-based business (including asset management income). Securities and custody business was a key pillar of income, albeit not quite at the same strong level as in the previous year on account of interest rate developments and weaker issuing activities due to market conditions, with the result that fee and commission income declined by EUR 18 million to EUR 232 million (previous year: EUR 250 million).

Net gains/losses on remeasurement and disposal enjoyed a marked EUR 107 million upturn to EUR 162 million and was defined by the effects described below.

Net income accounted for using the equity method increased by EUR 38 million to EUR – 6 million. This improvement was primarily because negative measurement effects on associates in the previous year no longer applied.

Net additions to **allowances for losses on loans and securities** rose slightly in the reporting year to EUR – 254 million (previous year: EUR 239 million). While allowances for losses on loans and securities remained moderate due to underlying defaults (Level 3 impairment), existing model adjustments increased by a further EUR 107 million (net) (previous year: EUR 206 million). This further rise in model adjustments was driven primarily by negative macroeconomic

1 The comparison is based on the previous year figure adjusted for badwill, as this is not operating earnings.

factors in connection with higher energy prices and interest levels, resulting weak consumer demand, the collapse in real estate prices and the economic recession. Companies are also exposed to increased risks as a result of structural issues (e.g. the labor shortage), the transformation to a carbon-neutral economy and investor and consumer uncertainty caused by acute and potential geopolitical conflicts. In view of this, far higher default rates and credit losses are anticipated compared to normal economic situations. LBBW's IFRS 9 standard models, which are calibrated in line with cyclical averages, cannot adequately quantify these effects. For this reason, LBBW determined allowances for losses on loans and securities at the end of 2023 using a multi-scenario approach that adequately represents the many possible economic developments.

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[1]. As at the end of the reporting period 31 December 2023, this was 0.5% (previous year: 0.4%).

Net gains/losses from financial instruments measured at fair value through profit or loss again improved by EUR 59 million to EUR 424 million in the reporting year (previous year: EUR 365 million). Capital market activities were shaped by successful structured notes business. Nonetheless, volatile markets ensured stable demand for hedging products, especially for interest rates and currencies. Despite this, net income was down slightly y-o-y at EUR 378 million (previous year: EUR 437 million), chiefly due to effects of the move from fair value income to net interest income. Earnings contributions from banking book transactions rose by a significant EUR 118 million y-o-y to EUR 46 million (previous year: EUR – 72 million), primarily the result of the measurement of derivatives in connection with the Treasury's interest management and of interest-related measurement effects. Net gains/losses from equity investments and affiliates, which were recognized in the item net gains/losses from financial instruments measured at fair value through profit or loss as an element of banking book activities, increased by EUR 17 million to EUR 27 million as at 31 December 2023 (previous year: EUR 10 million), primarily thanks to improved earnings performance.

Other operating income/expenses declined by a considerable EUR 856 million to EUR 205 million (previous year: EUR 1,061 million). This is due chiefly to the lack of a positive non-recurring effect seen in the previous year. The acquisition of Berlin Hyp resulted in badwill of EUR 972 million in the previous year in connection with the purchase price allocation.
At operating level and excluding this non-recurring effect in the previous year, income rose by EUR 116 million to EUR 205 million (adjusted previous year figure: EUR 89 million). EUR 67 million of this was attributable to effects from the deconsolidation of equity investments. Real estate sales also contributed EUR 11 million to earnings. In addition, earnings from provisions for legal issues improved by EUR 13 million. A weak real estate market resulted in lower net gains/losses from completed real estate projects, causing earnings to fall by EUR 29 million.

Administrative expenses increased year on year by EUR – 241 million to EUR – 2,227 million (previous year: EUR – 1,985 million). The increase in costs was significantly affected by the first-time inclusion of Berlin Hyp for the year as a whole, which was not yet taken into account in the first half of 2022. ***Staff costs*** climbed by EUR – 74 million to EUR – 1,181 million as a result of the integration of the Berlin subsidiary, recruitment and pay rises under collective bargaining agreements. The increase in ***other administrative expenses*** by EUR – 161 million to EUR – 924 million was likewise clearly affected by Berlin Hyp's first-time inclusion in the figures, though investment in growth initiatives and IT was also a factor. LBBW is continuing to invest in a modern work environment, expanding the range of products and services for its customers and constantly refining its IT infrastructure and cyber security to improve resilience.
Depreciation and amortization rose by EUR – 7 million to EUR – 121 million (previous year: EUR – 114 million) as a result of amortization on third-party software and an impairment loss on property, plant and equipment.

Following many years with some significant increases, the **expenses for the bank levy and deposit guarantee** remained constant as against the previous year for the first time at EUR – 184 million. The bank levy was down by EUR 22 million on the previous year at EUR – 112 million as a result of a lower target volume / lower growth in covered deposits in the euro area. Expenses for the deposit guarantee system once again rose by EUR – 18 million y-o-y to EUR – 73 million as a result chiefly of a new weighting of the contribution allocation within the guarantee system.

1 See also Risk report, Risk situation of the LBBW Group, section on portfolio quality.

At EUR 1,374 million, **consolidated profit before tax** was down considerably on the unadjusted previous year's figure of EUR 1,873 million. Adjusted for the previous year's non-recurring effect of the badwill due to acquiring Berlin Hyp, net profit increased significantly from EUR 901 million to EUR 1,374 million.

Income tax expenses increased slightly to EUR – 378 million (previous year: EUR – 363 million). Periodic actual taxes picked up by EUR – 75 million to EUR – 378 million (previous year: EUR – 303 million). By contrast, non-periodic tax expenses declined by EUR 74 million to EUR 1 million (previous year: EUR – 73 million). At EUR – 2 million, deferred tax expenses were unremarkable. In the previous year, these were affected by changes to the impairment assessment of deferred tax assets from loss carryforwards.

All in all, **net consolidated profit after tax** (unadjusted) was down a considerable EUR – 514 million at EUR 996 million (previous year: EUR 1,510 million). Adjusted for the non-recurring effect of the badwill due to acquiring Berlin Hyp in the previous year, net profit increased from EUR 538 million to EUR 996 million.

Results of operations in the segments

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

Consolidated profit before tax in the 2023 financial year was EUR 1,374 million (previous year: EUR 1,873 million, adjusted for badwill, it came to EUR 901 million). The LBBW Group segments' contributions to this were as follows:

	01/01/2023 – 31/12/2023	01/01/2022 – 31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Corporate Customers	678	513	164	32.0
Real Estate/Project Finance	361	328	33	10.1
Capital Markets Business	230	183	47	25.8
Private Customers/Savings Banks	267	104	164	>100
Corporate Items/Reconciliation/Consolidation	– 161	746	– 906	<100
Adjusted for badwill	– 161	– 226	65	– 28.7
Consolidated profit/loss before tax	*1,374*	*1,873*	*– 499*	*– 26.6*
Adjusted for badwill	*1,374*	*901*	*473*	*52.5*

Differences are due to rounding effects.

The **Corporate Customers** segment proved a reliable partner to customers in the challenging market environment and once again increased profit before tax to EUR 678 million, a noticable increase on the previous year (EUR 513 million). This was also reflected in a significant increase in return on equity from 9.8% in the previous year to 13.9%. Overall, the segment enjoyed a perceptible upturn in income thanks to the substantial higher deposit revenue as a result of the rapid, sharp increase in interest rates and good cross-selling income, especially from corporate finance, leasing and international business. The good quality of the portfolio was reflected by still moderate allowances for losses on loans and securities. Expenses were up slightly y-o-y as LBBW continued to invest in growth initiatives designed to meet customer requirements, including in corporate finance and environmental products. Overall, the cost/income ratio (CIR) improved to 47.6% (previous year: 54.0%).

The real estate market environment remained challenging in the second half of 2023. Despite the market turbulence, LBBW maintained its good position. Income in the **Real Estate/Project Finance segment** increased measurable, partly the result of Berlin Hyp. Project finance business also performed well. The underlying allowances for losses on loans and securities are moderate despite market distortion. They also include additional model adjustments to increase the bank's resilience in light of uncertain market developments. Nonetheless, income increased to EUR 361 million (previous year: EUR 328 million). However, the increase in restricted equity resulted in slightly lower return on equity (RoE) of 10.6% (previous year: 12.1%). Expenses were substantial higher than in the previous year, essentially as a result of the inclusion of Berlin Hyp for the year as a whole and further investment in its integration. The bank also invested in the growth area of Project Finance, pushing up the cost/income ratio (CIR) to 45.9% (previous year: 39.8%).

The **Capital Markets Business** segment generated a considerable earnings upturn to EUR 230 million (previous year: EUR 183 million) despite the challenging market environment. This was driven by the further increase in income, especially in structured notes business and credit markets. Following the recognition of allowances for losses on loans and securities for the consequences of the Russia/Ukraine war in the previous year, the normalization of these allowances also had a positive impact. In line with these developments, the return on equity also improved to 10.1% (previous year: 6.8%). At 73.6%, the cost/income ratio (CIR) was on par with the previous year (73.2%) despite higher expenses, in part due to the growth cases of asset management and custodian business.

The profit before tax of the **Private Customers/Savings Banks** segment increased significantly to EUR 267 million (previous year: EUR 104 million). After years of the low interest level, excess liquidity and thus a strained financial performance, income continued to rise in the 2023 financial year. The segment also benefited from high interest rates, with increased demand for overnight, forward and savings products as a result of attractive interest revenue, increased liquidity requirements and greater market volatility. This caused return on equity (RoE) to rise considerably from 9.3% in the previous year to 24.0%, with the cost/income ratio seeing a noticable improvement to 67.4% thanks to income effects (previous year: 80.4%). A slight increase in expenses, in part on account of the focused growth in asset and wealth management, was more than compensated for by the increase in income.

As expected, profit/loss before tax in **Corporate Items/Reconciliation/Consolidation** (EUR – 161 million) saw a substantial decrease in the 2023 financial year compared to the previous year (EUR 746 million). This was essentially due to the previous year effect of the initial consolidation of Berlin Hyp (badwill). Adjusted for badwill, profit/loss improved y-o-y thanks to effects from the deconsolidation of equity investments.

Net assets and financial position

Assets	31/12/2023 EUR million	31/12/2022 EUR million	Change EUR million	Change in %
Cash and cash equivalents	12,026	10,569	1,457	13.8
Financial assets measured at amortized cost	238,565	228,969	9,596	4.2
Financial assets measured at fair value through other comprehensive income	37,015	36,668	347	0.9
Financial assets designated at fair value	856	1,779	– 923	– 51.9
Financial assets mandatorily measured at fair value through profit or loss	36,317	39,379	– 3,062	– 7.8
Shares in investments accounted for using the equity method	203	226	– 23	– 10.1
Portfolio hedge adjustment attributable to assets	– 237	– 549	312	– 56.8
Non-current assets held for sale and disposal groups	2	1	1	>100
Intangible assets	211	209	2	0.7
Investment property	781	791	– 10	– 1.3
Property and equipment	836	813	22	2.7
Income tax assets	1,086	1,038	48	4.6
Other assets	5,646	4,281	1,365	31.9
Total assets	*333,305*	*324,174*	*9,132*	*2.8*

Equity and liabilities	31/12/2023 EUR million	31/12/2022 EUR million	Change EUR million	Change in %
Financial liabilities measured at amortized cost	287,371	273,657	13,714	5.0
Financial liabilities designated at fair value	3,229	3,584	– 355	– 9.9
Financial liabilities mandatorily measured at fair value through profit or loss	23,758	29,825	– 6,067	– 20.3
Portfolio hedge adjustment attributable to liabilities	– 1,892	– 3,164	1,272	– 40.2
Provisions	1,881	1,825	56	3.1
Liabilities from disposal groups	0	0	0	
Income tax liabilities	118	212	– 94	– 44.2
Other liabilities	2,773	2,794	– 20	– 0.7
Equity	16,067	15,442	625	4.1
Total equity and liabilities	*333,305*	*324,174*	*9,132*	*2.8*
Guarantee and surety obligations	9,902	9,549	353	3.7
Irrevocable loan commitments	36,409	41,416	– 5,007	– 12.1
Business volume	*379,616*	*375,138*	*4,477*	*1.2*

Increase in total consolidated assets

Total assets rose by EUR 9.1 billion to EUR 333.3 billion as at 31 December 2023 in line with the strategic focus on growth and relevance. Despite changes in demand and lower investment requirements in the Corporate Customer business, LBBW strengthened its market position and further stepped up lending. To promote and implement the transition to renewable energies as a reliable partner to customers, it continued to target growth in project financing and so lending was also increased further. High levels of new lending business resulted in correspondingly high funding requirements in 2023.

The **business volume** (consolidated total assets including the off-balance-sheet surety and guarantee agreements and irrevocable loan commitments) saw slightly weaker growth of EUR 4.5 billion to EUR 379.6 billion.

Lending

Cash and cash equivalents amounted to EUR 12.0 billion as at 31 December 2023, an increase of EUR 1.5 billion on the figure for the previous year (EUR 10.6 billion). This was attributable almost exclusively to an increase in central bank balances.

Financial assets measured at amortized cost increased by EUR 9.6 billion to EUR 238.6 billion, essentially as a result of loans and advances to customers.

Loans and advances to banks remained virtually unchanged on the previous year, with a shift of EUR 1.0 billion to EUR 82.2 billion. A EUR -7.2 billion reduction in deposits at central banks to EUR 27.6 billion was offset by a EUR 4.5 billion increase in public-sector loans to EUR 39.7 billion and a EUR 3.3 billion rise in securities repurchase agreements to EUR 10.2 billion.

The strategic focus on growth and relevance had an impact on loans and advances to customers. LBBW strengthened its position as a partner advising and supporting its customers through their transformation processes and also demonstrated its solid project finance business by financing projects in areas including renewable energies and digital infrastructure. Volumes also increased in Corporate Customer business, especially for large corporates. There was also high demand for lease and factoring products. Overall, loans and advances to customers picked up by EUR 6.3 billion to EUR 152.9 billion. Mortgage loans rose by EUR 2.1 billion to EUR 68.5 billion, other loans and other receivables by EUR 1.9 billion to EUR 35.1 billion and receivables from finance leases by EUR 0.6 billion to EUR 6.3 billion.

Debentures and other fixed-income securities also enjoyed a steady increase throughout the year. Investments in securities from mainly European issuers resulted in a EUR 2.3 billion increase in this item from EUR 1.1 billion to EUR 3.4 billion.

Financial assets measured at fair value through other comprehensive income rose by EUR 0.3 billion to EUR 37.0 billion. The development of the securities portfolio to manage liquidity portfolios led to an increase in bonds and debentures of EUR 0.8 billion to EUR 33.4 billion. By contrast, loans and advances declined by EUR 0.6 billion to EUR 2.5 billion.

Financial assets designated at fair value moved down by EUR 0.9 billion from EUR 1.8 billion to EUR 0.9 billion. This was essentially a result of Schuldschein maturities.

Financial assets mandatorily measured at fair value through profit or loss declined by EUR 3.1 billion to EUR 36.3 billion. Positive fair values from derivatives declined by EUR – 3.6 billion to EUR 16.0 billion as a result of interest-related measurement effects. Debentures and other fixed-income securities saw a decrease of EUR – 1.7 billion to EUR 4.8 billion. By contrast, trading asset receivables increased by EUR 1.2 billion to EUR 12.6 billion.

The **portfolio hedge adjustment attributable to assets** changed by EUR 0.3 billion to EUR – 0.2 billion.

Other assets temporarily increased by 1.4 billion to EUR 5.6 billion. This was due to sales of securities that had not yet been settled (cash received). As a result, the debentures due from the financial assets measured at fair value through profit or loss item were reclassified to other assets.

Funding

The increase in total equity and liabilities essentially related to **financial liabilities measured at amortized cost**. This item rose by EUR 13.7 billion year-on-year to EUR 287.4 billion.

Deposits from banks decreased by EUR 10.9 billion to EUR 73.1 billion. This change resulted primarily from the repayment of deposits from the ECB in connection with participation in the tender program (TLTRO III), which triggered a EUR – 11.8 billion decline in liabilities to central banks to EUR 10.2 billion.

At EUR 127.4 billion, the item **deposits from customers** was up EUR 11.6 billion as against the figure for 31 December 2022. Here, there was a significant increase in overnight and term deposits, which grew by EUR 15.3 billion to EUR 54.1 billion. This was the result primarily of investments by authorities and German federal states that used LBBW investment opportunities. In stiff competition with other banks, LBBW increased its product range. Current account liabilities decreased by EUR 7.7 billion to EUR 52.2 billion.

The volume of **securitized liabilities** rose by EUR 13.6 billion to EUR 82.3 billion in the reporting period. There was high demand for LBBW's capital market issues in 2023, which was reflected primarily in the increase in volume of short-term and medium-term securities (including structured notes) in Other debentures, which rose by EUR 8.3 billion to EUR 33.0 billion. The rise in mortgage-backed covered bonds from EUR 21.3 billion to EUR 24.0 billion essentially owed to the issuing of green and social and covered bonds and a benchmark covered bond at the start of the year, which was partly offset by maturities. Several public-sector covered bonds were issued as part of the general funding strategy and were responsible for the EUR 2.2 billion increase in this item to EUR 7.2 billion.

Subordinated capital was down by EUR 0.6 billion as against the previous year at EUR 4.6 billion, primarily as a result of scheduled maturities.

Financial liabilities designated at fair value moved down by EUR 0.4 billion to EUR 3.2 billion. This was attributable to maturities, most of which were planned. These were offset by lower fair values as a result of higher interest rates and new issues.

Financial liabilities mandatorily measured at fair value through profit or loss declined by EUR 6.1 billion to EUR 23.8 billion. This essentially reflected the decrease in negative fair values from derivatives, where – as under assets – interest rate effects affected the measurement, resulting in a EUR 7.4 billion decline to EUR 13.7 billion. By contrast, securitized liabilities increased by EUR 0.9 billion to EUR 6.9 billion.

The **portfolio hedge adjustment attributable to liabilities** increased by EUR 1.3 billion to EUR – 1.9 billion, somewhat more than its corresponding assets item. On both sides, the rise was the result of interest rate developments in recent years. Higher-interest new business rose under equity and liabilities while remaining almost constant on the asset side.

Provisions were stable at the previous year's level, changing by EUR 0.1 billion to EUR 1.9 billion.

Equity

LBBW's **equity** amounted to EUR 16.1 billion as at 31 December 2023, up EUR 0.6 billion on the previous year's EUR 15.4 billion. In particular, the consolidated net profit for the year of EUR 1.2 billion allowed equity to rise and was offset by a distribution to shareholders of EUR – 0.2 billion.

Financial position

The funding strategy at LBBW is proposed by the Asset Liability Committee (ALCo) and determined by management. Here, the Group focuses on ensuring a balanced overall structure in terms of the groups of products and investors used. 2023 was defined by persistently high inflation and by a central bank policy that strove to reduce it again through its interest rate and money supply 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 was met during the entire reporting period at the times of calculation and came to 150.5% as at 31 December. **The net stable funding ratio (NSFR)** requirements applicable since June 2021 were also met at all times and were exceeded at 109.7% as at 31 December 2023.

Risk report

Risk-oriented integrated bank management

Risks are managed under LBBW's strategy, LBBW legislation and LBBW's articles of association. Risks and the associated opportunities for income and growth potential are taken within the scope of a defined risk appetite, in a deliberate and controlled manner. Particular focus is given to capital and liquidity management.

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

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

Material risk types

An annual Group risk inventory is used to identify, manage and monitor all of LBBW's material risk types. Detailed analysis of environmental, social and governance risk drivers was carried out in 2023 as part of the Group risk inventory. The particularly key interdisciplinary risk environmental risk covers climate and environmental risks, which can have transitory or physical effects.

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

The following material risk types were identified:

Financial risk
- Counterparty default risks
- Market price risks
- Liquidity risks
- Real estate risks
- Development risks
- Investment risks

Non-financial risk
- Operational risks in the narrower sense
- Legal risks
- ICT risks (information and communication technology)
- Compliance risks
- Outsourcing risks
- Reputation risks
- Investment risks
- Model risks
- Tax compliance risks

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

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

Material interdisciplinary risks are:

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

LBBW develops its methods and procedures for managing financial and non-financial risks and ESG risks on an ongoing basis.

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

Risk strategy and risk tolerance

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

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

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

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

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

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

The sustainability policy of the LBBW Group must be observed. It is the LBBW Group’s intention to act in the best and long-term interest of its customers and stakeholders. Sustainability aspects are included in the existing risk guidelines to meet internal sustainability targets and account for the resulting risks. Quantitative targets were also set in 2023.

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

Risk capital and liquidity management

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

Capital adequacy that is suitable in the long term

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

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

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

Economic considerations complement regulatory considerations

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

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

At LBBW, aggregate risk cover (corresponds to risk coverage potential as per MaRisk) denotes the equity restricted according to economic criteria which is available to cover unexpected losses. In addition to equity as per IFRS including valuation reserves, the realized income statement gains/losses in accordance with IFRS are considered components of aggregate risk cover. Conservative deductible items are also included due to regulatory requirements.

Economic capital is calculated as a uniform risk measure at the highest level. This is deemed to constitute the amount of capital necessary to cover the risk exposure resulting from LBBW's business activities. In contrast to the equity stipulated by regulatory bodies, it is quantified as value at risk (VaR) at a confidence level of 99.9% and a one-year holding period for credit, market price, real estate, development, investment, operational[1], business and reputation risks.

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

By contrast, the liquidity risks (within the meaning of the risk of not meeting payment obligations) are managed and limited in accordance with the quantitative and procedural rules defined in the liquidity risk tolerance for regulatory and economic considerations. Further information can be found in the section on liquidity risks. The model risks are managed entirely via the model risk management process and the corresponding tools described in the relevant section.

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

1 In accordance with „Key variables: Operational Risk“ (economic capital operational risks) in the Non-financial risks – operational risks section

Stress tests and scenario analyses

In addition to risk measurement tools and statistical indicators based on historical data, various stress scenarios play an important part in risk assessment. They analyze in advance the impact of potential heavier economic downturns in future and market crises in order to establish whether LBBW is able to withstand extreme situations.

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

As well as expected developments, medium-term planning also accounts for adverse developments in the form of scenarios. The design of the scenarios and their parameters are based on assumptions about macroeconomic conditions and the scenarios cover a five-year period. They also take account of the interdependency between the development of the real economy and the financial economy. This aims to assess medium-term planning under adverse market conditions and to demonstrate a clear relationship between risk tolerance, business strategy and the capital and liquidity plan.

The scenarios are arranged in such a way that they take into account the impact on the economic and regulatory capital and liquidity situation. The definition of the scenarios focuses in particular on LBBW’s risk concentrations. These complex macroeconomic scenarios addressing multiple risk types are also complemented by simple sensitivity analyses.

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

Risk management processes, organization and reporting

Risk management and monitoring

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

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

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

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

Risk management structure

Annual General Meeting
Supervisory Board
Committees

Group's Board of Managing Directors
Business strategy, Group risk strategy

Risk Committee, Asset Liability Committee, Regulatory / Accounting Committee

Authority based on decision-making hierarchy for loans and trading, articles of association and internal regulations of the executive bodies and the Group's Board of Managing Directors

Financial risk		**Non-financial risk**
Credit risk strategy	**Market price risk, Liquidity risk, Investment risk, Real estate risk and Development risk strategy**	**Risk strategy Non-financial risk**
Counterparty default risks / Country risks • Front office departments • Back office departments – Credit and risk management – Central loan processing • Country Limit Committee • Joint decision-making authority on lending (front office / back office) • Risk Control • Credit Committee	**Market price risks** **Liquidity risks** • Treasury • Financial Institutions & Markets • Risk Control **Investment risks** Group investments **Real estate risks** • LBBW Immobilien Group • LBBW Corporate Real Estate Management GmbH **Development risks** • LBBW Immobilien Management GmbH	• Operational risks in the narrower sense • Compliance risks • Outsourcing risks • Information and communication technology (ICT) risks • Model risks • Personnel risks • Legal risks • Tax compliance risks • Business risks • Reputational risks

Interdisciplinary risks (incl. ESG risks)

Committees and reporting

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

The monitoring body, the Risk Committee, comprises the board members with responsibility for real estate and project finance, capital markets business and asset management / international business, risk management and compliance as finance and operations, as well as divisional managers from Risk Control, Group Compliance, Finance Controlling, Treasury and Back Office and key Front Office areas. As an advisory committee, it prepares decisions for the Board of Managing Directors and supports it in risk monitoring, risk methodology and risk strategy for the Group as a whole. The monthly overall risk report and other reports prepared on specific issues as required form the basis for this. Covering all risk types, the overall risk report describes the risk situation in the operational units, facilitating a structured discussion between front office and monitoring units in the Risk Committee. Berlin Hyp was transparently included in reporting in the financial year.

The managing body, ALCo, also has an advisory role and works on preparing decisions for the Group's Board of Managing Directors. The focus of the ALCo is on strategic resource management for the Group as a whole. It supports the Board of Managing Directors, among other things, in structuring the balance sheet, managing capital and liquidity as well as in funding and managing market price risks. The committee comprises the board members with responsibility for capital markets business and asset management/international business, risk management and compliance as finance and operations, as well as the divisional managers from Risk Control, Financial Controlling and Treasury.

The Regulatory/Accounting Committee evaluates at an early stage the requirements of the large number of provisions of banking supervisory law and accounting that are relevant for management purposes and takes the measures required. The committee comprises the heads of the Legal, Risk Control, Group Compliance, Finance, Group Auditing, Central Divisions Private Customers/Savings Banks, COO Risk Management, COO Capital Markets, IT Governance divisions and of the Strategy and Equity Investment department.

Processes of adjustment

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

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

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

Process-independent monitoring

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

The auditing activities of the Group Auditing division are generally based on an audit schedule, approved annually by the Board of Managing Directors, on the basis of a long-term, risk-oriented plan, which records all the activities and processes of the LBBW Group, allowing for risk weighting in a reasonable period, but always within three years.

Regulatory developments

European Central Bank (ECB) supervisory work

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

The ECB's supervisory work as part of the SREP (Supervisory Review and Evaluation Process) is still considerable. The particular focus of supervisory work has shifted from the impact of the Russia/Ukraine war and the resulting energy crisis to ESG, with a focus on managing climate and environmental risks, and the development of the commercial real estate portfolio. The latter gained additional significance following the Berlin Hyp acquisition.

The results of the ECB climate stress test were included in the 2023 SREP.

In addition, the ECB also set medium-term priorities based on the key vulnerabilities it identified and assigned these strategic objectives and potential regulatory measures. The aim of the banking supervision authority remains to address structural weakness via effective digitalization strategies and enhanced governance.

Basel IV and development of CRR/CRD in Europe

In December 2017, the Basel Committee on Banking Supervision (BCBS) passed the last package of reforms (for now) to complete the Basel III framework as a reaction to the financial crisis (“Basel IV”). Initial elements from Basel IV (including counterparty risks from derivatives (SA-CCR), new large exposure rules, reporting requirements for market risks in accordance with the FRTB) have already been transposed into European law as part of the CRR II/CRD V and most have applied since 2021. The further revision of European capital adequacy provisions (CRR III/CRD VI) to implement outstanding Basel IV issues was significantly delayed, not least because of the Covid-19 pandemic. Following lengthy negotiations, the final CRR III and CRD VI were approved by the Committee of Permanent Representatives of member states in December 2023. After being approved by the European Council and Parliament these are expected to be published in the Official Journal of the European Union in the first half of 2024. The new regulations will take effect on 1 January 2025. CRR III introduces material changes to the revision of CRSA/IRBA in connection with the introduction of an output floor. The output floor is to be phased in by 2030 in accordance with the Basel specifications. In addition, some additional and longer transition periods have been included for selected regulations at European level compared to Basel IV.

The anticipated RWA effects at LBBW are regularly quantified and taken into account in capital planning. In addition, the effects of regulatory developments are discussed on an ongoing basis, for example by association bodies, the Regulatory/Accounting Committee and, where relevant, at business dialogues, in order to identify potential strategic courses of action for the bank.

Outlook

The ECB stress test will form a key part of supervisory activities in 2024, with the results of this test to be included in the 2024 SREP. For the first time, two stress tests will be conducted simultaneously. The qualitative part focuses on cyber security, while the quantitative section again addresses ESG issues. The aim of the EU-wide stress test is to increase banks’ awareness of ever-greater risks in connection with cyber attacks and to implement the EU climate targets (“fit for 55”). The results of the stress test will be published on the ECB website at the end of July 2024.

The ECB also established medium-term priorities that are reflected in its supervisory work. These also include climate and environmental risks, cyber risks, credit risks, interest rate and refinancing risks and developments in the context of the digital transformation. Another focus area is portfolio resilience, including in the commercial real estate sector. The future design of the regulatory framework will depend to a large extent on further macroeconomic and geopolitical developments and the impact these have on the banking sector.

LBBW Group – Risk situation

LBBW Group – Risk-bearing capacity

	31/12/2023		31/12/2022	
EUR million	Absolute[1]	Utilization	Absolute[1]	Utilization
Aggregate risk cover	13,700	47%	13,335	44%
Economic capital limit[2]	11,050	59%	10,700	54%
Correlated total economic capital	6,475		5,830	
of which:	0		0	
Counterparty risk	3,848		3,604	
Market price risk	1,928		1,665	
Investment risk	22		30	
Operational risk[3]	803		690	
Development risk	132		98	
Real estate risk	150		135	
Other risks[4]	409		279	
Inter-risk correlations	– 817		– 672	

1 Confidence level 99.9%/1 year.
2 The individual risk types are capped by economic capital limits.
3 In accordance with "Key variables: Operational risk" in the Non-financial risks – operational risks section
4 Other risks (business and reputation risks).

Aggregate risk cover increased by a further EUR 0.4 billion compared to year-end 2022 to EUR 13.7 billion. The negative impact of market developments was overcompensated by the improved earnings.

The economic capital requirement has increased by EUR 0.6 billion in total since the end of 2022. The increase in the counterparty risk is partly due to the portfolio and partly because the rating is no longer inherited due to implementing the EBA Guidelines. The main reason for the higher market price risks is the implementation of the EBA Guidelines on credit spread risk in the banking book. Changes to methodology increased operational, business and reputation risk. Lower interest rates also increased risks for the present value of individual risk types.

To sum up, it can be stated that the risk-bearing capacity of the LBBW Group was maintained at the reporting dates during the 2023 financial year as a whole. The stress resistance required in the sense of permanent viability was also guaranteed at all times. The economic capital limit was maintained at the reporting dates at Group level.

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.

Other potential effects of the geopolitical conflicts, supply chain bottlenecks, inflation and interest rate developments on LBBW's economic and regulatory key performance indicators are regularly analyzed and investigated in stress scenarios. However, the pace of developments means that only very limited exact forecasts can be made.

Risk types[1]

Counterparty risk

Definition

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

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

Credit risk

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

Issuer risk

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

Counterparty credit risk

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

Country risk

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

Collateral risk

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

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

Counterparty risk management

Berlin Hyp has been integrated into all material aspects of counterparty risk management at LBBW since 1 July 2022. Where Berlin Hyp is taken into account in Group management on the basis of a process or method that differs significantly to that of LBBW, this is indicated accordingly.

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

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

Risk measurement

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

Risk classification procedures

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

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

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

Evaluating collateral

Collateral is evaluated on the basis of its market value, which is reviewed regularly and on an ad hoc basis and adjusted in the event of any change in the relevant factors. Loss given default (LGD) is estimated on the basis of the valuation of the individual items of collateral. In this respect, differentiated estimates are calculated for liquidation rates (average proceeds expected from the liquidation of collateral) and for recovery rates (proportion of the proceeds from the unsecured portion of a receivable). The estimates are based on empirical values and pool data recorded by the Bank itself and in cooperation with savings banks and other Landesbanken.

Exposure at default

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

Expected losses, value adjustments and credit valuation adjustment

The expected loss (EL) – as an indicator that depends on customer creditworthiness, an estimation of the loss at default and the expected exposure at default – provides the basis for the level of the standard risk costs. In preliminary costing at the individual transaction level, these are included in the calculation of risk-adequate loan terms. In addition, the concept of expected loss is key to calculating allowances for losses on loans and securities as per IFRS 9 (see Note 29 (“allowances for losses on loans and securities”)).

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

Credit value-at-risk

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

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

Risk concentrations

Risk concentration is measured using the CVaR / the exposure, among other methods, and is limited using the LBBW Group’s free aggregate risk cover / free CET 1 capital. Risk Control proposes concentration risk thresholds and the concentration limit for individual borrowers as well as at sector level; these are set by the Board of Managing Directors. The thresholds and limits are reviewed regularly and adjusted if necessary, depending on the development of the loan portfolio and the risk-bearing capacity.

Stress tests

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

Risk monitoring and reporting

Individual transaction level

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

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

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

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

Portfolio level

Counterparty risk is monitored as part of the second line of defense at the portfolio level in the Group Risk Controlling division, which, from an organizational point of view, is separate from the front office and risk management divisions. The utilization of the economic capital limit and the exposure and CVaR limits set for sector risks is documented each month in the overall risk report. High limit utilizations are shown at an early stage using a traffic light system. Compliance with country limits is monitored on a daily basis using the Bank's global limit system. At present, Berlin Hyp is incorporated into the process for monitoring country limits on a monthly basis and, where required, on an ad hoc basis. At bank level, country limit utilization by Berlin Hyp is also monitored on a daily basis.

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

The most important periodic reports are as follows:

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

Risk management

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

Individual transaction level

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

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

Sub-portfolio level

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

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

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

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

Total portfolio level

In the management of the Group's credit portfolio, the limit in particular for the economic capital for counterparty risks based on the CVaR is allocated to the sectors. As well as risk parameters (in particular avoiding concentration risks), appropriate consideration is also given to LBBW's strategic targets for developing the lending portfolio. Suitable measures are taken in the event of high limit utilization. In addition, the results of the stress tests provide indications of potentially critical or even dangerous risk situations that require suitable countermeasures / risk management measures to be taken.

Risk situation of the LBBW Group

Preliminary note

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

The primary parameter in the following comments is gross/net exposure. In this context, gross exposure is defined as the fair value or utilization plus outstanding external loan commitments. Net exposure also takes risk-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 31 (“Counterparty risk”) contains additional detailed overviews broken down by rating classes, sectors and regions in accordance with IFRS 7.

Development of exposure

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

Default risk and effect of risk-mitigating measures

EUR million	31/12/2023	31/12/2022
Gross exposure	505,836	534,207
Netting/collateral	140,837	172,707
Credit derivatives (protection buy)	7,168	7,956
Classic credit collateral	74,848	73,203
Net exposure	*282,984*	*280,340*

Figures may be subject to rounding differences.

Gross exposure amounted to EUR 506 billion as at 31 December 2023, down EUR 28 billion on the end of 2022. Lower fair values for interest rate derivatives resulted in lower collateral for netting and collateral agreements. Net exposure rose by around EUR 3 billion or 1% to EUR 283 billion, mainly driven by the main Corporates and Financials sectors.

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

Portfolio quality

Rating cluster (internal rating class)

Net exposure	EUR million 31/12/2023	in % 31/12/2023	EUR million 31/12/2022	in % 31/12/2022
1(AAAA)	59,426	21.0	63,687	22.7
1(AAA) – 1(A–)	136,474	48.2	125,377	44.7
2–5	62,584	22.1	66,751	23.8
6–8	13,823	4.9	16,069	5.7
9–10	4,099	1.4	3,007	1.1
11–15	2,523	0.9	1,937	0.7
16–18 (default)[1]	1,370	0.5	1,105	0.4
Other[2]	2,684	0.9	2,407	0.9
Total	*282,984*	*100.0*	*280,340*	*100.0*

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

The share of investment grade (ratings 1(AAAA) to 5, 91.3% (previous year: 91.3%)) and non-investment grade (ratings 6 to 15, 7.2% (previous year: 7.5%)) was largely stable. The top rating class 1 (AAAA) mainly includes the German public sector and central banks. The net exposure on default increased slightly and accounts for 0.5% of the entire portfolio.

The economic environment and how this will develop moving forwards remain uncertain in view of the war in Ukraine and the conflict in the Middle East, the weak economic performance expected, still higher-than-average inflation, interest rate changes 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 31/12/2023	CVaR 31/12/2023	Net exposure on default 31/12/2023	Net exposure 31/12/2022	CVaR 31/12/2022	Net exposure on default 31/12/2022
Financials	*140,303*	*856*	*23*	*138,598*	*743*	*53*
Corporates	*100,213*	*1,860*	*798*	*97,764*	*1,585*	*889*
Automotive	10,591	313	293	10,658	304	441
Construction	9,988	248	55	9,376	181	55
Chemicals and commodities	7,853	137	37	7,993	145	13
of which chemicals	3,703	65	23	3,825	63	0
of which commodities	4,151	72	14	4,168	82	13
Retail and consumer goods	15,168	234	162	14,213	188	131
of which consumer goods[1]	10,654	130	27	10,106	103	13
of which durables	4,515	104	135	4,107	85	118
Industry	11,133	215	105	11,156	171	131
Pharmaceuticals and healthcare[1]	5,502	83	31	5,101	70	34
TM and electronics / IT[1]	11,080	233	38	11,522	174	14
Transport and logistics	7,164	119	6	6,911	114	7
Utilities and energy[1]	13,027	193	56	12,747	178	49
of which utilities[2]	8,205	103	51	8,352	106	44
of which renewable energies	4,822	90	5	4,395	71	5
Other	8,706	84	15	8,086	60	14
Real estate	*19,699*	*719*	*529*	*19,591*	*822*	*147*
Commercial real estate (CRE)	13,443	547	527	12,856	667	145
Housing	6,256	172	2	6,735	156	2
Public sector	*17,412*	*111*	*0*	*17,909*	*124*	*0*
Private individuals	*5,358*	*111*	*20*	*6,478*	*117*	*16*
Total	*282,984*	*3,658*	*1,370*	*280,340*	*3,392*	*1,105*

Figures may be subject to rounding differences.
1 Growth sectors.
2 From 2023 onwards, disposal companies are no longer included in the Utilities and energy sector.

Financials represent the largest of the five main sectors with net exposure of about EUR 140 billion as at 31 December 2023. The increase of around EUR 2 billion as against the end of 2022 is a result in particular of the increased exposure to savings banks. This is offset by declines at central banks.

In the corporates portfolio, in addition to the construction and durables industries, the growth sectors of consumer goods, renewable energy and pharmaceuticals & healthcare in particular contributed EUR 2 billion to net exposure, bringing the total to EUR 100 billion in the 2023 financial year. As in the previous year, LBBW's growth sectors accounted for 40% of the corporates portfolio.

At around EUR 20 billion, the net exposure in real estate is more or less in line with the previous year.

Public-sector net exposure decreased slightly by around EUR 17 billion as against the end of 2022.

Net exposure for the portfolio of private individuals declined by EUR 1 billion to around EUR 5 billion and has a particularly high level of granularity.

Most customers have exposures with a net exposure of up to EUR 10 million. Other exposures also include a few with a net exposure in excess of EUR 500 million. As at 31 December 2023, the portfolio also had five large exposures (individual exposures with a net exposure of over EUR 2 billion). These are three very good credit ratings in rating class 1(AAAA), one rated 1(A-) and one rated 2.

Regions

Geographic breakdown

Net exposure in %	Share 31/12/2023	Share 31/12/2022
Germany	67.3	68.5
Western Europe (excluding Germany)	19.1	17.8
North America	7.7	7.9
Asia/Pacific	3.5	3.6
Other[1]	2.4	2.2
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 31 December 2023 was 67.3%. The basic distribution by region was largely constant. 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

Definition

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

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

Equity risk

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

Interest rate risk

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

FX/commodity risk

The FX risk relates to the development of exchange rates. The commodity risk relates to changes in the price of precious metals and commodities. It also includes price change risks from environmental products (gas, electricity, EU Allowances).

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

Integration of Berlin Hyp in the market price risk

Berlin Hyp has been integrated into all material aspects of market price risk management at the LBBW Group since 1 July 2022. Berlin Hyp operates as an independent subsidiary. The Berlin Hyp risk is integrated into the calculation of economic capital and the IRRBB stress test calculations. Berlin Hyp calculates its market price risk using its own risk model and has its own value-at-risk limits. For the Group point of view in economic capital market price risk, an institute value of Berlin Hyp, adjusted to the Group model, is added to the economic capital of the remaining LBBW Group portfolio to give a Group amount. Berlin Hyp is also included in daily reporting.

The following information relates to the leading systems, processes and methods applied at LBBW before the integration of Berlin Hyp as at 1 July 2022. Where Berlin Hyp is taken into account in Group management on the basis of a process or method that differs significantly to that of LBBW, this is indicated accordingly.

Risk measurement

Risk model

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

Market price risk for the LBBW Group excluding Berlin Hyp, is measured using a model developed in-house based on a classic Monte Carlo simulation. Here market-induced movements in the value, even of complex transactions, are also taken into account mostly with full revaluation. Market data time series for the last 250 trading days are weighted equally in the estimation of the covariance matrix.

Berlin Hyp calculates its market price risk using its own risk model and has its own VaR limits that are set by LBBW at bank level. Berlin Hyp's market price risk is calculated based on the historical simulation approach using an unweighted ten-year period.

Regulatory bodies have accepted the use of the LBBW Group's risk model excluding Berlin Hyp for general interest rate and general equity risks in the trading book as an internal model to determine the regulatory capital requirements for market risks of the trading book[1]. Berlin Hyp is a non-trading book institution.

At the LBBW Group, excluding Berlin Hyp, credit spread risks of securities and Schuldscheine are measured on the basis of rating and sector-dependent credit spread curves and CDS spreads to reflect issuer-specific risks. In addition, separate discount curves for government bonds and bonds issued by German federal states are used. Berlin Hyp measures the credit spread risk using an intensity model. The category intensities are calibrated based on rating and industry-dependent par returns. The discount curve is the same for all bonds.

The LBBW Group's model, excluding Berlin Hyp, is also used to calculate economic capital as part of the risk-bearing capacity assessment. For this, the VaR in a significant stress period is scaled to a cross-risk-type parameter set with regard to confidence level and holding period. The economic capital calculated by Berlin Hyp using its own, comparable model is added to the value for the LBBW Group excluding Berlin Hyp.

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

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

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

Stress testing

The calculations of VaR and sensitivities at the LBBW Group excluding Berlin Hyp, are completed with separate stress scenarios for the trading and the banking book on a weekly basis. Stress testing is used to examine how the value of a portfolio changes under extreme market conditions. LBBW uses both self-defined synthetic as well as historical market movements with the aim of modelling particular price movements and spread changes. The scenarios serve the purpose of modeling extreme events on the financial markets that are not included in the VaR in a dedicted form. The results are reported to the respective decision-makers weekly on a portfolio basis and with regard to their impact on the Group as a whole each quarter (including Berlin Hyp). Berlin Hyp reports the results of stress tests periodically as part of monthly and quarterly reporting. The stress simulations are also integrated in the multiple risk types stress scenarios and are therefore relevant for risk-bearing capacity.

The LBBW Group excluding Berlin Hyp, calculates stressed VaR each week. Instead of the last 250 trading days, a period of observation is assumed that covers a significant stress period. The calculations are included in the own fund requirements for the trading book in accordance with the internal model as well as the determination of the economic capital requirement for market price risks. The stress period is reviewed at least annually. Berlin Hyp also calculates stressed VaR that is reported each month. The stress period is reviewed annually.

LBBW, including Berlin Hyp, also regularly conducts diverse stress/scenario tests, including to support medium-term planning and in the context of ICAAP/ILAAP. At present, the adverse scenarios considered in this context focus on potential systematic and geopolitical risks, especially regarding the current geopolitical situation and monetary policy at the major central banks.

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

New products and further development of the risk model

The risk model was expanded to include electricity and gas products in 2023.

1 Trading book without funds that are not mapped transparently.

Validation of the risk model

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

Risk monitoring and reporting

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

- Daily report with overview of the P&L and risk development.
- Overall risk report for the LBBW Group that is prepared monthly and contains detailed information about P&L and risk development, risk concentration (LBBW Group only, excluding Berlin Hyp), economic capital and monitoring of the economic capital limit.
- Risk report for Berlin Hyp covering all risk types on a quarterly basis

Risk management

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

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

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

For the strategic management and the monthly crediting on the economic capital limit in the strategic limit system, the relevant risk amount is calculated. If it is not possible to completely quantify the material risks, appropriate adjustments or reserves are formed.

At the LBBW Group excluding Berlin Hyp, differentiated VaR portfolio limits and sensitivity limits are connected with the economic capital limit. These limits plus the loss warning triggers togrther with the sub-strategies compose the risk taking guidelines for the units that bear market risk. These are monitored by Risk Control and Finance (loss-warning trigger) and escalated if necessary. The persons responsible are defined via the escalation policy. Berlin Hyp applies its own risk model to manage market price risk using sensitivities and value at risk. The Board of Managing Directors at Berlin Hyp receives a daily report and a defined escalation process is initiated if limits or warning thresholds are exceeded. P&L and VaR are also included in the LBBW Group's daily risk report.

Risk situation of the LBBW Group

Development of market price risks

Exposure to market price risks in 2023 was consistently in accordance with the risk-bearing capacity of the LBBW Group. The loss warning trigger was not breached for LBBW Group, the banking book or the trading book in 2023.

The LBBW Group's market price risks are generally characterized by interest rate and credit spread risks. Here, the overall risk is dominated by the positions in the banking book of the Treasury at the LBBW Group excluding Berlin Hyp. These are primarily interest rate risks from equity, credit spread risks from securities for liquidity management purposes and interest and credit spread risks of pensions (pension fund and pension obligations). Equity risks, along with currency and commodity risks, are less significant for LBBW. Berlin Hyp has no equity and FX risks.

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

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	31/12/2023[1]	31/12/2022
LBBW Group	*233*	*296*	*162*	*166*	*272*
Interest rate risk[2]	218	269	165	199	263
Credit spread risk	161	183	142	157	141
Equity risks	20	28	9	11	26
Foreign exchange risk[3]	10	22	4	5	13

1 The last reporting date in the 2023 financial year was 29 December 2023.
2 Interest risks in the narrower sense.
3 Including commodity risks.

The VaR of the LBBW Group declined sharply in 2023. As well as changes in the market data, a smaller interest rate risk position was a key factor in this decline.

At the end of 2023, Berlin Hyp accounted for somewhat less than 15% of the LBBW Group's total VaR.

For the trading book the VaR developed as follows in 2023:

VaR 99%/10 days

EUR million	Average	Maximum	Minimum	31/12/2023[1]	31/12/2022
LBBW (Bank) trading book	*20*	*31*	*13*	*14*	*28*
Interest rate risk[2]	11	19	6	12	21
Credit spread risk	11	18	7	8	10
Equity risks	6	13	3	3	8
Foreign exchange risk[3]	10	22	4	5	13

1 The last reporting date in the 2023 financial year was 29 December 2023.
2 Interest risks in the narrower sense.
3 Including commodity risks.

The LBBW trading book includes the positions of the Financial Markets business area and of Treasury, which are used for short-term interest rate and liquidity management. The risk in the trading book declined as at 31 December 2023 in comparison to the previous year. The decrease in risk in the trading book essentially results from position and market changes in actively managed trading book portfolios. Berlin Hyp does not have a trading book.

Backtesting result

In 2023, there was one backtesting outlier for the CRR-relevant trading book for the Clean P&L. This occurred due to an increase in credit spreads for securities.

On the basis of the Dirty P&L, one outlier was recorded for the CRR-relevant portfolio in the preceding 250 trading days as a result of significant market fluctuation. This was due to news about Credit Suisse.

As a non-trading book institution, Berlin Hyp does not have a portfolio that is relevant for capital adequacy using an internal risk model.

Stress test

The effects of an interest rate shock on the banking book in accordance with EBA GL 2022/14 are calculated on a monthly basis within the scope of conducting the stress test. The regulatory requirements stipulate that the result may not exceed a 20% share of liable equity. This limit was never breached at the monitoring dates in 2023.

Liquidity risks

Definition

LBBW's liquidity risk monitoring and management activities draw a distinction between short-term liquidity risk in the narrower sense, which represents the risk of insolvency due to an acute funding shortfall, and the funding (spread) risk, which describes the adverse effects on income resulting from a possible deterioration of funding spreads.

Risk measurement

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

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

Internally developed models are used to determine call risks from demand and savings deposits, loan commitments and the collateralization of derivatives for the economic steering group. These are used to determine the effect of uncertain cash flows on liquidity in normal market phases due to common fluctuations, and are in part the basis for identifying call risks in stress scenarios. As well as a change to the speed of calling demand and savings deposits under stress conditions, the call risks for the provision of cash collateral were extended in 2023 to include additional underlyings and a separate stress test was introduced for the New York branch.

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

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

LBBW also analyzes the development of intraday liquidity in the key currencies every day and performs daily stress tests.

A liquidity flow analysis is prepared for longer-term views of liquidity of > 1 year, which limits LBBW's maturity transformation. The reporting of refi spread risks was revised in 2023 and will be taken into account in the market price risk in the future.

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

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

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

All key subsidiaries as defined in the risk inventory (Risk Management Group) and conduits are transferred via the liquidity risk strategy into a single framework for strategic specifications of the activities involving liquidity risks. The liquidity risks for subsidiaries and affiliates are assessed using a regularly revised risk inventory and transferred to the Risk Management Group's regulatory framework, which essentially matches the regulatory framework in place at LBBW (Bank), according to their materiality.

Following the takeover of Berlin Hyp, these were directly integrated into the Group's risk identification and monitoring processes. Work will continue in 2024 on aligning methods and consolidating data.

Risk monitoring and reporting

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

Risk management

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

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

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

Treasury is responsible for operational (risk) management.

LBBW's funding strategy is implemented by way of the capital market funding plan. As part of this, LBBW aims for diversification and a broad, international investor base with the goal of achieving optimal refinancing costs. Savings banks, institutional investors and retail business again constituted the main sources of medium and long-term funding. On the capital market, LBBW obtained funding in 2023 through covered bonds, senior preferred, senior non-preferred bonds in various currencies, both via private placements and as syndicated high-volume transactions and in some cases as ESG green and social bonds.

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

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

An emergency plan is in place for securing liquidity in acute crisis situations. The provisions made include the formation of a crisis response team bringing in members of the Board of Managing Directors. The emergency plan is reviewed annually and resolved anew by the Board of Managing Directors.

Risk situation of the LBBW Group

Excess liquidity on the market declined in 2023 thanks to efforts by central banks to tackle inflation and interest rates picked up, affecting customer preferences regarding interest on their deposits. LBBW maintained good liquidity even in this environment. Capital market placements attracted lively interest among national and international investors and the LBBW Group’s sources of funding are very stable in terms of volume and diversification.

As at the reporting date of 31 December 2023, the funding needs and the counterbalancing capacity were as follows:

Overview of funding requirements and counterbalancing capacity

	3 months		12 months	
EUR billion	**29/12/2023**	**30/12/2022**	**29/12/2023**	**30/12/2022**
Funding requirement from the business portfolio (deterministic cash flow)	11.7	– 9.8	17.1	– 4.4
Funding requirement from material call risks (stochastic cash flow)	30.7	25.8	62.3	48.1
Funding potential from free liquidity reserves	37.0	19.2	37.9	30.6
Funding potential on the market	86.7	77.1	108.7	95.5
Surplus	81.3	80.3	67.3	82.5

The funding requirement from the business portfolio in the 3 and 12-month forecast was negative compared to the previous year, as cash plus liquidity inflows exceeded the funding requirement and thus resulted in excess liquidity, partly due to participating in the ECB’s long-term tenders. While the funding requirement from the business portfolio increased following the repayment of a larger tranche in June 2023, it was accompanied by a simultaneous increase in the portfolio of free collateral. In particular, net inflows in EUR (excess liquidity) are opposed by net outflows of the foreign currencies USD and GBP (funding requirement). The surplus from cover registers (Deckungsregister) not required to preserve the covered bond rating is applied towards the free liquidity reserves in the twelve-month view.

The funding potential is adequate to compensate for any short-term liquidity outflows or adverse effects of fluctuating market factors and continues to ensure significant overcollateralization on a three month and 12-month horizon.

Results of the economic stress scenarios

	Funding requirement (3 months)		Funding potential (3 months)	
EUR billion	**29/12/2023**	**30/12/2022**	**29/12/2023**	**30/12/2022**
Rating downgrade scenario	47.4	25.9	60.9	44.4
Financial market crisis scenario	51.8	25.7	71.3	56.5
Combined scenario of market crisis with downgrade	51.8	25.6	70.0	55.0

Despite the challenging environment for banks in 2023, the targeted stress resistance was met for every stress test. The results of liquidity risk stress scenarios rating downgrade, financial market crisis, and a combination of the two, structured in accordance with the guidelines of MaRisk (BTR 3.2), showed that the remaining funding potential via the market, plus the free liquidity buffer, always exceeded the potential funding requirements under stress scenarios. Sufficient overcollateralization was also available at all times in the foreign currency stress tests and in the EUR stress test for intraday liquidity.

The prescribed minimum value of 100% for the European indicator for short-term liquidity “Liquidity Coverage Ratio (LCR)” was observed on each day in 2023. At 150.5%, it was exceeded as at year-end (31 December 2022: 144.2%). The net stable funding ratio (NSFR) requirements were also met at all times and exceeded at year-end at 109.7% (31 December 2022: 111.3%).

Risk management system for Pfandbrief (covered bond) operations

A differentiated limit system was put in place to monitor risks from covered bond (Pfandbrief) operations (section 27 of the German Covered Bond Act (Pfandbriefgesetz – PfandBG)). Regular stress tests are conducted with regard to NPV (net present value) overcollateralization. In the event that the fixed limits are reached, a process for then cutting the risk is implemented. The Board of Managing Directors and the Risk Committee are informed on a quarterly basis of compliance with the provisions of the PfandBG and the utilization of legal and internal limits. The statutory requirements were met at all times in 2023. The risk management system is reviewed at least annually.

Real estate risks

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

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

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

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

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

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

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

The commercial portfolio is diversified by type of use, especially for office and retail property, as well as by size category. It is subject to ongoing reviews and, where necessary, the aim is to optimize the real estate portfolio by acquiring or selling individual properties or (sub) portfolios. Investment properties are broken down by risk class into Core, Core+ and Value Add real estate using defined criteria (location quality, lease terms, appreciation potential) and planned holding period. Most investment properties are still located in Stuttgart. Acquisitions in Munich, Frankfurt am Main and Hamburg in recent years provided a certain degree of macro location diversification. Overall, risks specific to macro locations are therefore considered to be manageable.

As well as more difficult financing conditions and the still incomplete pricing phase, the focus was on steadily rising operating costs, higher construction costs and uncertainty over the future of the office asset class. Future trends that influence the real estate include the sustainability of real estate investments (ESG) and the related regulatory requirements, demographics, the labor shortage, new types of offices, structural changes in retail, demand for residential real estate investments and, increasingly, alternative construction methods (e.g. serial, modular timber housing construction), non-cyclical asset classes such as healthcare and care facilities or in data centers.

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

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

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

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

Development risks

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

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

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

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

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

The construction and real estate sector is still caught up in economic challenges. The adverse market environment, with difficult financing conditions and high inflation at present, is taking a toll. Making matters worse are ongoing asking price discrepancies between market players. The focus has increasingly shifted to tackling inflation, persistently high energy costs and energy efficiency building renovation. Future trends that influence the real estate include the sustainability (ESG) of real estate investments and the related regulatory requirements, demographic and technological change, the labor shortage, new types of offices, structural changes in retail, demand for residential real estate investments and, increasingly, alternative construction methods (e.g. serial, modular timber housing construction), non-cyclical asset classes such as healthcare and care facilities or in data centers.

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

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

Investment risks

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

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

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

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

The early identification of business and risk development in the subsidiaries and equity investments is particularly important to the management of equity investments. These serve the purpose, especially for the strategically important subsidiaries, of holding regular coordination meetings at the corresponding specialist levels of LBBW. The management and monitoring at the level of these subsidiaries are generally performed by institutionalized supervisory boards or comparable bodies. At Group level, management and control is effected by investment management and by involving the staff, operating and marketing divisions in the decision-making process, taking corporate governance into account. The management of Berlin Hyp, acquired in July 2022, is an exception to this process. Given the strategic relevance, nature and size of Berlin Hyp, specialist divisions are more directly involved and those responsible for management and monitoring are allocated to several staff, operating and front office units.

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

- Particularly relevant subsidiaries, i.e. material companies from a risk perspective, that can have more of an impact on LBBW than the companies in the Risk Management Group.
- Risk Management Group subsidiaries[1], i.e. companies whose risk potential is classified as material from a Group point of view.
- Non-material subsidiaries and equity investments from a risk perspective, i.e. companies whose risk potential is classified as immaterial from a Group point of view.

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

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

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

LBBW pursues a selective equity investment policy. When acquisitions of companies are planned, a comprehensive risk analysis (legal, financial etc.) is normally conducted in the form of a due diligence exercise with the involvement of specialist divisions of LBBW. Of particular importance here, among other things, is ensuring that inappropriate concentration of risk does not arise in the investment portfolio.

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

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

1 Special purpose vehicles can be included in the Risk Management Group provided they are considered material from a risk perspective.

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

Risks may also arise from the utilization of the personal liability assumed as shareholder (e.g. guarantor's liability, letter of comfort) for subsidiaries and investments; this also includes revoked letters of comfort or warranty declarations extended to subsidiaries and investments already disposed of and risks from assuming current losses incurred by subsidiaries due to control and profit and loss transfer agreements. Investment risk also covers step-in risks, i.e. the risk that financial support would have to be provided to subsidiaries and equity investments that are not consolidated for regulatory purposes or that are consolidated only proportionately and have no contractual obligations, e.g. to avoid reputational risks.

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

Non-financial risks

Definition

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

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

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

Non-financial risks	
• Operational risks in the narrower sense • Compliance risks • Outsourcing • Information and communication technology (ICT) risk • Model risks • Human Resources risks	• Legal risks • Tax compliance risks • Business risks • Reputational risks

Risk management and reporting

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

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

First line of defense	Second line of defense	Third line of defense
Generally, for all divisional managers in Germany and abroad, exception model risk (here chiefly model owner's divisional manager) and all managing directors / board members of subsidiaries	Depending on the risk type, Risk Control, Finance Controlling, Human Resources, Legal, Group Compliance, Strategy & Equity Investments, Finance, Group Purchasing and Security divisions	Group Auditing monitors the first and second lines and assesses the appropriateness and effectiveness of risk management.

Operational risks

Definition

Operational risks (OpRisk) are the risk of losses arising due to the unsuitability or failure of internal processes and systems, people, or due to external events. Legal risks can lead to losses in each of the aforementioned risk categories. Business and reputation risks are not included under operational risks.

These losses can result from the non-financial risks that are allocated directly to one of the sub-risk types from non-financial risks or that cannot be ascribed to any specific sub-risk type from financial or non-financial risks. The latter are known as operational risks in the narrower sense. Examples of operational risks in the narrower sense include external events (earthquakes), action taken by employees (processing errors) and process shortcomings.

Operational risks include losses already incurred that negatively affect the income statement and also potential losses, known as loss potential.

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

Credit risks in connection with operational risks are likewise viewed in line with regulatory requirements. The effects of this are included in the information on counterparty risk.

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

Key variables: Operational risk		
	Interdisciplinary risks	
Accounted for in	Losses directly attributable to a non-financial risk sub-risk type	Losses not directly attributable to a non-financial or financial risk sub-risk type
Economic capital operational risks	• Compliance risks • Outsourcing risks • ICT risks • Model risks • Human Resources risks • Legal risks • Tax compliance risks	• Operational risks in the narrower sense

Operational risk management framework

Risk measurement

The standard approach is used to calculate regulatory capital requirements in the regulatory steering view at the LBBW Group. In connection with LBBW Group's risk-bearing capacity (RBC), an operational value-at-risk (OpVaR) model is applied for the economic steering group.

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

Berlin Hyp's economic risk premium is taken into account additive on a quarterly basis in the Group during a transition period. It is calculated based on an internal OpRisk model (Advanced Measurement Approach (AMA) model).

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

Risk monitoring, reporting and risk management

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

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

A three-lines-of-defense model describes the roles and responsibilities of those involved in operational risk processes.

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

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

Various methods and tools stipulated by central OpRisk Controlling are used to identify and assess the risk situation. In addition to the internal and external loss database, a risk inventory is conducted annually with self-assessments and scenario analyses. The self-assessments record the individual risks of each division and the subsidiaries of the LBBW Group. The most important risks are aggregated and analyzed in the scenario analysis using standard scenarios. In addition, risk indicators are recorded on a regular basis to identify possible unwanted developments at an early stage.

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

Four action strategy options are available for handling operational risks: avoid, transfer, reduce or accept risks. The risks are managed proactively by the divisions and subsidiaries. The divisions and subsidiaries take the decision on the selection and prioritization of the corresponding measures, which are implemented on a decentralized basis. The objective is to minimize or avoid risks, taking cost/benefit aspects into consideration. The internal control system, an appropriate risk culture, the sensitivity to risks of all staff members and transparency when handling risks also play an important role in limiting operational risks. Continuous improvement of business processes, among other things, offers another possibility of reducing potential operational risks or outsourcing individual processes to specialized companies. Emergency concepts and business continuation plans drawn up within the scope of Business Continuity Management are used to limit losses in the event of an emergency. If it is not possible to completely avoid possible losses, the Legal division takes out insurance policies – as far as this is possible and reasonable.

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

Risk situation of the LBBW Group

Operational risks

The self-assessment performed by the divisions and quantitative risk assessments (scenario analysis) show that existing operational risks (see Key variables: Operational risks) in 2023 were always in accordance with the risk-bearing capacity of the LBBW Group. Looking forward, LBBW does not expect any operational risks for its going-concern status for the individual risk types. Despite extensive precautionary measures, operational risks can never be entirely avoided.

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

Legal risks

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

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

Furthermore, the Legal division monitors all relevant planned legislation, developments in court rulings, and new standards stipulated by the supervisory authorities in the Group's key areas of activity in close cooperation with the Association of German Public Sector Banks (Bundesverband Öffentlicher Banken Deutschlands – VÖB), the German

Savings Banks Finance Group (Deutscher Sparkassen- und Giroverband), the German Sparkassenverlag and the Association of German Pfandbrief Banks (Verband deutscher Pfandbriefbanken – VdP) in particular.

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

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

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

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

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

In 2023, the European General Court dismissed a French bank's action for the return of cash collateral pledged following the termination of its banking license for the Single Resolution Fund. As far as LBBW is aware, the ruling is not yet legally binding. It still remains to be seen whether and to what extent the court's decision will affect the recognition of this collateral. For more information, see Note 56 Off-balance-sheet transactions.

Information and communication technology (ICT) risk

Today the principal business processes of the Bank are to a large extent supported by IT or depend on IT solutions. The bank is focusing on digitalizing processes. LBBW will step up its use of cloud services in the future to increase innovation, delivery speed and cost efficiency in IT. Technical requirements for remote working were also expanded at a bank-wide level. These changes also increase the threat to IT applications, in part due to external attacks. On balance, this results in higher IT risks.

Managing IT risks is anchored within the company as a permanent, integrated process and is guided by the risk management and controlling process controlling cycle. As the first line of defense / risk-managing units, the divisions (including IT units and material subsidiaries from a risk point of view) are responsible for the effects of information and security risks on processes and data. Information Security is responsible for the second line of defense. It issues specifications on the basis of regulatory and statutory requirements and standards.

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

IT production operations and a part of applications development have been outsourced to a professional service provider specializing in financial institutions.

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

Compliance risks

Compliance risks describe the risks of legal or regulatory sanctions, material financial losses and reputational damage that may arise from a failure to observe laws, standards and rules of conduct in LBBW's course of business. In accordance with the Group Compliance mandate approved by the LBBW Group's Board of Managing Directors, Group Compliance's responsibility covers the following five sub-risk types, which are considered material. These extend to money laundering prevention and combating the financing of terrorism, financial sanctions and embargoes, fraud prevention (other punishable acts), capital market compliance and data protection.

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

Outsourcing risks

Outsourcing risks encompass risks in connection with or resulting from collaboration with third-party providers. They include risks from external services not provided or not provided in accordance with the contract. These include risks in conjunction with the underlying business processes, risks from the loss of expertise, legal risks, compliance risks, risks in connection with confidential data such as personal data, concentration risks and risks resulting from the termination of the outsourcing.

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

Human Resources risks

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

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

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

Tax compliance risks

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

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

Reputational risks

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

Reputational risk is not a component of operational risk. However, reputational risks may be caused by an incident of loss resulting from operational risk or other risk types becoming public knowledge. Reputational risks that have been incurred can impact on the business and liquidity risks.

Loss of the bank's reputation can be caused by the bank itself (internal bank misconduct) but also by outside developments.

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

In all business decisions, the potential effect of the transaction on LBBW's reputation is to be considered. In particular, LBBW's sustainability guidelines must be followed. These are communicated at the bank and published as part of sustainability reporting. Transactions that could jeopardize the Bank's reputation on a sustained basis must also be avoided. The Group-wide sustainability policy must be upheld, as LBBW acts in the best and long-term interests of its customers and stakeholders. Individual front office areas have decentralized first line responsibility for transaction-based reputational risk. The ultimate decision as to whether a transaction is carried out from a reputational risk perspective is made by the employees and their managers responsible for the transaction. As well as sustainability-related review criteria in the loan application process, to identify and assess (transaction-related) reputational risks, LBBW has a product certification process for derivatives and a reputational risk review for new products in the form of the New Product Process (NPP), New Market Process (NMP) and New Company Process (NCP).

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

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

Business risks

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

The historical plan / actual variances of selected items in the income statement form the basis for quantifying the business and reputation risks.

Model risks

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

By virtue of their significance and special characteristics at LBBW, model risks are largely managed in the scope of an independent model risk management process (MRM process), which is currently also being implemented at Berlin Hyp.

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

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

Interdisciplinary risks ESG

Sustainability risks and ESG risks are associated with specific risk drivers that could have a negative impact on LBBW. LBBW considers ESG risks a material interdisciplinary risk overall, as they have a material impact on the counterparty default / credit risk and, to a lesser extent, on reputation risk. Both types of risk are assigned specific sub-risk strategies. LBBW is also continuing to develop how it handles ESG risks, chiefly as part of a bank-wide “sustainability project”. Berlin Hyp is being gradually integrated here.

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

Key aspects of risk identification and assessment include the methods developed in-house to measure CO_2 emissions financed by the LBBW Group and physical risks for real estate and corporates. This allows LBBW to identify and monitor material risk drivers, simulate the future effects of climate change and climate policies and monitor future changes at sector level.

LBBW’s long-term ESG objectives include achieving the goals of the Paris Agreement. Specific goals were set for 2030 for selected sectors with high greenhouse gas emissions (sector-specific transformation pathway), which clarify LBBW’s aspirations in discussions with customers and ensure that its long-term targets are met. In addition, LBBW manages and limits risks during its lending process by using check lists to assess ESG risks.

The Board of Managing Directors is informed about transitional and physical risks in regular risk reports. The most important developments in transitional and physical risks are presented and discussed here at sector, segment and customer level and for the material subsidiaries, as well as at portfolio level, with particular focus on the sector paths. In addition, the financed emissions calculated are published in the sustainability report.

Risks from changes to biodiversity, as well as risks related to social and governance issues on credit risks, are currently considered less relevant from a risk perspective in the risk inventory. LBBW also considers the impact of ESG risks on market risks, liquidity risks, operational risks and real estate, development, investment and model risks less relevant.

Other material interdisciplinary risks

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

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

The nature and extent of the impact of the pandemic risk depend largely on the severity, the regional spread, how precisely it unfolds and, in particular, the actions taken by political representatives and institutions. LBBW thus responds situationally to the changing environment as part of its established risk management process, and also has business continuity management (BCM) measures in place to ensure that all essential risk management and controlling processes are maintained at all times.

ICS with regard to the accounting process

Internal control system

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

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

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

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

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

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

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

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

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

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

Internal Group Auditing and the Audit Committee of the Supervisory Board serve as senior monitoring bodies. The Audit Committee, as a committee of the Supervisory Board, deals with the analysis and preparation of the findings of the audit of the annual accounts and informs the Supervisory Board of these activities.

Forecast and opportunity report

Anticipated economic performance

LBBW expects economic momentum to remain muted and inflation to decline further in 2024. For Germany, LBBW anticipates GDP growth of 0.3% (unchanged accounting for calendar effects). The eurozone is expected to see GDP growth of + 0.8%. GDP growth is forecast for both of the two largest non-European economies, with economic output in the US expected to pick up by 1.0% and Chinese GDP growth projected at 3.5% in 2024.

Inflation looks set to decline further in 2024, driven by lower energy prices and a smaller rise in food prices. Nonetheless, baseline effects from past increases will likely weaken or even reverse over the course of the year. On average, however, inflation will be above the ECB’s target of 2% in 2023, too. LBBW anticipates inflation of 2.5% in Germany and 2.2% in the eurozone.

Monetary policy institutions look set to cut interest rates in 2024, with the US Federal Reserve probably making the first move in the second quarter. LBBW expects the prime rate (upper end of the target range) in the US to come to 4.25% at the end of the year. In the eurozone, the European Central Bank (ECB) will follow suit somewhat later, with its main refinancing rate expected to reach 3.50% at the end of 2024 compared to 4.50% at the start of the year.

The US presidential elections will likely be a dominant theme on financial markets in 2024. The election itself will take place on 5 November and yields, share indices and exchange rates could be extremely volatile in the run-up depending on the expected election outcome. Questions such as the future direction of US fiscal policy and what impact the re-election of former US President Donald Trump could have on geopolitical risks will likely shape markets.

The war in Ukraine remains a risk for 2024. There are no signs of peace or a ceasefire. If the war continues or even escalates further, this would not only inflict further suffering on the people of Ukraine, it could also have unpredictable economic consequences for neighboring countries – for example, for the supply of raw materials and services.

On financial markets, yields on 10-year Bunds will likely be around 2.10% at the end of 2024, lower than they were at the time this report was written. The euro will likely be worth USD 1.10 at the end of the year. We expect the DAX to close 2024 at 18,000 and the S&P 500 at 4,900.

Industry and competitive situation

LBBW Research anticipates a difficult economic environment for the European banking sector in 2024, made worse by ongoing geopolitical uncertainties. In light of these general conditions, the ECB’s Financial Stability Review published in November 2023 warns of increasing downside risks. Higher interest rates compared to previous years will likely depress demand for loans and credit defaults could also increase. A particularly close eye should be kept on real estate market developments. Any increase in risk costs, combined with the rise in own refinancing costs, puts pressure on profitability in the banking sector. Starting from a historically low level, LBBW Research thus believes that Europe’s financial institutions can expect asset quality to gradually deteriorate.

Faced with this challenging environments, banks benefit from sound capital adequacy according to EBA figures. Despite this, in its annual Supervisory Review and Evaluation Process (SREP) the ECB banking regulator set higher minimum capital requirements for banks as a whole in 2024. US rating agencies also almost unanimously issued a “stable” outlook for European banking systems. According to the EBA, liquidity buffers remain high, albeit declining. All in all, LBBW Research thus considers European banks fundamentally well positioned for 2024.

Regulatory bodies will also conduct special tests in 2024 to assess EU banks’ resilience to cyber and climate risks. Preparations for the EU-wide introduction of new equity requirements planned for 2025, often referred to as “Basel IV”, will likely also keep banks occupied.

Company forecast

General conditions

The following statements on LBBW's company forecast, including the development of key financial performance indicators in the 2024 financial year, are based on the planning produced and approved at the end of 2023.

LBBW expects the geopolitical and economic environment to continue to take a toll in the 2024 forecast period. Nevertheless, a slight economic recovery is anticipated in this period. High inflation should also continue to fall, meaning that the inverse yield curve will likely remain for a while. The latter could result in long-term investments being postponed and increased credit defaults. The real estate sector is particularly likely to suffer the effects of high interest rates and construction costs and the collapse in construction activities in 2024. Together, these factors impact banks' profitability and refinancing.

Outlook for LBBW

Despite high uncertainty on markets and further provisions made, LBBW enjoyed very good business performance and further improved its operating earnings in the 2023 financial year. This was thanks primarily to strong customer business and the rapid rise in interest rates. LBBW expects profit/loss before tax in the 2024 forecast period to be perceptibly lower than the previous year figure, which was affected by the exceptionally quick and high interest rate hikes. LBBW expects the very positive earnings performance of the past year to continue at an almost unchanged level in 2024 thanks to the growth course it has embarked on, despite ongoing economic and geopolitical uncertainties. Maintaining the balanced risk policy, expected economic developments in 2024 will likely translate into a noticeable y-o-y upturn in allowances for losses on loans and securities. Investment in growth initiatives and employees, improved IT resilience and inflation expectations are expected to push up costs further. As a result, the cost/income ratio (CIR) will likely also see a slight y-o-y increase, while return on equity (RoE) looks set to decline in line with earnings performance and improved capitalization.

For 2024, LBBW expects the common equity Tier 1 capital ratio ("fully loaded") to be more or less on par with the previous year's level. As well as expected operating business growth, this also accounts for the adverse effects of the slight economic downturn forecast, which will likely result in a moderate rise in risk-weighted assets.

LBBW assumes that the operating segments will develop as follows in the 2024 financial year:

On the heels of an excellent prior year result, LBBW anticipates a challenging year for the Corporate Customers segment with profit/loss before tax declining noticeably, albeit remaining at a high level. This will hinge on business initiatives and strategic levers offsetting the expected decline from deposits. By contrast, it anticipates moderate cost increases as a result of inflation and the implementation of planned business initiatives, as well as significantly higher allowances for losses on loans and securities, combined with a still balanced risk policy, on account of economic factors. In line with the earnings performance described, return on equity (RoE) is likely to remain noticeable under the previous year. Driven by inflation effects and investments in business initiatives, LBBW anticipates a moderate y-o-y increase in the cost/income ratio (CIR).

Despite the challenging environment on the real estate market, LBBW expects profit/loss before tax in the Real Estate/Project Finance segment to be slightly higher than in the previous year in 2024. This will essentially be the result of further portfolio growth in project finance with a focus on the sustainable transformation. LBBW will initially enter into new real estate business on a selective basis. In addition, the need for allowances for losses on loans and securities will likely be lower after further adjustments were recognized in the previous year. Both return on equity (RoE) and the cost/income ratio (CIR) should be roughly on par with the previous year at the end of 2024.

LBBW expects profit/loss before tax in the Capital Markets Business segment in the 2024 financial year to be moderately lower than the strong previous year figure. Focus will be on further growth across the core product ranges and additional growth initiatives, especially for sustainability products. The ongoing optimization of risk-weighted assets will likely almost offset the anticipated earnings performance, putting return on equity (RoE) only slightly lower than the previous year figure. With a moderate rise in expenses and income, the cost/income ratio (CIR) should be similar to the previous year's ratio.

In the Private Customers/Savings Banks segment, following the earnings upturn in 2023 in response to extraordinary deposit revenue, LBBW expects far lower profit/loss before tax for the following financial year. Return on equity (RoE) will likely decrease noticeably in line with this earnings performance, with the cost/income ratio (CIR) experiencing a moderate increase due to inflations and investment-related cost hikes.

Opportunities and risks

Over the course of the 2024 financial year, the material opportunities and risks described below could have a positive or negative impact on the statements made:

A weaker than expected economy, persistently high interest rates and further declines in orders and sales at companies could depress investment and, in turn, result in lower income and higher allowances for losses on loans and securities at LBBW. In addition, the ongoing labor shortage and diminishing prospects of success in reducing red tape could tempt unexpectedly high numbers of companies to invest and relocate abroad, putting more strain on the German economy and LBBW’s performance than assumed. Mounting geopolitical conflicts are currently having little effect on markets, but they could build up momentum of their own and, for example, impact the German and European economy in the form of energy price rises and a return to supply chain shortages, therefore having more serious economic repercussions than expected. Other potential risks include unanticipated stricter regulatory requirements and even stiffer competition in the banking sector, especially for customer deposits. Should the real estate market deteriorate more than expected, this could take a toll on LBBW’s financial position as investors grow more reluctant to invest. Finally, costs could increase more than expected due to inflationary effects, collective bargaining or investment, for example to tackle cyber risks.

On the other hand, general conditions could also fare better than expected in the forecast period, opening up opportunities for LBBW that would have a positive impact on its results of operations, net assets and financial position. In particular, the economy could perform better than assumed, in turn increasing corporate investment. This would generate additional income and result in fewer re-ratings and lower allowances for losses on loans and securities.

Digitalization and sustainability, as well as the need to adapt to changing market and customer requirements as a result, still represent a risk on the one hand. On the other hand, they also offered opportunities for further development for LBBW due to its strategic direction – for example, to support long-term value chain restructuring and the development of innovative solutions for our customers. These opportunities should remain over the next few years.

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

Results of operations, net assets and financial position

Business development in 2023

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

On the basis of its business model as a medium-sized universal bank, LBBW (Bank) believed it was again well positioned in the 2023 financial year, which saw dramatic geopolitical developments and enormous economic challenges. At EUR 1,269 million, allowances for losses on loans and securities, which act as an indicator of operating strength, easily exceeded the 2022 figure of EUR 1,007 million.

Results of operations

	01/01 – 31/12/2023	01/01 – 31/12/2022	Change	
	EUR million	EUR million	EUR million	in %
Net interest income	2,218	1,972	246	12.5
Net fee and commission income	457	490	– 34	– 6.9
Total operating income / expenses from the trading portfolio	382	402	– 20	– 5.1
Administrative expenses[1]	– 1,940	– 1,855	– 85	4.6
Other operating income/expenses	153	– 2	155	-
Operating income before allowances for losses on loans and advances / remeasurement gain or loss	*1,269*	*1,007*	*262*	*26.0*
Allowances for losses on loans and advances / remeasurement gain or loss	– 280	– 744	464	– 62.4
Reversal/addition to fund for general banking risks	– 220	355	– 576	-
Operating income/expenses (result from ordinary business activities)	*769*	*618*	*151*	*24.4*
Extraordinary result	– 22	– 25	4	– 14.4
Partial profit transfer	– 36	– 35	– 1	1.9
Net profit/loss for the year before tax	*712*	*558*	*154*	*27.6*
Income taxes	– 312	– 318	6	– 1.9
Net profit/loss for the year after tax	*400*	*240*	*160*	*66.6*

Rounding differences may occur in this and subsequent tables for computational reasons.
1 In addition to staff costs and operating expenses, this item also includes amortization and write-downs of intangible assets and depreciation and write-downs of property and equipment.

Net interest income improved again considerably in the 2023 financial year, picking up by EUR 246 million to EUR 2,218 million. At operating level, this was bolstered primarily by the Corporate Customers and Private Customers/Savings Banks segments with a significant rise. This was driven by good performance in the deposit business and the expansion of the lending business in line with the strategy. On the other hand, non-recurring effects in particular were lower than in the previous year. The bonus from participating in targeted longer-term refinancing operations (TLTRO III) reduced by EUR 68 million to EUR 0 million following the end of the bonus period (previous year: EUR 68 million).

Net fee and commission income fell short of the strong previous year figure at EUR 457 million (previous year: EUR 490 million). Different types of commission performed differently. In particular, revenue-related business in the Private Customers/Savings Banks and Corporate Customers segments declined in 2023 as a result of changes in interest rates and lower market volatility compared to the previous year, the effect of which was primarily seen in lower fee and commission income. Profit in lending business including guarantees declined by around EUR – 20 million to EUR 84 million (previous year: EUR 104 million). This was attributable mainly to expenses in connection with securitization transactions and was not fully offset by higher income, primarily from payment transactions and other commission-based business (including asset management income). Securities and custody business was a key pillar of income. Nevertheless, fee and commission income declined by EUR – 6 million to EUR 130 million (previous year: EUR 136 million) on account of weaker issuing activities due to market conditions.

Total operating income/expenses from the trading portfolio also declined slightly, decreasing by EUR – 20 million. Capital market activities, which were shaped by successful structured notes business, were particularly noteworthy. There was also stable demand for hedging products. Despite this, at EUR 382 million net profit was down slightly on the previous year's figure of EUR 402 million, chiefly due to effects of the move from total operating income/expenses to net interest income. By contrast, the measurement of financial instruments in the trading portfolio at fair value less value at risk increased this by EUR 13 million to EUR 13 million (previous year: EUR – 20 million. Additions to the extraordinary item for general bank risks in accordance with Section 340e (4) no. 4 HGB were required again in the reporting year for the first time since 2020. These reduced the item by EUR – 6 million.

Administrative expenses increased year on year by EUR – 85 million to EUR – 1,940 million (previous year: EUR – 1,855 million). **Staff costs** rose by EUR – 11 million to EUR – 881 million (previous year: EUR – 870 million), primarily the result of recruitment and pay rises under collective bargaining agreements. **Other administrative expenses** rose by a moderate EUR – 75 million to EUR – 995 million (previous year: EUR – 920 million). This increase chiefly reflects investment in growth initiatives and IT. LBBW is continuing to invest in a modern work environment, expanding the range of products and services for its customers and constantly refining its IT infrastructure and cyber security to improve resilience. In addition, expenses for the statutory deposit guarantee system also increased by EUR – 18 million to EUR – 73 million as a result chiefly of a new weighting of the contribution allocation within the guarantee system. By contrast, contributions to the bank levy declined by EUR 38 million to EUR – 95 million. This was in response to a lower target volume and lower growth in covered deposits in the euro area. **Amortization and write-downs of property, plant and equipment and intangible assets** remained almost unchanged on the previous year at EUR – 64 million (previous year: EUR – 65 million).

Other operating income/expenses rose by a considerable EUR 155 million and came to EUR 153 million (previous year: EUR 2 million). EUR 41 million of this was attributable to effects from the sale of equity investments (previous year: EUR 8 million). The lending business generated non-recurring additional earnings of EUR 41 million. Net gains/losses from provisions improved by EUR 24 million and came to EUR 15 million (previous year: EUR – 9 million). As in the previous year positive, real estate sales contributed EUR 20 million to earnings (previous year: EUR 18 million).

Allowances for losses on loans and advances and measurement gains or losses improved considerably year on year by EUR 464 million to EUR – 280 million (previous year: EUR – 744 million). A differentiated performance was recorded for the individual subitems:

- The **remeasurement gain or loss on securities** improved by EUR 165 million to EUR 63 million (previous year: EUR – 102 million) and was shaped once again by treasury activities to optimize the interest rate and risk structure in the respective portfolios. While net gains/losses in the previous year were depressed by write-downs on securities in the liquidity reserve due to higher capital market interest rates, there were minor reversals of impairment losses on securities in the reporting year.
- The **remeasurement gain or loss from equity investments and affiliates** fell by a significant EUR – 59 million y-o-y to EUR – 125 million (previous year: EUR – 67 million). This was chiefly the result of lower company valuations in view of the far higher cost of capital.
- **Gains/losses from the transfer of losses** also declined to EUR – 42 million in connection with valuation adjustments (previous year: EUR – 9 million).
- **Allowances for losses on loans and advances** declined by EUR 397 million at the end of 2023 to EUR – 170 million (previous year: EUR – 567 million). The exceptionally high decline in allowances for losses on loans and securities owes predominantly to the lack of adjustments required in the previous year of EUR – 445 million in accordance with the new regulation for banks pursuant to IDW RS BFA 7. Allowances for losses on loans and securities, on the other hand, remained moderate in the reporting year due to underlying defaults, although existing model adjustments increased by a further EUR – 72 million (net) (previous year: EUR – 386 million). This further rise in model adjustments was driven primarily by negative macroeconomic factors in connection with higher energy prices and interest levels, resulting weak consumer demand and the economic recession. Companies are also exposed to increased risks as a result of structural issues (e.g. the labor shortage) and the transformation to a carbon-neutral economy. In view of this, far higher default rates and credit losses are anticipated compared to normal economic situations. LBBW's standard models, which are calibrated in line with cyclical averages, cannot adequately quantify these effects. For this reason, LBBW determined allowances for losses on loans and securities at the end of 2023 using a multi-scenario approach that adequately represents the many possible economic developments. 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[1]. As at the end of the reporting period 31 December 2023, this was 0.5% (previous year: 0.4%).

In the 2023 financial year, reserves to the **fund for general banking risks** in accordance with Section 340g HGB were increased again by EUR – 220 million following a larger reversal of EUR 355 million in the previous year.

The **extraordinary result** remained virtually constant y-o-y at EUR – 22 million (previous year: EUR – 25 million). The conversion of the allocation of pension provisions pursuant to the Accounting Law Modernization Act (BilMoG) meant that the extraordinary expense of EUR – 26 million was held constant from the previous year.

Taking into account a partial profit transfer of EUR – 36 million (previous year: EUR – 35 million), **net profit / loss before tax** for the 2023 financial year amounted to EUR 712 million overall (previous year: EUR 558 million).

Income taxes reported a slight EUR 6 million decrease to EUR – 312 million (previous year: EUR – 318 million). Current taxes increased by EUR – 65 million to EUR – 311 million as a result of far higher earnings (previous year: EUR – 246 million). In addition, non-periodic tax expenses declined by EUR 71 million to EUR – 1 million. (previous year: EUR – 72 million).

All in all, **net profit for the year after tax** thus increased markedly to EUR 400 million (previous year: EUR 240 million).

1 See also Risk report, Risk situation of the LBBW Group, section on portfolio quality.

Net assets and financial position

Assets	31/12/2023 EUR million	31/12/2022 EUR million	Change EUR million	Change in %
Cash and cash equivalents	11,975	10,530	1,445	13.7
Loans and advances to banks	89,047	83,495	5,552	6.6
Loans and advances to customers	124,740	120,802	3,938	3.3
Debentures and other fixed-income securities	34,418	32,797	1,621	4.9
Equities and other non-fixed-income securities	104	147	– 43	– 29.5
Trading portfolio	23,860	26,149	– 2,288	– 8.8
Equity investments	163	187	– 23	– 12.5
Shares in affiliates	2,768	2,879	– 111	– 3.9
Trust assets	836	904	– 68	– 7.5
Intangible assets	99	107	– 8	– 7.9
Property and equipment	710	746	– 36	– 4.8
Other assets	11,443	10,020	1,423	14.2
Deferred items	2,886	2,996	– 110	– 3.7
Excess of plan assets over pension liabilities	1	13	– 12	– 93.6
Total assets	*303,050*	*291,772*	*11,278*	*3.9*

Equity and liabilities	31/12/2023 EUR million	31/12/2022 EUR million	Change EUR million	Change in %
Deposits from banks	72,644	76,862	– 4,218	– 5.5
Deposits from customers	123,032	111,537	11,495	10.3
Securitized liabilities	60,126	49,096	11,031	22.5
Trading portfolio	16,193	19,346	– 3,152	– 16.3
Trust liabilities	836	904	– 68	– 7.5
Other liabilities	6,395	9,083	– 2,688	– 29.6
Deferred items	2,752	3,504	– 752	– 21.5
Provisions	1,137	1,288	– 152	– 11.8
Subordinated liabilities	3,889	4,447	– 558	– 12.6
Capital generated from profit participation rights	0	47	– 47	– 100.0
Regulatory AT 1 capital instruments	771	771	– 0	– 0.0
Fund for general banking risks	797	571	227	39.7
Equity	14,477	14,317	160	1.1
Total equity and liabilities	*303,050*	*291,772*	*11,278*	*3.9*
Contingent liabilities	13,490	13,364	126	0.9
Other obligations	37,681	40,831	– 3,150	– 7.7
Business volume[1]	*354,221*	*345,967*	*8,254*	*2.4*

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

Total assets

Total assets at LBBW (Bank) as at the end of 2023 rose by EUR 11.3 billion (3.9%) to EUR 303.0 billion compared with the previous year in line with the strategic focus on growth and relevance. LBBW (Bank)'s business volume saw slightly weaker growth of EUR 8.3 billion (2.4%) to EUR 354.2 billion.

Lending

Cash and cash equivalents amounted to EUR 12.0 billion at the year under review, up EUR 1.4 billion on the figure for the previous year (EUR 10.5 billion). This change was attributable almost exclusively to an increase in central bank balances.

Loans and advances to banks as at 31 December 2023 climbed by EUR 5.6 billion to EUR 89.0 billion. Lower deposits at central banks were offset by increases in securities repurchase agreements and other loans.

The strategic focus on growth and relevance **had an impact on loans and advances to customers. LBBW (Bank) strengthened its position as a partner advising and supporting its customers through their transformation processes and also demonstrated its solid project finance business by financing projects** in areas including renewable energies and digital infrastructure**. Volumes also increased in Corporate Customer business, especially for large corporates. There was also high demand for lease and factoring products.** The item increased by EUR 3.9 billion to EUR 124.7 billion. Other loans and other receivables picked up by EUR 3.5 billion to EUR 69.8 billion and mortgage loans by EUR 0.9 billion to EUR 39.2 billion.

Debentures and other fixed-income securities enjoyed a steady y-o-y increase throughout the year. Investments in securities from mainly European issuers resulted in a EUR 1.6 billion increase in this item to EUR 34.4 billion.

Trading assets declined by EUR – 2.3 billion to EUR 23.9 billion. Debentures and other fixed-income securities decreased by EUR – 2.7 billion to EUR 5.5 billion and positive fair values from derivative financial instruments increased by EUR – 0.4 billion to EUR 5.9 billion as a result of interest-related measurement effects. By contrast, loans and advances to banks increased by EUR 1.2 billion to EUR 7.7 billion.

Shares in affiliates were almost unchanged on the previous year's level, down EUR – 0.1 billion on account of valuation adjustments to EUR 2.8 billion.

Other assets temporarily increased by EUR 1.4 billion to EUR 11.4 billion. This was due to sales of securities that had not yet been settled (cash received). As a result, the debentures due from trading assets were reclassified to other assets.

Funding

Deposits from banks decreased by EUR 4.2 billion compared to the end of 2022 to EUR 72.6 billion. This change resulted primarily from the repayment of deposits from the ECB in connection with participation in the tender program (TLTRO III), causing the item to decline by EUR– 7.6 billion. This was offset by interest accrued on derivatives, which picked up by EUR 3.4 billion as a result of interest rates.

Deposits from customers came to EUR 123.0 billion, EUR 11.5 billion higher than in the previous year. Here, there was a significant increase in overnight and term deposits, which grew by EUR 14.2 billion to EUR 52.1 billion. This was the result primarily of investments by authorities and German federal states that used LBBW (Bank) investment opportunities. In stiff competition with other banks, LBBW (Bank) increased its product range. Savings deposits increased by EUR 4.1 billion to EUR 8.6 billion. This was offset by a EUR 7.9 billion decrease in current account liabilities to EUR 52.3 billion.

Securitized liabilities also contributed to an increase in equity and liabilities, rising by EUR 11.0 billion to EUR 60.1 billion. There was high demand for LBBW (Bank)'s capital market issues in 2023, which was reflected primarily in the increase in volume of short-term and medium-term securities (including structured notes) in Other debentures, which rose by EUR 7.6 billion to EUR 34.7 billion. The rise in mortgage-backed covered bonds from EUR 7.8 billion to EUR 8.9 billion essentially owed to the issuing of a benchmark covered bond at the start of the year, which was partly offset by maturities. Several public-sector covered bonds were issued as part of the general funding strategy and were responsible for the EUR 2.2 billion increase in this item to EUR 7.3 billion.

Trading liabilities declined by EUR – 3.2 billion to EUR 16.2 billion, essentially reflecting the decrease in negative fair values from derivative financial instruments, where interest rate effects affected the measurement, resulting in a EUR 4.0 billion decline to EUR 7.2 billion. By contrast, issued debentures increased by EUR 1.0 billion to EUR 7.3 billion.

Other liabilities saw an increase of EUR – 2.7 billion to EUR 6.4 billion. This was essentially due to the decrease in margin holdings as collateral received in advance in connection with derivative transactions, which saw a decline on account of interest rate changes.

Deferred income declined by – EUR 0.8 billion from EUR 3.5 billion to EUR 2.8 billion, essentially the result of interest rate cuts in recent months.

Subordinated liabilities saw a EUR – 0.6 billion y-o-y decline from EUR 4.4 billion to EUR 3.9 billion, primarily as a result of scheduled maturities.

Equity

LBBW (Bank)'s **equity** amounted to EUR 14.5 billion as at 31 December 2023, up EUR 0.2 billion on the previous year's EUR 14.3 billion. The net profit for the year of EUR 0.4 billion allowed equity to rise and was offset by a distribution to shareholders of EUR 0.2 billion.

Financial position

The funding strategy at LBBW (Bank) is proposed by the Asset Liability Committee (ALCo) and determined by management. Here, the bank focuses on ensuring a balanced overall structure in terms of the groups of products and investors used. 2023 was defined by persistently high inflation and by a central bank policy that strove to reduce it again through its interest rate and money supply policy. Even in this phase, LBBW (Bank) successfully presented itself to investors and was able to raise the cash funds required at all times. LBBW (Bank)'s sources of funding are very stable in terms of volume and diversification. CRR banks have been required to maintain a **liquidity coverage ratio (LCR)** of 100% since 1 January 2018. The LCR was met during the entire reporting period at the times of calculation and came to 152.9% as at 31 December. The **net stable funding ratio (NSFR)** requirements applicable since June 2021 were also met at all times and were exceeded at 109.8% as at 31 December 2023.

Combined non-financial statement

Preliminary note

Section 289b and Section 315b HGB require LBBW to prepare a non-financial (Group) statement in the (Group) management report or a non-financial (Group) report separate to the (Group) management report for LBBW (Bank) and for the LBBW Group. As in the previous year, LBBW again decided to integrate the non-financial statement into the combined management report.

The following content covers the combined non-financial statement (hereinafter referred to as the “non-financial statement”) for the 2023 financial year in accordance with Sections 340i (5) in conjunction with 315b and 315c in conjunction with Sections 340a (1a) in conjunction with 289b to 289e of the German Commercial Code (HGB) for LBBW (Bank) and the LBBW Group.

Berlin Hyp is a particularly relevant subsidiary as it can have a major influence on the LBBW Group from a risk point of view. Accordingly, Berlin Hyp is subject to enhanced monitoring in Group governance and explicit reference is made to Berlin Hyp in various sections below.

Berlin Hyp also publishes its own non-financial statement (https://www.berlinhyp.de/en/media/newsroom/financial-reports).

As a minimum, HGB requires disclosures on environmental, employee and social issues, respect for human rights and anti-corruption and bribery measures. LBBW meets this requirement by way of its non-financial statement.

Changes in the 2023 financial year

Strategic levers

The strategic levers were further refined as part of the LBBW Group strategy in the 2023 financial year. The five strategic levers (Sustainable Transformation, Innovative Solutions, Enhanced Resilience, Inspire Employees and Social Contribution) contribute to the company targets of growth and relevance in the long term. They address LBBW’s relevant requirements and future challenges. A more detailed description of the LBBW Group strategy can be found in the “Group overview” section under “LBBW Group strategy”.

Integration of Berlin Hyp

The integration of Berlin Hyp in terms of sustainability made further progress in 2023. For example, Berlin Hyp is represented in various committees, including the Sustainability Committee, the ESG Bond Committee ESG, (Environment, Social, Governance) and in the Sustainability Content Hub. Berlin Hyp was also incorporated into preparation of the LBBW materiality analysis as part of implementing the CSRD (Corporate Sustainability Reporting Directive) and involved in key decisions.

The sustainability policy applies to the entire Group (previously excluding Berlin Hyp). There are plans to adopt a Group-wide ESG strategy in 2024 that will incorporate LBBW’s sustainability policy and apply to all subsidiaries considered relevant in terms of sustainability (such as Berlin Hyp).

The LBBW Group’s business model

Information on the LBBW Group’s business model can be found in the “Group overview” section.

Materiality analysis in accordance with the CSR Directive Implementation Act

The materiality analysis in accordance with the CSR Directive Implementation Act was reviewed and updated in 2023. This was a two-stage process:

1. Discussion of the 2022 materiality analysis in view of important current developments and review of the classification of the respective topics as part of an internal workshop:
   As part of the analysis, LBBW focus areas were reviewed and supplemented and the valuation (on a scale of 1–5) adjusted to account for current conditions. The internal perspective was addressed by LBBW employees and the external evaluation carried out by a consulting firm. LBBW focus areas were compared to relevant external developments in a PESTEL analysis (political, economic, social, technological, environmental, legal).
2. Interviews with selected stakeholders (non-governmental organizations, sustainability rating agencies, non-profit organizations, industry associations):
   In the interviews, LBBW's sustainability performance in the areas of E (Environment), S (Social) and G (Governance) was discussed based on a structured questionnaire and evaluated by the external stakeholders. The results were allocated to the topic areas in the materiality analysis.

Focus areas with the highest rating of "5" in the internal and external evaluation were classified as material. This resulted in the following material focus areas for LBBW (Bank) for 2023:

- Stakeholder dialogue
- Regulation
- Corporate governance
- Compliance
- Product responsibility / consumer protection
- Sustainability standards in investment business
- Sustainability standards in financing business
- Sustainable investment products
- Financing with a sustainable focus
- Real estate
- Use of resources and CO_2 emissions
- NEW: Personnel management, hiring and development

The following table contains information on the LBBW focus areas classed as material and their impact on the aspects that must be reported as part of the non-financial statement in accordance with the CSR Directive Implementation Act:

Material issues in accordance with the materiality analysis	**Allocated aspects of the CSR Directive Implementation Act**
Stakeholder dialogue	Social concerns
Regulation	No corresponding aspects included in the CSR Directive Implementation Act
Corporate governance	No corresponding aspects included in the CSR Directive Implementation Act
Compliance	Anti-corruption and efforts to combat bribery
Product responsibility / consumer protection	Social concerns
Sustainability standards in investment business and sustainable investment products	Environmental concerns
	Respect for human rights
Sustainability standards in financing business and financing with a sustainable focus	Environmental concerns
	Respect for human rights
Real estate	Environmental concerns
Use of resources and CO_2 emissions	Environmental concerns
Personnel management, hiring and development	Employee concerns

Priority is given to establishing measures under the sustainability program for the focus areas considered material.

In the first stage, the materiality analysis pursuant to CSRD (double materiality) was launched in 2023. This determines the level of future reporting.

Berlin Hyp confirmed the results of its materiality analysis in accordance with the 2021 CSR Directive Implementation Act with sustainability experts in 2023. In addition, Berlin Hyp conducted a materiality analysis pursuant to the ESRS (European Sustainability Reporting Standards). The results will apply for the first time in 2024.

Concepts and due diligence processes

Corporate governance

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

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

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

Code of Conduct

Sustainable business success is built on trust. In the long term, LBBW can be competitive only if it meets its responsibilities to customers, shareholders, competitors, business partners, regulatory bodies and, last but not least, its own employees. For this reason, unconditional compliance with all statutory provisions and internal rules as well as the integrity of each individual employee constitute the foundations of sustainable corporate governance. A Code of Conduct (www.LBBW.de/code-of-conduct) has been adopted as an overarching guideline. This behavior and ethics code applies to LBBW and all its subsidiaries. The aim of the code is to create a reliable, normative frame of reference or guidance for responsible behavior by each individual that satisfies the legal requirements and is in line with ethical and societal standards.

Digitalization, sustainability and stricter regulatory requirements have increasingly become part and parcel of the Group's everyday business over the last few years. Geopolitical developments and the stricter legal provisions that this entails (e.g. German Supply Chain Due Diligence Act) have also noticeably changed the risk situation. In view of this, the internal bank Code of Conduct is regularly updated by Group Compliance. Care is always taken to ensure that its content is simple to understand and self-explanatory for LBBW employees and all other stakeholders. As well as individual standards of conduct, the Code of Conduct also includes example situations from day-to-day bank operations with specific recommendations on how to act and a separate section on the whistleblower system.

LBBW runs recurring compliance training sessions for all employees to teach and regularly remind them of the guidelines and principles described in the Code of Conduct. They provide information on the content of the Code and applicable legal regulations.

Sustainability policy

LBBW's sustainability policy forms the basis for integrating economic, environmental and social issues into all business activities as a whole. It provides a framework for meeting the sustainability targets and thus for all sustainability activities at the LBBW Group (see "Integration of Berlin Hyp" above). The wording of the sustainability policy can be found in LBBW's 2022 Sustainability Report on page 15 et seqq.

LBBW's sustainability policy is designed in accordance with the six "Principles for Responsible Banking" (PRB) of the UNEP FI (United Nations Environmental Program – Finance Initiative), a voluntary initiative.

Back in 2019, LBBW was the first German universal bank to sign the PRB. The PRB provide a standard framework for integrating sustainability into all business operations. This allows banks to systematically align their activities with social objectives, such as the Paris Agreement and the United Nations' Sustainable Development Goals (SDGs).

Sustainability policy, targets, guidelines and principles

Sustainability targets, guidelines and principles

LBBW has set overarching objectives to put its sustainability policy into place (previously excluding Berlin Hyp):

1. "Step by step, we have implemented sustainability as an integral component of our business policy. For this reason, we strive for an active focus on products and services with a positive impact on sustainability.
2. We offer sustainable investments for all customer groups and in all investment classes. The goal is to increase the share of sustainable investments in all business areas – including in our own investment portfolio. We take account of sustainability risks and earnings potential for customers and LBBW when advising and deciding on loans. We treat our customers fairly, collaboratively and respectfully, ensure data protection and transparency, and provide high-quality advice.
3. We promote the health and performance of our employees with specific measures for this purpose. At LBBW, we ensure a good work-life balance, and promote diversity and equal opportunity. We intend to maintain and further raise the high education and training level.
4. We will further optimize the use of resources within our organization. Our efforts to reduce the CO_2 emissions generated by our business focus on energy usage and business-related travel. We apply sustainability criteria in the selection of products and service providers when procuring materials and awarding contracts.
5. In addition to providing our banking services, we actively contribute to adding value to society. LBBW is therefore active as a donor and sponsor. In the regions in which we do business, we support education initiatives and various other social projects – in some cases this takes the form of monetary support, in others our employees volunteer their time during working hours.
6. We inform our stakeholders about our commitment to sustainability and engage in a constructive dialogue with them".

The sustainability targets are described in greater detail in guidelines and principles. These comprise specific exclusion criteria for certain business ventures; requirements for responsible investment and on compliance, human rights, climate protection and biodiversity; and business-area specific guidelines, referred to as the guidelines for sustainable investment, lending, human resources management, and business operations (see LBBW 2022 Sustainability Report, pages 20 et seqq.).

Berlin Hyp approved an ESG target vision in May 2021 and established an ESG implementation roadmap containing various measures to be put into place between the second half of 2021 and 2024. These also include measures to meet increasing regulatory requirements. Berlin Hyp's ESG target vision is available on its website at https://www.berlinhyp.de/en/sustainability/sustainability-strategy.

Sustainability program

Based on the sustainability targets and guidelines and principles for implementing LBBW's sustainability, the responsible specialized divisions at LBBW and its subsidiaries define specific projects for the sustainability program once a year. These projects resulting from the program are assigned to the following aspects:

- Strategy and management
- Customers
- Employees
- Business operations
- Social commitment and communication

The projects and their timelines are regularly revised and updated where necessary. In addition, other projects can be adopted during the year to improve LBBW's sustainability performance.

In 2023, the sustainability program comprised a total of 62 projects. 46 projects were completed, while 12 projects were partially completed and four were not achieved.

The four projects not completed are as follows:

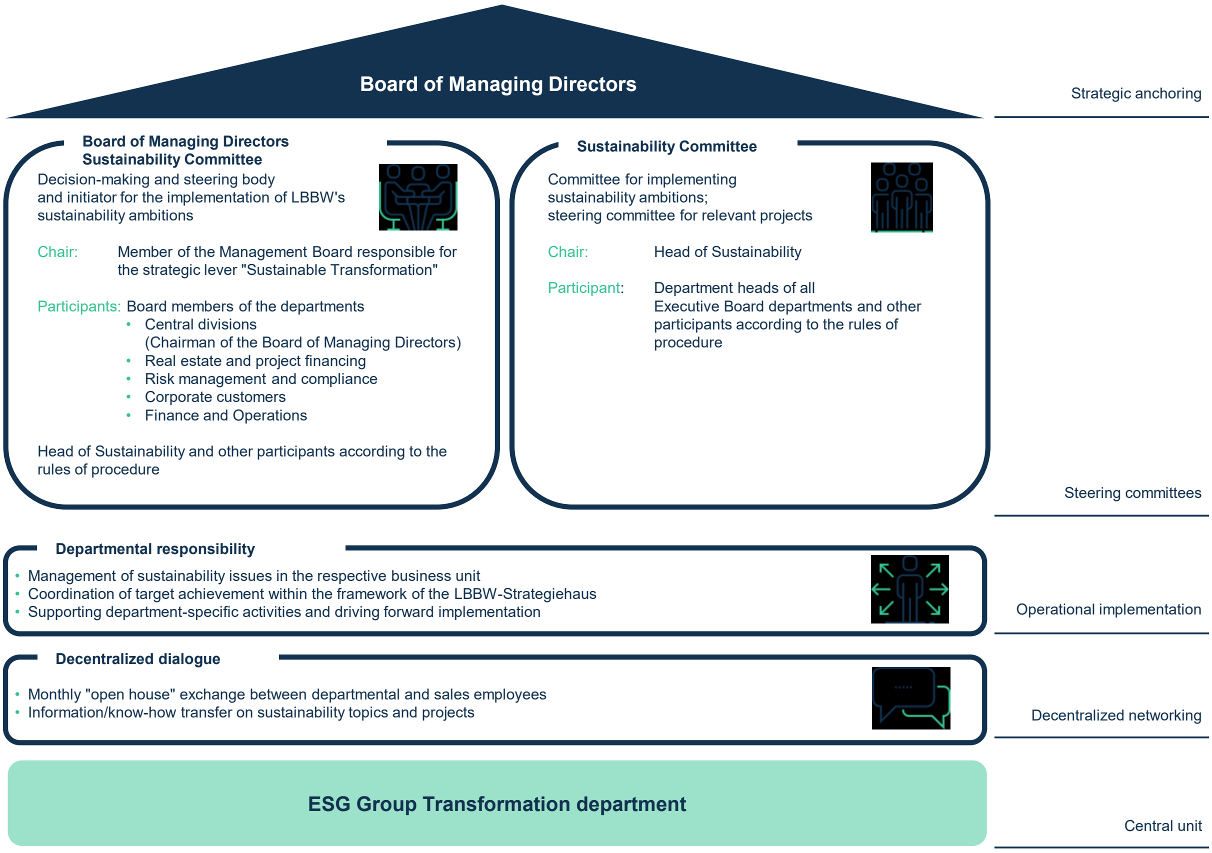
- Establish a communication structure through sustainability rounds in the Private Customers segment in line with existing formats in the Business Customers and Private Asset Management segments
- Offer asset management mandates with ESG impact approach
- Optimize the "BW Vermögen" asset management app Include sustainability information in the app in line with the sustainability analysis in portfolio reporting
- Tailor securities advice by using new clusters, including framework for related product recommendations.

As standardized consulting processes ensure that sustainability is covered in customer consulting, the first project was no longer a priority. LBBW plans to implement the three other projects in 2024 and so they have been included in the 2024 sustainability program.

Governance sustainability

Implementation of LBBW's sustainability policy is supported by systematic sustainability management. Responsibility lies with the Group's Board of Managing Directors. The Board of Managing Directors Sustainability Committee is an important decision-making body and provides key impulses. The sustainability policy and targets are operationalized in the annual sustainability program and this is documented in the bank's written policies. LBBW also uses sustainability-related key figures to set and monitor targets. The section below explains who is responsible for managing and implementing sustainability issues.

Governance sustainability



Board of Managing Directors Sustainability Committee - decision-making and steering body:

The Board of Managing Directors Sustainability Committee is the central decision-making and steering body and also provides momentum for implementing LBBW’s sustainability policy. It meets each quarter (or more frequently where required) and comprises the Chairman of the Board of Managing Directors, other members of the Board of Managing Directors and the head of Sustainability. It is chaired by the Board member responsible for the “Sustainable Transformation” strategic lever. All members of the committee are entitled to vote.

The main tasks of the Board of Managing Directors committee include overall management and strategic development of sustainability topics. It is also responsible for resolving on recommendations made by the Sustainability Committee.

Sustainability Committee - coordinating and advisory body:

The LBBW Sustainability Committee is responsible for creating transparency and networks across business units to further reinforce the importance of sustainability and, where possible, to expand it. The Sustainability Committee has a coordinating and an advisory role and works on preparing decisions for the Board of Managing Directors Sustainability Committee. It is also the steering committee for the sustainability project. The Sustainability Committee generally meets once a month.

Business unit head - operational implementation:

A business unit head is appointed for each business unit and is responsible for implementing the measures decided. The business unit head’s core tasks include managing sustainability issues in their business unit, coordinating target attainment using a new management model and supporting and promoting activities specific to that business unit.

ESG Group Transformation department - central unit:

The new ESG Group Transformation department was established on 1 January 2023. It comprises the two groups ESG Management & Strategy and ESG Reporting & Guidelines. As the central unit, the department is the competence center for technical questions on all aspects of sustainability and supports all local units.

ESG network subsidiaries

A network of subsidiaries was formed in 2022 to create a standardized framework for addressing ESG issues. The network is intended as a platform to discuss ESG topics and coordinate sustainability strategy between LBBW and material subsidiaries, which can have a major impact on the LBBW Group from an ESG perspective.

The quarterly discussion rounds are also an opportunity to swap information on planned measures and discuss current issues and questions. In addition, regular discussions should help leverage synergies.

ESG regional hub network

LBBW's global international network comprises five branches,10 representative offices and one financing company in Mexico City. Each of the 16 LBBW locations specializes in services that are particularly sought after and required in their local area. Three regional hubs manage the local units from a central base. These regional hubs are part of LBBW's Group-wide sustainability management system. An “ESG regional hub network” made up of representatives from the regional hubs and Group headquarters in Stuttgart meets each quarter to increase networking throughout the bank.

Stakeholder dialogue

Interviews were held in 2023 as part of the materiality analysis update, including with non-governmental organizations and a non-profit-organization. For further information see chapter “Materiality analysis”. Other forms of dialogue included:

Regular sustainability discussions at LBBW

The purpose of regular sustainability discussions at LBBW is to share information and knowledge on sustainability issues and projects internally and between divisions. All interested employees can take part and contribute topics. Sustainability discussions take place once a quarter.

ESG working group

The ESG working group dialogue was introduced as part of changes to regular LBBW sustainability discussions and took place for the first time in August 2023. While regular discussions are aimed at all employees, the working group is open only to departmental and sales employees that work on ESG issues on a daily basis. The aim of the ESG working group is to exchange ideas and discuss more in-depth ESG issues and projects the units are currently working on. The ESG working group meets once a month unless regular discussions are also taking place.

Dialogue with customers and institutional investors

As well as dialogue with NGOs, LBBW also speaks to its private and corporate customers and to institutional investors at conferences and at its own events, for example at investor presentations, and contributes to expert panels on the topic of sustainability.

Expert discussions at LBBW and Sparkassenverband Baden-Württemberg

As part of discussions by experts from LBBW and Sparkassenverband Baden-Württemberg (SVBW), current sustainability developments are presented and debated. Experts from various specialized divisions at LBBW and SVBW report on the measures, DSGV projects (DSGV: German Savings Banks Association) and upcoming events. The aim is to ensure close networking and harness synergies on ESG.

LBBW biodiversity working group

The interdisciplinary LBBW “biodiversity working group” set up in 2022 was continued in 2023 and meets monthly. The working group primarily comprises employees from Advisory Institutionals, Asset Management, Sustainability Advisory, Treasury/Investor Relations and Risk Strategy and interested colleagues from other specialized divisions. This interdivisional approach is designed to facilitate the exchange of information and knowledge transfer. In 2023, LBBW played an active role in the VfU-GNF cooperation project (GNF = Global Nature Fund). The “Business Biodiversity” project, which aims to make a significant contribution to companies’ biodiversity strategies, will continue in 2024. A new learning module teaching the basics of biodiversity was added to the internal LBBW training session “Ready for the future: On track for sustainability” in 2023. All employees who complete this mandatory online training gain new insights into biodiversity issues.

Project sustainability

The large number of new regulatory requirements imposed by banking regulators highlights the increased relevance of sustainability. Moreover, demands by customers, who are primarily seeking innovative and sustainable solutions, mean that it is essential to address the matter from a risk and regulatory perspective and consider sustainability holistically.

In order to address further developments in sustainability proactively and on a cross-divisional basis as well as to meet regulatory requirements on time, LBBW launched the “sustainability project” in 2021.

Besides implementing regulatory requirements, such as the EU Taxonomy Regulation, the project includes identifying customer needs and further refining the ESG product range. The IT target vision required was also developed at the same time. Focus is also on integrating ESG risks into lending, risk management and back office processes. Formulating sector targets and establishing transformation pathways are other focal areas in terms of future portfolio management.

In addition, the project is supported by internal and external communication and the expansion of training courses for employees. Further successes were also achieved here in 2023 and a total of 23 new learning pathways on sustainability were made available. Six e-learning modules on “sustainable finance” were also developed in collaboration with other banks. Training was also provided by the Association of German Public Sector Banks (VÖB) and introductory sessions held on the EU Taxonomy to inform employees about the EU Taxonomy. The “communication” and “education” sub-projects were completed at the end of 2023 and the topics incorporated. The “EU Taxonomy” sub-project added in 2022 relates to the bank-wide implementation of the EU Taxonomy. For the first time, LBBW is required to review and report on Taxonomy alignment as well as Taxonomy eligibility. VÖB’s Taxo Tool was introduced to help assess the Taxonomy eligibility and alignment of individual economic activities as part of disclosing the green asset ratio. This currently focuses on the Real Estate Financing, Corporate Customers and Development Business segments. The focus this year will be on optimizing the processes introduced in 2023 and taking account of new regulatory developments.

The “portfolio transformation” sub-project involved developing the ESG dashboard, a digital customer platform to assist companies’ sustainable transformation, on which customers can report their company’s key sustainability indicators. The first pilot customers began the testing phase in 2023.

The sustainability project regularly reports to the Sustainability Committee as the steering committee and, where required, to the Board of Managing Directors Sustainability Committee.

As well as the sustainability project, LBBW has other sustainability-related projects such as the project to implement the Corporate Sustainability Reporting Directive (“CSRD”).

Regulation

LBBW closely monitors regulatory publications, requirements and regulations. Since 2021, the sustainability project has also ensured that the requirements under the ECB guide on climate-related and environmental risks and the disclosure and sustainability reporting requirements, which result in part from the Taxonomy Regulation, are met. ESG risks were reported in the Disclosure report in accordance with Part 8 CRR II for the first time as at 31 December 2022 and the figures pursuant to Article 8 of the Taxonomy Regulation published in the non-financial statement for the third time.

Corporate Sustainability Reporting Directive (CSRD)

The Corporate Sustainability Reporting Directive requires certain companies to significantly expand their non-financial reporting in the future and improve transparency. Reporting requirements under the CSRD will initially apply to a limited group of companies for financial years beginning on or after 1 January 2024 and will then be gradually expanded to cover more companies. Accordingly, the CSRD increases LBBW's existing reporting obligations and will require mandatory disclosures in the Group management report in the future. LBBW launched a separate Group-wide project to comply with the requirements. The aim of this project is to ensure that the strategic and technical requirements for CSRD reporting are met and to publish the first CSRD report in 2025. In the first stage, the materiality analysis pursuant to CSRD (double materiality) was launched in 2023. This determines the level of future reporting. Project progress is reported to the Board of Managing Directors Sustainability Committee.

Risk management of ESG risks

The need for a sustainable transformation of the economy and changing environmental factors mean that ESG risks are increasingly vital to risk management. Both the expected increase in carbon pricing and the rise in extreme weather events pose risks to LBBW's portfolio.

The ESG risks have a cross-cutting effect on the established risk types. Accordingly, sustainability risks are monitored and managed on an ongoing basis via existing risk management processes.

This starts with identifying risks based on the business model. For material risks, targets and measures are set out in the risk strategy and discussed further in the detailed strategies such as the credit risk strategy or in explicit exclusions. They are managed in accordance with the three lines of defense concept:

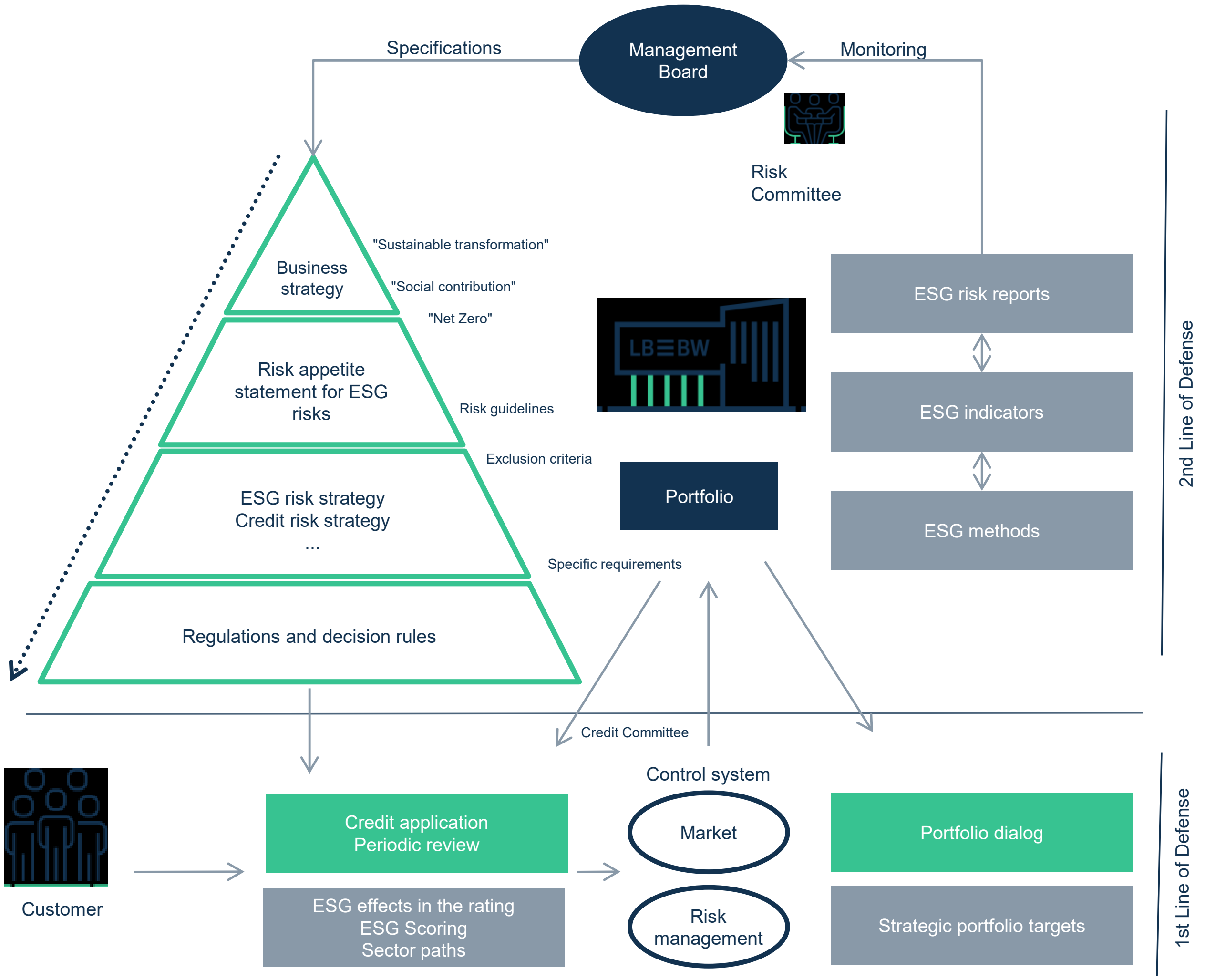
- First line: In line with the risk type (primarily credit and transaction-related reputation risk), operational responsibility in the first line of defense lies with the business areas responsible. Overarching responsibility for the first line of defense lies with COO Capital Markets and the ESG Group Transformation department in collaboration with the relevant sales management units.
- Second line: The monitoring function of the second line of defense is split between Risk Control, Group Compliance[1] and COO Risk Management.
- Third line: Internal auditing is the third line of defense, as part of which it monitors the first and second lines and assesses the appropriateness and effectiveness of the risk management system.

The diagram below shows the lending portfolio's steering group for ESG risks. In the first line of defense, market units and Risk Management manage the lending portfolio. Strategic portfolio targets are set as part of a portfolio dialogue and decisions on customer financing issues are made at the level of the customer. Lending decisions made in the first line of defense determine the portfolio.

The second line of defense involves monitoring the portfolio. To this end, indicators such as emission intensity are calculated using established methods. The Board of Managing Directors is kept up to date with changes in these indicators through regular risk reports. The Board of Managing Directors sets ESG-related guidelines on the strategic focus, risk appetite and the decision-making system, defining the operational framework for the first line of defense. Internal Auditing is the third line of defense and monitors the risk management system described.

1 Second line of defense for compliance and reputation risks.

Risk management process



To do justice to the interdisciplinary topic of ESG in the long term, employees work together throughout the bank across departments and divisions. ESG aspects were added to existing strategies, decision-making systems and frameworks or work instructions (written policies) where necessary. The internal document “ESG manual in risk management” describes the methods and processes. The document gives all bank employees an overview of “ESG in risk management” and references the relevant written policy.

The elements of ESG risk management are described below.

Risk inventory

ESG risks that arise in connection with LBBW’s business model LBBW are systematically evaluated in the Group risk inventory. ESG risks are cross-cutting risks that drive risks and can impact various risk types. Another detailed analysis of these ESG risk drivers was carried out in 2023.

Environmental risk covers transitory and physical climate risks, physical environmental risks and biodiversity risks. Criteria are determined for each risk driver that can be used to assess the vulnerability of the lending portfolio. Depending on the risk type, indicators calculated within the bank (e.g. greenhouse gas intensity) or publicly available data (e.g. Human Freedom Index, World Bank’s hazard map of physical risks or the Sustainability Accounting Standards Board (SASB) Materiality Map) are used to assess the impact of the ESG risk driver over various periods of time. If the portfolio’s share exceeds materiality thresholds, this risk driver is considered material.

Given the interdisciplinary nature of ESG risks, the impact on established risk categories is shown as a matrix in the risk inventory. Firstly, the share of the portfolio affected by climate, environmental and biodiversity risks is determined. Materiality is calculated using thresholds for the share of the portfolio affected by the risk in question. Based on this, transitory and physical climate risks were deemed material for the lending portfolio. It can be assumed that the transitory and physical risks will result in higher investment and changes to business models at LBBW's customers and thus could primarily negatively impact the respective operating income/expenses.

An internal climate risk stress test investigated the potential impact of climate risks on lending portfolios affected by transitory and physical risks. Potential changes in risk indicators such as allowances for losses on loans and securities and risk-weighted assets are analyzed using various scenarios. This scenario analysis shows that the risks, which result primarily from the decarbonization of the portfolio and the sector paths (see the “Sustainable transformation: Our path to net zero“) brochure, remain moderate (see detailed description in the “Climate risk stress test” section).

The potential impact of physical climate risks on the real estate risk is considered high but, given the building insurance policies in place, not material. By contrast, the impact of ESG risks as a whole on reputation risk was considered relevant. For example, non-financial events in LBBW customers' environment (such as working conditions, environmental standards) can also affect its reputation.

Risks from changes to biodiversity were also evaluated in detail but are currently considered less relevant from a risk perspective. LBBW also considers the impact of ESG risk drivers on market risks, liquidity risks, operational risks and real estate, development, investment and model risks less relevant.

Group risk strategy

To account for ESG risks, the Group risk strategy (which aligns with the business strategy) sets out overarching qualitative guidelines to provide a framework for all activities at the LBBW Group and give more details in the form of requirements and exclusions. Considerable changes were made to the Group-wide Risk Appetite Statement in terms of material ESG risks. All the required regulations are included in the ESG risk section of the non-financial risk strategy.

The following statements from the Risk Appetite Statement refers to the LBBW Group. Some subsidiaries, such as Berlin Hyp, may have other statements that are based, for example, on the subsidiary's specific business model.

LBBW outlines its quantitative and qualitative risk tolerance in its Group risk strategy. Specific ESG aspects were incorporated into the risk tolerance in the risk strategy.

Specific risk-taking principles were established as a qualitative risk tolerance guideline. The objective of a sustainable business model requires various ESG-related requirements, which are listed below as an excerpt from the Group risk strategy:

Sustainable business model

1. “The LBBW Group acts in the best long-term interest of its customers and stakeholders and intends to make a substantial contribution to society.
2. Commitments are to be put in perspective taking into account the LBBW Group's risk-bearing capacity. Concentration risks must be identified using suitable procedures and managed accordingly. Risks to the Group's going concern status must be excluded.
3. The total portfolio is to be managed actively, taking account of concentration risks, to improve resilience during times of crisis. In particular, concentration risks are to be managed in the lending portfolio at sector, size category and country level.
4. Transactions that are liable to jeopardize the Bank's reputation for a sustained basis should be avoided. The sustainability policy of the LBBW Group must be observed.
5. LBBW deals only with products and markets where it understands and controls the risks.

Sustainable transformation

6. Sustainable Transformation is our strategic lever and we also ensure that sustainability criteria are met for customer financing. We want to support our customers in transitioning to more sustainable business models.
7. As part of a voluntary climate commitment, together with others in the German financial sector, LBBW agreed to facilitate the transformation of the economy to achieve carbon neutrality by no later than 2050 and support this through its investment and lending portfolio.
   In particular, LBBW will:
   - Establish carbon-neutral banking operations (Scope 1 and 2) by no later than 2050 and make its portfolio (Scope 3) carbon neutral,
   - Set and publish definitive sector-specific and scenario-based climate targets for 2030 for the sectors of the portfolio responsible for the most greenhouse gas emissions to ensure that targets are achieved,
   - Measure and publish the impact its lending and investment portfolios have on the climate on an ongoing basis and manage them in line with national and international climate targets,
   - Successively increase its sustainable business volume,
   - Set clear principles for the lending business, guidelines and exclusions.
8. In its lending and investment activities, the LBBW Group takes account of ethical factors such as human rights, working conditions, environmental protection and anti-corruption. It does not support violations of the law such as tax evasion, activities that breach tax compliance or crime.
9. It imposes restrictions on the financing and supply of weapons of war/arms to foreign countries and other issues considered critical in terms of sustainability. These restrictions are set out in the bank's internal regulations. It does not support projects identified as resulting in massive destruction of the environment and that do not also provide environmental added value."

Risk tolerance involves defining exclusion criteria that are clustered into ESG categories. Reputation and sustainability risks regulations are regularly expanded to include additional guidelines or existing guidelines are revised (see "Sustainable financing").

The detailed exclusions and ESG criteria are updated in LBBW's sustainability practices throughout the year.

Risk management methods and monitoring

LBBW uses various methods and tools to systematically assess ESG risks in connection with individual transactions and portfolios and to measure the impact on relevant divisions and segments. The carbon tool, the physical risk tool and the ESG check list are solutions developed in-house that are continuously expanded.

Transition risks are material factors influencing LBBW's credit risk. A wide range of measures can help mitigate transition risks. For example, investments can prepare a company for expected changes to the general environment. The customer's emissions intensity provides an approximation of the transition risks. Wherever possible, LBBW uses the customer's published Scope 1 and Scope 2 greenhouse gas emissions to calculate the greenhouse gas footprint, although these were available only in a small number of cases in the reporting year. If no data is available for individual customers, aggregate sector data based on EUROSTAT is used. This sector data is calculated in an external report prepared by the consultancy firm MACS Energy & Water GmbH, which specializes in sustainability in the finance sector. This process ensures that the entire lending portfolio is covered.

The carbon accounting method calculates the financed share of reported or estimated Scope 1 and Scope 2 greenhouse gas emissions for each counterparty (Scope 3.1 and 3.2 of LBBW)[1]. Portfolio emissions, the sum of the share of financed customer emissions, are also calculated by the MACS report. The calculation method is currently based on the Partnership for Carbon Accounting Framework (PCAF). LBBW is working on refining this methodology and aims to further increase coverage by including published customer data. LBBW publishes the financed emissions in the sustainability report.

Drawing on the World Bank's risk maps, LBBW developed the physical risk tool to analyze the impact of chronic and acute physical climate risks on the credit risk. A local, regional or sector approach is taken depending on the nature of the exposure. For real estate, the impact on the status quo of individual physical risk drivers (flooding etc.) is assessed on a four-point scale. Companies with a regional focus are assessed using risk maps aggregated for the region of the company headquarters. Physical risks at major international companies are measured on a sector basis using the Sustainability Accounting Standard Board (SASB) Materiality Map and the Intergovernmental Panel on Climate Change Fifth Assessment Report (IPCC AR5). Flooding risk is the most common factor identified. In particular, this affects assets in the portfolios for companies and collateral in Germany.

1 Scope X.Y describes the consideration of LBBW's X-scope in relation to the underlying Y-scopes of customers.

LBBW uses portfolio-specific check lists to assess potential ESG risks in credit exposures. The ESG real estate financing check list was harmonized between LBBW and Berlin Hyp in 2023. The risk clusters environment (E), social (S) and governance (G) establish questions that help sales and risk management identify and measure potential ESG risks. Material risks for customers that have already been identified in the lending process are taken into account in the internal rating procedure. Partial scores and an overall ESG score are determined in the ESG check list based on the evaluation of the questions on a five-point scale. Since 2023, if the thresholds for the ESG score set out in the credit risk strategy are exceeded, the next-highest person responsible in accordance with the decision-making hierarchy for loans and trading must decide whether to approve the loan. Loan applications are also examined in terms of compliance and sustainability-related reputation risks based on internal lending rules. Group Compliance and the ESG Group Transformation department must be included in the lending process if there are specific reputation or sustainability-related reputation risks.

The partial scores and overall ESG score calculated using the ESG check list and the statements are included in the loan application and taken into account in the lending decision. In addition, the results of the ESG risk assessment are compared across all risk clusters into positive and negative aspects in the loan application. This can result in LBBW rejecting such transactions.

The Board of Managing Directors is informed about transitional risks once a quarter and about physical risks twice a year in risk reports. The most important developments in transitional and physical risks are presented and discussed here at sector, segment and customer level. The half-yearly internal sector reports also include a qualitative evaluation of the ESG risks at portfolio level, show the change in average greenhouse gas intensity over time and list the most relevant customers in the sector.

Climate risk stress test

LBBW uses climate risk stress tests as a key tool to quantify the potential impact of climate and environmental risks on the bank's portfolio and to investigate any potential effects on capital adequacy, i.e. whether equity is adequate in proportion to the risks. Given the long-term nature of these risks, the tests serve primarily as an early warning and a way of identifying the need to take action. This means that further analyses can be carried out in good time or long-term countermeasures prepared.

As part of its Group-wide stress testing program, LBBW has carried out regular extensive climate risk stress tests since 2021 and discusses the results in the Risk Committee and Board of Managing Directors. The latest climate risk stress test was conducted in the second quarter of 2023 and, in line with the results of the Group risk inventory, covers the climate-related transitory and physical risks currently considered material.

The scenarios in the internal LBBW climate risk stress tests are designed by Risk Controlling using science-based climate risk scenarios and risk analyses. The scenarios are analyzed both in the short term (over at least three years) and in the long term (at least 20 years).

Transitory climate risk scenarios are based on scenarios from the Network for Greening the Financial System (NGFS). Especially in the long-term analysis, the scenarios aim to test LBBW's strategic portfolio focus under adverse conditions (e.g. faced with an unfavorable sharp rise in the carbon price). For this purpose, a baseline climate risk scenario was developed internally at LBBW. This links the science-based NGFS "Net Zero 2050" transition risk scenario to the components that make up LBBW's strategic portfolio focus. The current baseline climate risk scenario therefore also benefits from LBBW's "sector paths" for greenhouse gas emissions in various industrial sectors.

Physical climate risk scenarios are also designed on the basis of the latest scientific findings. The flood risk is the most relevant physical risk for LBBW. Realistic scenarios were designed to reflect this. These test the resilience of the bank's portfolio to a 100-year flood (coastal/inland or Rhine flood) using flood maps from the World Bank and the European Commission's Joint Research Centre Data Catalogue (JRC).

LBBW's climate risk stress tests are bottom-up stress tests with a focus on credit risks, especially in the bank's corporate customer and real estate portfolio. Greenhouse gas emission intensity and real estate locations are used as data inputs for calculations at individual customer level. Depending on whether the scenario focuses on transitory or physical risks, the methodological assumptions center on company profits or real estate market values. Transition risks modeled in the climate risk stress tests in the form of a rise in carbon prices impact companies' operating income/expenses and real estate market values. Flood risks result in damage to buildings and changes in real estate market values. Lower operating earnings and real estate market values translate into default rates and loss rates and the impact of these stress effects on the bank's relevant KPIs (e.g. RWA (risk-weighted assets) and allowances for losses on loans and securities) is analyzed.

The results of the current climate risk stress tests suggest that the impact of climate risks on LBBW will be moderate and can be absorbed. In the short to medium term, this is thanks in part to good diversification in the LBBW portfolio and its broad focus as a medium-sized universal bank. In the long term analysis, the climate risk stress tests also show that LBBW customers' transformation as supported by the sector paths can protect them against carbon price risks in the long term. The results of the flood scenario show that LBBW's flood risks are, on the whole, low and well diversified and that risk management can be addressed primarily at the level of individual exposures.

Reputational risks

LBBW has suitable measures and processes in place to mitigate reputation risks.

When it comes to reputation risks, LBBW draws a distinction between transaction-based reputation risk management (i.e. precautions relating to individual business transactions) and non-transaction-based reputation risk management (i.e. precautions chiefly in relation to the media and issue management).

Besides sustainability-related review criteria in the loan application process, to identify and assess (chiefly transaction-related) reputation risks, LBBW has a product certification process for derivatives and a reputation risk review for new products in the form of the "New Product Process" (NPP).

The NPP required in accordance with MaRisk for banks ensures that all relevant risks of a new product are analyzed and that the new product can be properly mapped at LBBW in line with commercial and regulatory requirements. All specialized divisions affected (including Finance, Risk Controlling, IT, Back Office, Treasury, Compliance, Audit, Lending Principles, Risk Management, Sustainability and Legal) are included in the NPP. The results of the coordination and approval process, as well as LBBW's product list, are centrally documented in a NPP tool. At management level, the Product Approval Committee established by the Board of Managing Directors is responsible for the NPP and for product approvals. The products and product approval processes are subject to an annual review. The results are reported to the Product Approval Committee.

The media, relevant news agencies and selected social media channels are continuously monitored and the Board of Managing Directors and key decision-makers are informed regarding non-transaction-related reputational risks. A comprehensive media response analysis covers reporting on the bank and its main competitors to assess LBBW's reputation in the media and the effectiveness of its communication strategy.

In its risk management, LBBW also uses the three lines of defense model for the two sub-risk types.

Individual front office units are responsible for the transaction-based management of reputation risks ("first line"). The ultimate decision as to whether a transaction is carried out from a reputational risk perspective is made by the employees and their managers responsible for the transaction. Compliance with the principles of the LBBW sustainability policy must be ensured for each transaction. The ESG Group Transformation department supports the relevant front office units in their day-to-day business in identifying and assessing transaction-related sustainability risks.

In addition to the transaction-related assessment, all employees are subject to public perception regardless of their role or activity for the LBBW Group. Responsibility for the non-transaction-related management of reputation risks (first line of defense) lies with Group Communication, Marketing, the Board of Managing Directors' Office, the ESG Group Transformation department and all divisional managers and managing directors of Group subsidiaries.

Group Compliance is responsible for transaction-related and non-related reputation risks as the "second line of defense" and performs a control and monitoring function.

Risk indicators are also used to detect reputation risks at an early stage and identify effects that affect multiple risk types. At LBBW, for example, relevant key indicators such as an evaluation of social media presence and the number of negative media articles relating to reputation risk are reported to the Group's Board of Managing Directors and the Risk Committee of the Supervisory Board in the quarterly non-financial risk report.

Data management and quality

Given the increased demand for sustainability information and to ensure efficient data management, LBBW – headed by the “Data management and architecture” department – developed a central ESG data base as the “single point of truth”, known as the ESG core. The ESG core is the main system for ESG data, both for existing ESG data and ESG data from external providers and for ESG results data. In this context, the ESG core pools the required core functions, including archiving. To monitor data quality, data in the ESG core is integrated into LBBW’s existing central data quality framework. The data officer is responsible for data quality and for the structure of monitoring activities.

The establishment of the ESG core began in 2022 when data was integrated for disclosure requirements. In 2023, the central data model was then gradually expanded to include additional areas such as transitory risks.

Data availability and quality, as well as the still not fully developed market standard for all aspects of ESG risk and how this is measured, remain a challenge. Despite making more extensive use of external data providers and encouraging the use of specific customer data, where available, LBBW will remain dependent on estimates and still-changing models and approximations in many areas over the years ahead. Accordingly, fluctuations in results and changes in estimates over time cannot be ruled out.

Compliance

Responsible corporate action is based on compliance with external and internal rules and laws. Effective compliance management primarily prevents criminal acts, such as money laundering, terrorism financing, fraud, corruption, and insider trading, as well as ensuring data protection and monitoring of financial sanctions.

LBBW’s Group Compliance division takes a proactive approach. In particular, it provides advice on matters relating to capital market compliance, the prevention of money laundering and fraud (other punishable acts) as well as financial sanctions and embargoes. The decentralized compliance structure includes compliance officers who are responsible for compliance at the branches and subsidiaries and the compliance network created in 2021, which comprises compliance points of contacts[1], platform compliance coordinators[2] and compliance officers from various units of the bank[3]. The aim of this network is to effectively and efficiently introduce compliance issues in the LBBW Group in collaboration between Group Compliance and the divisions on the basis of the three-lines-of-defense model.

Central Outsourcing Management is the point of contact for planned outsourcing activities and is responsible for determining and monitoring the requirements for consistent outsourcing management throughout the entire Group. Central Outsourcing Management informs the specialized divisions about internal rules and requirements and also supports and monitors the implementation of outsourcing regulations. The risk analysis for outsourcing identifies and assesses potential ESG risks.

As part of compliance reporting and the overarching non-financial risk report, the Group Chief Compliance Officer regularly reports to the Group’s Board of Managing Directors on current developments in the material compliance sub-risk types money laundering and terrorism financing, financial sanctions and embargoes, fraud, capital market compliance, data protection and outsourcing.

1 Compliance points of contact in Group Compliance.
2 Platform compliance coordinators represent the bank’s platforms (Retail, Commercial, FM, IT) and coordinate compliance issues on their platform.
3 Compliance officers are responsible for implementing compliance issues, including regulatory compliance and the ICS (internal control system) in their divisions.

Compliance training

Compliance with legal requirements requires safeguards to be put into place. One of these safeguards is to raise awareness and train LBBW employees. Their compliance knowledge must be up to date. Self-study programs (web-based training) have proved a good and time-effective way of imparting this information. Each training session includes a test at the end to check whether the learning objectives have been achieved.

The training concept applies across the bank and throughout the Group. Compliance – where necessary in coordination with the specialized divisions in question – determines the relevance of the training for each self-study program specifically for each individually organizational unit. LBBW's representative offices and branches are fully linked via the online platform HR.lerncampus. Most of the eight subsidiaries scheduled to participate in the HR.lerncampus were onboarded in 2023. The remaining two participating subsidiaries are to be included by the end of 2024. Managers can view what training sessions their employees have completed via HR.lerncampus.

Employees who do not complete the required training within the period stipulated (usually 30 days) automatically receive a personalized standard e-mail on the date by which it should have been completed. After the fourth warning and if the deadline is missed by more than 90 days, the divisional manager is informed of the failure to complete training on time each month by email and asked to rectify this. If the deadline is missed by more than 120 days, the divisional manager must assess the employee's reliability, document this assessment and inform Group Compliance of the result.

As at 31 December 2023, the average completion rate for compliance training across all training modules remained high at 98.75%. Completion rates for the individual modules are between 98.02% and 99.72%.

Regulatory compliance function according to MaRisk AT 4.4.2

Today more than ever, it is important for companies to react quickly to critical developments and to be able to make well-founded decisions based on reliable data. This includes not only rapid processing of risk-related information, informative risk reporting, and agile risk management but also a corporate compliance culture that models a responsible risk culture.

For this reason, the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" (BaFin)) more precisely defined the Minimum Requirements for Risk Management ("Mindestanforderungen an das Risikomanagement" (MaRisk)) for credit institutions and financial services providers based on the German Banking Act ("Kreditwesengesetz") in Circular 05/2023 (BA). LBBW has a regulatory compliance function that meets the requirements of MaRisk AT 4.4.2. And that, at Group level, helps counter risks that may arise as a result of a failure to observe material legal regulations and standards. The legal regulations and standards applicable to LBBW are identified on an ongoing basis, decentrally for the bank as a whole, by the specialized divisions responsible in the regulatory life cycle and at the level of the Group units to be included. At LBBW Bank, the regulatory compliance function supports and advises management on compliance with legal regulations and standards. It also helps implement appropriate and effective procedures for compliance with the material legal regulations and standards.

It is particularly important here to have a compliance management system (CMS) at LBBW that is appropriate and effective in the long term, taking account of the "internal control system" (ICS), and to strengthen interface management with the specialized divisions.

Preventing money laundering and combating the financing of terrorism

Money laundering describes the practice of integrating into legal circulation assets acquired illegally through organized crime, drug trafficking, fraud and other punishable acts. The illegal origin of the funds is concealed in order to "launder" them back into the legal economic cycle. The financing of terrorism misuses banks to collect funds that have been acquired legally or illegally and use these funds to conduct partially or wholly terrorist activity. Accordingly, the LBBW Group has developed Group-wide business and customer-related security systems and controls for preventing money laundering and terrorism financing. These include, for example, rules on relationships with politically exposed persons, the process for accepting applications from new customers, the updating of customer data, and continual monitoring of business relationships as well as the integration of the anti-money laundering officer in the new products process.

The supervisory authorities responsible did not identify any violations of money laundering requirements on the part of LBBW in 2023.

Financial sanctions and embargoes

LBBW is obligated to initiate measures to ensure compliance with national and international financial sanctions and embargo regulations. Financial sanctions result in restrictions on capital movements and payments, whereas embargoes limit the freedom of foreign trade.

Measures and organizational requirements for the Bank and the Group are defined in the internal guidelines, which are part of the written policies. For instance, all cross-border payments and the entire LBBW customer list are automatically compared every day against German and international sanction and embargo lists. The same is true of internal company exclusion lists for cluster munitions and anti-personnel landmines. The processes and IT-based verification procedures required to do so are already firmly established inhouse.

Fraud prevention (other punishable acts)

At LBBW, the purpose of fraud prevention is to prevent criminal acts that could expose the assets of the LBBW Group or its customers to the risk of loss or that could harm the LBBW Group's reputation. Risks are analyzed, leading indicators are tracked, and transaction and customer-related security systems and controls are implemented. In an annual threat analysis, all possible internal and external risks in connection with prosecutable offenses relevant to the Bank and the Group are identified and evaluated, and suitable preventive measures are developed on this basis. In addition, LBBW adheres to the overarching OECD Guidelines for Multinational Enterprises, which also contain recommendations on corruption prevention.

The rules and regulations for the Bank and the Group for combating criminal activity primarily comprise fraud and corruption prevention guidelines for the Bank and the Group. These guidelines provide a general framework for appropriate risk management and suitable fraud and corruption prevention processes and procedures from the perspective of LBBW (e.g. organization of fraud and corruption prevention at the Bank and the Group, role of the Central Office (channel for reporting suspicious activity, point of contact) and the material preventative measures).

The material preventative measures include:

- Transaction monitoring (e.g. of fraudulent accounts or conspicuous customer behavior)
- Exchange of information with other banks and authorities regarding fraudulent accounts
- Collaboration with local authorities on fraud prevention
- Employee training
- Raising awareness among employees
- Raising awareness among customers via security alerts in the online branch or at customer events

The aim of the fraud and corruption prevention guidelines is to uncover risks and early indications of other punishable acts at an early stage to prevent damage to LBBW, its employees or its customers. These standards are implemented in the instruction for giving and receiving benefits (gifts, invitations, events), for example. Employees may also report irregularities and suspicious activity anonymously via an external ombudsman. This is possible across the Group in the LBBW Group's branches and downstream companies. Since January 2019, the ombudsman has also been available to external third parties (e.g. LBBW's customers, business partners, and suppliers).

To the best of LBBW's knowledge, no corruption proceedings were conducted against LBBW (Bank) or the subsidiaries integrated into the sustainability management process in 2023. No fines were imposed in this context.

LBBW has implemented clear internal rules and regulations throughout the Group to tackle corruption and bribery. LBBW detects corruption by raising awareness and training its executives and employees. For example, alongside regular online training to prevent other criminal acts, training sessions are regularly held for executives and employees on the "Giving and receiving benefits" guidelines ("Gift guidelines"). In these training sessions, employees familiarize themselves with LBBW's provisions on giving and receiving benefits and with the reporting and approval procedures and, in particular, learn about the level of transparency required when giving and accepting benefits. Executives and employees have access to the whistleblower system, and thus a wide range of communication options, to report information in accordance with the German Whistleblower Protection Act and the German Supply Chain Due Diligence Act.

The types of fraud to which customers and LBBW are exposed are still extremely multifaceted. Perpetrators always take their cue from current social issues. The amount of attempted fraud declined somewhat thanks to effective preventative measures but remains high. For this reason, LBBW employs numerous preventative measures to protect customers and bank assets from the consequences of fraud and, in particular, financial losses. These include technical payment transactions measures such as extensive transaction monitoring and recalling payments in the event of fraud. Customers are also made aware of the issue on an ongoing basis, for example using security alerts on the website or at events.

Capital market compliance

The compliance function according to the Minimum Requirements for the Compliance Function and Additional Requirements Governing Rules of Conduct, Organization, and Transparency ("Mindestanforderungen an die Compliance-Funktion und die weiteren Verhaltens-, Organisations- und Transparenzpflichten für Wertpapierdienstleistungsunternehmen" (MaComp)) is responsible for ensuring observance of statutory rules applicable to securities trading and related regulatory requirements.

A risk analysis is performed once a year. Among other factors, this focuses on the relevant statutory regulations and an analysis of individual risks.

Compliance with external and internal standards is monitored regularly. In addition to centralized reviews of documents, processes and directives, monitoring is also conducted on-site, e.g. at the branches, advisory centers and central units. If any shortcomings are found, the compliance function according to MaComp works with the relevant divisions to bring them into conformity with the rules.

Another responsibility of the compliance function according to MaComp is to prevent market abuse and ensure compliance with the provisions on financial market regulation set out in the revised EU Markets in Financial Instruments Directive (MiFID II). We have a zero-tolerance policy towards market abuse and market manipulation. Compliance with requirements is closely monitored and regularly checked to ensure it is up to date.

According to the rules for the compliance function according to MaComp, conflicts of interest in connection with securities and related services must also be avoided. LBBW employees in the compliance function according to MaComp are available to help identify, avoid and manage conflicts of interest.

Data protection

Handling customer data confidentially is a top priority for LBBW. Personal data security is ensured through compliance with applicable internal data protection regulations. Safeguarding personal data is an important European fundamental right and this data receives special protection under the Charter of Fundamental Rights of the European Union (Article 8 (1)) and in the Treaty on the Functioning of the European Union (Article 16 (1)). The European General Data Protection Regulation (GDPR) harmonizes legal data protection regulations on the processing of the personal data of natural persons in the EU. This EU-wide law was the basis for developing LBBW's internal regulatory framework. This covers general framework conditions and due diligence obligations for customers and employees and, in particular, sets out objectives and responsibilities, the organizational structure and authorizations and reporting obligations in relation to data protection. Detailed regulations are provided, for example on handling data protection breaches and the rights of data subjects, creating and maintaining the Record of Processing Activities (RoPA) and on processing.

The regulations apply to the bank and all subsidiaries. Foreign locations are subject to the provisions if EU law applies in the country in question. To this end, the general conditions were assessed and a decision made on a case-by-case basis.

To increase security standards, data protection risk is included in the bank's risk management system under compliance risks. This is documented in the "compliance mandate" and in the compliance standards.

Under the three lines of defense model, the Data Protection team acts as the second line of defense and monitors compliance with legal data protection regulations. Control guidelines are developed and compliance with the first-line controls is reviewed.

In addition, the Data Protection department prepares a specific data protection risk analysis each year as part of a risk assessment and determines the overall data protection risk for the bank. Based on this, an evaluation is carried out as an operational risk scenario.

The data protection officer carries out reviews throughout the year to monitor compliance with legal data protection requirements. The focus and basis for this were GDPR Article 5 (Principles relating to processing of personal data), Article 6 (Lawfulness of processing), Article 7 (Conditions for consent), Article 8 (Conditions applicable to child's consent), Article 9 (Processing of special categories of personal data), Article 12 (Transparent information, communication and modalities), Article 17 (Right to erasure), Article 21 (Right to object), Article 30 (Records of processing activities) and Article 44 (General principle for transfers).

LBBW's data protection officer reports directly to the Group's Board of Managing Directors once a year or on an ad hoc basis on the basis of their legally enshrined independence in accordance with Article 38 GDPR. They regularly report directly to the member of the Board of Managing Directors responsible for risk management, group compliance and auditing. Further information on data protection can be found for LBBW at Data protection (LBBW) and for BW-Bank at Data protection (BW-Bank) (in German).

LBBW's subsidiaries have their own data protection officers. The key processes are described in the Group data protection annual report.

As a general rule, the law grants greater rights to customers, for example by expanding the right to object and imposing stricter company obligations. These include stricter provisions on fines and additional information and documentation obligations.

To meets its data protection and data security responsibilities, all LBBW employees are required to take part in the e-learning tool on data protection in accordance with the GDPR every two years.

This training covers:

- Legal framework: European and national regulations
- Right to be informed: Rights of data subjects
- Organizational obligations: Documentation obligations / data protection officer / data protection supervision and sanctions / reporting requirements
- Data protection practices: Documentation / provision / information / scores and credit checks / marketing / employee data protection / processing

As at 31 December 2023, the completion rate for the General Data Protection Regulation training module was a very high 99.28%.

Data subjects continued to make extensive use of their rights. In 2023 there were 49 customer complaints (previous year: 43), 27 requests for information (previous year: 75) and 43 requests for deletion (previous year: 54).

In particular, the Data Protection team will have to monitor and interpret developments in connection with a planned employee data protection law and artificial intelligence regulation in the near future.

Product responsibility / consumer protection

Holistic financial plan

LBBW's customer relationship managers work together with investors to explore their goals – including those beyond investing – and subsequently prepare a personalized financial plan.

Guidelines for retail customer advice

The sustainable approach to financial advisory services and the rules for systematic implementation and review are set out in the "Guidelines for Retail and Business Customer Advice at BW-Bank". Consultations focus on the individual needs of each and every customer. LBBW takes its customers' suggestions on board and uses these to continuously improve.

Specific work instructions and process guidelines provide the framework for the advisory process. Product selection guidelines and review mechanisms ensure that customers' interests are always put first.

Securities business

LBBW provides detailed and readily understandable information about various forms of investment and any associated risks. It prepares a suitability report for each investment consultation, in which banks are required to set out in writing why the recommendation they have made – e.g. to buy a or sell a product is suitable for the respective customer and fits their investment goals. Since the MiFID Amending Directive came into effect on 2 August 2022, it has been compulsory to determine and integrate sustainability preferences during investment consultations.

LBBW's advisors are not assigned sales targets for individual securities products. Sales guidelines must always be implemented in line with customer interests. LBBW advises and supports its customers on all financial matters in every phase of their lives.

Sustainable investment products

LBBW's range of sustainable investment products was further expanded in 2023 and now includes certificates and bonds for retail customers and ESG bonds in the form of LBBW own issues, as well as asset management products. This targets both retail/corporate customers and institutional customers. Relevant regulatory requirements (e.g. Taxonomy Regulation and Disclosure Regulation) are met in all product categories. For example, LBBW and its subsidiary LBBW Asset Management implemented the requirements under the MiFID Amending Directive for all relevant investment products. LBBW also has requirements for its own investments.

Details about the individual product categories are provided below.

Structured bonds and certificates with sustainability features

The range of sustainable retail products (certificates and bonds) was expanded further in 2023. Numerous retail products were classified as PAI products, a sustainability category.

In October 2023, LBBW also issued its first bond to which fully EU Taxonomy-compliant assets are allocated in the context of real estate and wind farm financing and that meets the strictest sustainability preference category ("environmentally sustainable investment (in accordance with the Taxonomy)"). This bond provides investors with a product solution designed specifically to help achieve the EU's "climate change mitigation" environmental objective.

Investors can also use sustainable indices to invest with a regional (idDAX 50 ESG NR Decrement 4.0% Index), European (MSCI EMU SRI Select 30 Decrement 4.0% Index) and global focus (iSTOXX® Global Climate Change ESG NR Decrement 4.5% Index). LBBW's efforts as regards sustainable retail products were acknowledged by ratings agencies. For example, it received the Scope Award as the "Best ESG certificate issuer" for the third year in a row. As in the previous year, LBBW was also named the "Best ESG certificate provider" by Feingold Research in 2023.

ESG bonds

The LBBW Group is one of the largest issuers of sustainable bonds, known as ESG bonds, in the European commercial banking market segment.

Both LBBW (Bank) and the LBBW Group subsidiary Berlin Hyp issue green bonds and social bonds. Berlin Hyp also issued a sustainability-linked bond.

All bonds issues are based on frameworks underpinned by the ICMA Green Bond Principles, the ICMA Social Bond Principles or the ICMA Sustainability-Linked Bond Principles. The frameworks were externally validated by ISS ESG in a second party opinion (SPO). The green bond frameworks of LBBW (Bank) and Berlin Hyp were updated in 2022 and 2023 respectively and changes made in line with the EU Taxonomy. Berlin Hyp's social bond framework was also updated in 2023.

The supporting LBBW (Bank) Green Bond Committee was renamed the ESG Bond Committee (EBC) in 2023 to facilitate knowledge transfer across divisions. The EBC's main responsibilities include monitoring the market, primarily in relation to the EU Taxonomy and the EU Green Bond Standard, and the resulting adaption for LBBW (Bank)'s business areas, and further developing the issuing program for institutional and retail investors.

Volumes as at 31 December 2023:

	Green bonds (EUR million)	Social bonds (EUR million)	Sustainability-linked bonds (EUR million)
LBBW Group	14,097	4,048	500
of which LBBW	6,284	2,298	0
of which Berlin Hyp	7,813	1,750	500

The LBBW Group uses the proceeds from its green bonds to fund energy-efficient commercial and residential buildings and renewable energy projects. The proceeds from its social bonds go towards social projects in the areas of affordable housing, healthcare and social services, vocational training, care homes and homes for the disabled. Other potential financing objects include schools, hospitals, infrastructure projects and public water supply. The following volumes of financing eligible for green/social bonds are offset by the green and social bonds issued:

	Green bond-eligible financing (EUR million)	Social bond-eligible financing (EUR million)
LBBW Group	20,523	5,992
of which LBBW	9,757	3,074
of which Berlin Hyp	10,766	2,918

The importance of green bonds in particular continued to increase in 2023 as climate and environmental targets were stepped up generally, investor demand rose sharply and, indirectly, as a result of far higher regulatory pressure to report climate and environmental risks. Another aim of expanding its green and social bonds is to help finance the United Nations' development goals. In 2023, for example, the LBBW Group issued four green bonds and two social bonds in euro benchmark format.

Asset management according to ethical, social and environmental criteria

BW-Bank has offered its customers asset management solutions that take into account ethical, social, and environmental criteria since 2004. To this end, it works with external providers that assess and classify financial instruments and/or issuers according to transparent sustainability criteria.

BW-Bank also offers investors five sustainable strategy funds.

LBBW Asset Management

In 2023, LBBW Asset Management expanded its range of sustainable investment solutions by converting existing funds using various ESG processes, such as managing the portfolio in line with focus SDGs or focus PAIs, taking a best-in-class approach and considering sales-based exclusion criteria.

LBBW Asset Management meets the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR). Investment products in accordance with Article 8 and 9 of the SFDR are reported under “ESG assets”. Some of the investment products designated as “sustainable” within the meaning of the Sustainable Finance Disclosure Regulation and that are allocated to “ESG assets” are required to have a minimum quota of sustainable investments in accordance with the Sustainable Finance Disclosure Regulation. As well as compliance with the general exclusion criteria that apply to all of LBBW Asset Management’s investment products and mandates, its sustainable products are also measured by additional criteria such as the PAIs (Principal Adverse Impacts) and SDGs (Sustainable Development Goals).

The ESG assets category at LBBW Asset Management totaled EUR 22.59 billion as at 31 December 2023 (previous year: EUR 20.71 billion), EUR 16.51 billion of which as assets under management and EUR 6.08 billion as assets under administration (in cooperation with external asset managers).

EUR billion	2023	2022	2021
Volume of ESG assets at LBBW Asset Management Investmentgesellschaft mbH (from 2021: new classification approach in accordance with SFDR)	22.59	20.71	23.09
Volume of sustainable investments (Article 8 products in accordance with SFDR) at BW-Bank Asset Management	4.08	3.89	4.11

LBBW’s investments

All Group-wide regulations, in particular the Code of Conduct, are also binding for LBBW’s investments.

Standardized ESG investment guidelines for LBBW (Bank)’s entire proprietary trading portfolio, which are based on established standards and LBBW’s voluntary commitments (e.g. the UN’s human rights standards and labor laws in accordance with the ILO’s core labor standards), came into force in 2022 and are enshrined in “LBBW’s sustainability regulations”. As well as an exclusion list for states, these also include sector-specific regulations, which apply customer business standards to the investment book and thus standardize requirements in both areas.

Sustainable financing

Sustainable finance has continued to establish itself in the most important financing markets for corporate customers. It encompasses financing solutions that take social, environmental and governance criteria into account to promote long-term economic stability and a positive impact on the environment and society. Market participants – issuers, banks and investors – are becoming increasingly professional. The guidelines for green and ESG-linked financing from the International Capital Market Association (ICMA) and Loan Market Association (LMA) were developed further. While green financing is used exclusively for sustainable investment, ESG-linked financing involves agreeing ESG key performance indicators (ESG KPI) such as CO_2 emissions, recycling rates or the number of workplace accidents. These indicators are to be selected in line with the borrower’s sustainability strategy and compliance reviewed on a regular basis.

LBBW provides clear incentives for ESG-linked financing, for example through margin adjustments, and helps its corporate customers and investors step up their sustainability investments, in turn accelerating the transformation to a strong future economy.

The requirements for the ESG KPIs associated with ESG-linked financing are increasing steadily (e.g. increasing requirement to integrate Scope 3 CO_2 targets). To ensure compliance with market requirements and guarantee a standardized evaluation, LBBW introduced a process to assess the materiality of individual KPIs. Conversely, this process also includes assessing whether the material sustainability issues in a borrower’s business model are covered by the individual ESG KPIs chosen.

In the syndicated loan market, linking sustainability aspects can also result in significantly higher individually agreed ESG KPIs compared to those when using sustainability ratings from external agencies (e.g. ISS ESG, ecovadis, Sustainalytics). This trend is also supported by the option to agree ESG-linked products during the term of the loan via contract addenda.

On the Schuldschein market, the short preparation times for a transaction and investor granularity mean that sustainability ratings – which are simpler – are often used.

LBBW's Green ABCP program (through the Weinberg Asset-Backed Commercial Paper (ABCP) program it sponsors) was further consolidated in 2023. Another receivables seller was found for the ABS program, helping meet the high level of interest among investors at an even broader level.

Project finance

Renewable energy financing was increased by 12% to EUR 3.3 billion in 2023. Renewable energies thus accounted for 42% of the portfolio and 92% of financed energy generation plants. The portfolio also focuses on financing digital and social infrastructure.

EUR billion	2023	2022	2021
Volume of project financing attributable to renewable energy (assets)[1]	3.32	2.97	2.54

1 Finance Controlling data base from which the asset volume (excluding fair values from derivatives) is aggregated via the individual transaction.

Financing the energy transition

The transition to renewable energies is a key lever as we move toward a sustainable future. This means that the complete decarbonization of the energy system is linked to the comprehensive transformation of the entire energy sector. LBBW has been financing renewable energy projects such as wind turbines and photovoltaic systems for years.

Whereas it was mainly the large energy suppliers that invested in renewable energies at first, we are now seeing more and more municipal companies, production facilities and private households switching to sustainable generation technologies. As well as electricity generation, heating is another key area that also needs to be fully decarbonized in the next few years. LBBW's aim is to provide sustainable, reliable financing solutions to help make the energy transition a success and support its customers with all projects, large and small – from sustainable industrial parks to making people's homes energy efficient.

Energy-efficient renovation of residential properties

LBBW provides simple financing for smaller projects of up to EUR 50,000 with its low-volume loans. These are advance loans in combination with a LBS building loan contract as a repayment instrument. For example, this allows private customers to introduce energy-saving measures in their owned or rented properties at low interest rates and with a minimum of red tape. Through their interest offer as part of the ProKlima loan, LBBW and LBS Süd together help their customers upgrade their energy efficiency and create sustainable homes.

LBBW launched its "construction green financing" project in the employee customer advisory service in July 2022. When buying a property or renovating an existing building to improve its energy efficiency, all customers receive a brief KfW analysis of the property's current energy status, its current primary energy requirements and its associated CO_2 emissions. As well as this brief analysis, they receive an indication of expected legal obligations, anticipated costs and the work required to achieve the efficiency house standard.

Financed emissions

For some years now, LBBW has been looking at the downstream, climate-related effects of its banking activities. One central component here is calculating and disclosing greenhouse gas (GHG) emissions in connection with the projects and loans we finance. Despite ongoing methodological challenges, a certain industry standard is now emerging in the form of the PCAF Initiative (Partnership for Carbon Accounting Financials) required in the CSRD. The PCAF is an expanded and more detailed version of the Greenhouse Gas Protocol (GHG Protocol).

In 2023, LBBW again commissioned MACS Energy & Water GmbH, a consulting firm specializing in sustainability in the finance sector, with calculating the GHG footprint of its lending business (known as Scope 3 emissions). As previously, the calculations were based on the sum total of all of LBBW's outstanding receivables and commitments from borrowers as at 31 December 2023, which differs by sector and geographical region. Scope 3 emissions correspond to the Scope 1 and Scope 2 emissions of the customers attributable to loans in line with their share of financing. Financed emissions are calculated using carbon accounting and are then tracked and reported throughout the year (see LBBW 2022 Sustainability Report, page 160 et seqq.).

Avoiding reputation and sustainability risks in financing

LBBW uses mandatory internal Group review processes and industry-specific sets of rules to ensure that reputation and sustainability risks relating to the environment, society or ethics (e.g. failure to ensure a work-life balance, violation of equal opportunities) are identified, analyzed and assessed at an early stage in the process of deciding on extending credit, such as export financing, corporate loans or project finance. This can result in LBBW rejecting such transactions or terminating business relationships.

Financial advisors also examine loan applications in terms of compliance and sustainability risks based on internal lending rules. The reputation and sustainability risks regulations are expanded to include guidelines where required. The fisheries & aquaculture and cattle breeding guidelines in South America were adopted in 2023. An extract from the RepRisk AG database on the companies involved in the planned financing can also be obtained from the ESG Group Transformation department. Group Compliance and the ESG Group Transformation department must be included in the lending process if there are specific reputation or sustainability-related reputation risks. The requirements for obtaining an ESG analysis are based on the ratings in the ESG check list, which covers environmental, social and governance aspects. The Front Office and risk management departments have access to an in-house request form that lists all persons involved, the nature and purpose of the business relationship, the findings of all research conducted to date, and any anomalies identified in terms of sustainability risks (including arms, genetic engineering, nuclear power, environmental destruction, species and biodiversity conservation, climate change, workers' rights and human rights). Compliance risks (including money laundering, fraud) are assessed by Compliance if necessary. Following a corresponding evaluation by the compliance and/or sustainability experts, the financial advisor responsible for the transaction initially decides whether the transaction should be pursued. If so, the corresponding sustainability/compliance analyses are included in the loan application and taken into account in the lending decision.

The “Principles and Guidelines for Implementing LBBW’s Sustainability Policy and Goals” and the “Guidelines for Lending” contained therein form the basis for the sustainability standards in financing business.

In addition to statutory requirements and provisions, LBBW adheres to internationally recognized standards and voluntary commitments for its internal guidelines and operating procedures. These include the UN Global Compact, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the OECD (Organisation for Economic Cooperation and Development) Guidelines for Multinational Enterprises and the Performance Standards of the International Finance Corporation (IFC). Further information on the international standards can be found in LBBW’s sustainability regulations (www.lbbw.de/sustainability).

Internal review processes for financing projects in place at LBBW include the following:

Review process for industry-country risks

In order to identify, analyze, and assess possible sustainability-related reputation risks in international financing arrangements, there is an additional review process for particularly critical sectors in particularly critical countries. An update of this review process began in the third quarter of 2023 and it will be rolled out to corporate customer and project financing in the first half of 2024.

Company exclusion lists for controversial weapon systems

LBBW does not enter into any business relationships with companies involved in the production of cluster munitions and/or anti-personnel mines, which are prohibited by international conventions. LBBW ensures this at the operational level with a company exclusion list that applies throughout the entire Group (= LBBW (Bank) and all subsidiaries majority owned by LBBW) and is also integrated into the automated embargo monitoring system of the Bank. The exclusion lists are updated twice a year.

Real estate

LBBW Immobilien

LBBW Immobilien is the real estate competence center in the Landesbank Baden-Württemberg Group. A large number of sustainable real estate and community development projects are carried out under the auspices of the LBBW Immobilien Group – from constructing pioneering, environmentally friendly residential communities to developing concepts to improve the energy efficiency of entire cities.

LBBW Immobilien Development GmbH

LBBW Immobilien Management GmbH's development company specializes in designing and building sustainable residential complexes and commercial space. As a service provider, the company provides its expertise in sustainability, revitalization project management, efficiency improvements and other areas. LBBW Immobilien Development GmbH is a member of the German Sustainable Building Council (DGNB). Its projects are DGNB certified at locations including Munich, Frankfurt, Stuttgart and Mainz. In this connection, DGNB evaluates the overall sustainability of the property over the entire building lifecycle according to 29 different criteria measuring environmental, economic, socio-cultural, functional, technical and process quality.

LBBW Immobilien Asset Management GmbH

The LBBW Immobilien Group's asset management company covers the entire value chain, from acquisition to management and optimization of the real estate portfolio through to sustainability management and disposal. It specializes in a diversified, primarily commercial real estate portfolio with a focus on profitability, security and appreciation. Alongside profitability, its main goal is to transform the portfolios managed in terms of compliance with ESG principles and the climate course. To do so, it currently uses the ESG software QUANTREFY along with detailed property and usage data to display ESG performance at property and portfolio level using specific ESG indicators (e.g. compliance with the climate course with the goal of carbon-neutral building stock). Feasibility analyses in the areas of e-mobility, photovoltaic systems and waste management are currently being carried out and implemented for the portfolio as a whole. An ESG assessment was also prepared for various portfolio properties. This analysis evaluates areas including the property's energy consumption and CO_2 emissions, assesses Taxonomy alignment and creates a roadmap for climate protection and renovation work, including specific (modernization) measures. The issues discussed above form the basis for designing and implementing property-specific and cross-portfolio sustainable optimization concepts, for example by purchasing electricity from renewable energy sources, switching to LED lighting, converting heating systems and optimizing building envelopes.

LBBW Immobilien Kommunalentwicklung GmbH

As a company of LBBW Immobilien Management GmbH, the German Association of Cities, and the savings bank organization, this Stuttgart-based company is the point of contact for municipalities and the state of Baden-Württemberg for all issues concerning urban planning, urban renewal, land repurposing, and construction site and land development. This municipal center of excellence provides planning and consulting services, spearheads renovation and development projects, and invests in projects. LBBW Immobilien Kommunalentwicklung GmbH (KE) operates in 440 cities and municipalities.

Berlin Hyp

Berlin Hyp is one of Germany's major real estate and covered bond banks in the area of commercial real estate financing and can indirectly influence the development of building stock in its target regions and asset classes.

The need to transition to carbon neutrality is one of the most topical and important issues in the real estate sector. If this is not addressed, it could jeopardize the position of the housing sector – which, depending on the calculation, is estimated to be responsible for between 30% and 40% of CO_2 emissions in Germany (BMWi, December 2021: Energieeffizienz in Zahlen – Entwicklungen und Trends in Deutschland 2021) – as a stable investment (see Berlin Hyp's non-financial statement at https://www.berlinhyp.de/en/media/newsroom/financial-reports). At the same time, even at Germany's latitude, buildings are exposed to the negative effects of climate change as a result of increasing climate and environmental risks such as temperature and weather shifts.

Berlin Hyp has committed to the Paris climate goals and is actively working on promoting the transformation to a lower-emission economy. It aims to achieve carbon neutrality for financed CO_2 emissions in commercial real estate financing (Scope 3) by no later than 2050. In this context, Berlin Hyp launched a decarbonization project in the final quarter of 2022 with the goal of using the PCAF method to calculate financed emissions in the lending portfolio and incorporating the carbon footprint of the property to be financed in pricing by the end of the first quarter of 2024. For own business operations (Scope 1 and 2), the goal is to be carbon neutral by 2025. To meet this goal, the focus is on steadily reducing greenhouse gas emissions from operations. Berlin Hyp also intends to offset its remaining CO_2 emissions through certificates.

In addition, Berlin Hyp signed the Principles for Responsible Banking (PRB) in 2022. As a member of the UN Global Compact Network Germany, Berlin Hyp is also involved in climate reporting and in the UNEP FI network in relation to the “Target Gender Equality Accelerator”.

Employee concerns

Personnel management, hiring and development

LBBW provides an extensive internal training program to ensure that all employees have the right qualifications. This features seminars and training sessions that, as well as focusing on professional qualifications, also provide opportunities for personal and interdisciplinary training. This is complemented by training sessions to improve foreign language skills and seminars on specific subjects organized by external providers. Employees who want to build on their business knowledge can also undertake study programs alongside their work. Specific programs are also available to managers on employee management and on the careful use of own and external resources. As well as its traditionally wide range of training offers, LBBW is also committed to promoting top talent through its talent management program. The aim is to strengthen high-potential employees through targeted development programs to help them to compete for key positions and thus retain them at the bank. This is achieved through targeted development projects in the context of talent programs, which were successfully continued in 2023. In addition, managers can take advantage of coaching opportunities provided by specialists in professional and management development and receive individual advice and support on leadership and personal issues.

Key figures for LBBW (Bank)[1,2]

	2023	2022	2021
Average age in years	46.1	46.3	46.1
Average length of service in years	19.3	20.0	19.9

1 Personnel figures are calculated based on the number of “active employees” in accordance with the HGB definition (excluding trainees, working students, students at universities of cooperative education, temporary employees, those on leave and governance bodies).
2 LBBW (Bank) accounts for about 77.8% of Group employees.

Key figures for Berlin Hyp AG[1]

	2023	2022	2021
Average age in years	46.6	46.8	n/s
Average length of service in years	15.2	16.3	n/s

1 Personnel figures are calculated based on the number of “active employees” (excluding the Board of Managing Directors, working students, trainees, students at universities of cooperative education and employees on leaves of absence).

Company health management

Taking the factors generally accepted to have an effect on health – ergonomics and occupational psychology – as a starting point, company health management efforts also move beyond the immediate working environment and aim to strengthen employees’ general health. Whereas leadership and communication styles are of central importance in a professional sense, general healthcare promotion focuses on movement, nutrition, addictive behavior and mental health.

As the primary point of contact, the occupational health service supports and advises all LBBW employees in fundamentally all health-related matters while maintaining strict physician-patient privilege. In addition to typical workplace and social medicine issues, such as returning to work after a physical or mental illness, the occupational health service is also available for behavioral and environmental interventions, first aid, emergency medical care/services, and travel medicine, as well as general medical care and vaccinations. These services are closely integrated with those offered by the Psychosocial Service (formerly known as the Social Services department) and LBBW’s health promotion activities to create a model that employees can access to develop their own personal health strategy.

The Psychosocial Service advises employees and executives as well as branch employees on topics such as stress, conflicts, and difficult situations at work, mental health issues like burnout and depression, addiction, and personal issues (such as family conflicts, care requirements or the death of a loved one). Preventive advice on the topic of resilience and healthcare is also offered. After acute crises such as serious accidents, sudden death or bank robbery, the Psychosocial Service offers direct emergency psychological help that can prevent or mitigate possible subsequent illnesses and missed work. In individual cases, employees can also be referred to external counseling centers, clinics, or psychotherapists. In addition to one-on-one consultations, the Psychosocial Service also offers employees and managers workshops, training courses, and presentations covering psychosocial issues such as resilience.

Occupational safety

For instance, occupational safety experts and occupational physicians are involved in the early stages in workplace-related decisions such as the purchasing of furniture and IT equipment, new construction and renovations, and the development of building standards. The conditions of workplaces are examined during on-site inspections, and possibilities for improvement are examined as necessary. Safety-related on-site inspections and individual consulting sessions on workplace ergonomics were carried out in 2023 on a scheduled or ad-hoc basis. In addition, regular training was provided for employees involved in occupational safety at LBBW (e.g. executives and safety officers). In order to further improve ergonomics in the work-place, safety officers were trained to be Ergo Scouts. In its function as an advisory and coordination body, LBBW's occupational safety committee, which meets quarterly and represents LBBW's entire workforce, deals with all key occupational health and safety issues.

Diversity

LBBW has firmly enshrined the promotion of gender equality in its human resources guidelines, primarily in the two pillars "work-life balance" and "equal opportunity and diversity". LBBW (Bank) also signed the Diversity Charter (www.charta-dervielfalt.de) in 2008. This involves a commitment to ensure a workplace free of prejudice for all employees. The interdisciplinary culture team has supported this vision since 2021. While the focus in the last two years was on driving LBBW's transformation towards new work, the team is now working on diversity projects at LBBW (Bank). The foundations for a large-scale diversity initiative stretching well into 2024 were laid in a special diversity-themed edition of the "wort.wechsel!" dialogue format in May 2023 and at the first LBBW Diversity Knowledge Forum in July 2023. BRAVE, a LGBTTIQ* network (lesbian, gay, bi, transsexual, transgender, intersexual, queer) founded in May 2020, also complements the spectrum of existing networks as part of the diversity-focused company policy. The name BRAVE is an acronym for "bankers respect and value each other". The aim of the network is to create open and respectful company policy while at the same time promoting tolerance and acceptance in the workplace.

Promoting the careers of women

LBBW (Bank) plays a role in supporting womens' career opportunities with the goal of ensuring fair competition for positions and thus significantly increasing the share of women in middle and upper management. To this end, LBBW established a comprehensive concept, which includes various initiatives to actively promote women at different stages of life. This also includes the "Women@LBBW" initiative, which brings together LBBW's Board of Managing Directors members and divisional heads at LBBW. Senior female executives are committed to the quota for the share of women and wish to act as role models. Nine sponsors of the "Women@LBBW" initiative supported interested female employees by sharing their own experiences, providing coaching, career planning and mentoring and creating networks of multipliers. They prepare ambitious women to take on leadership responsibilities and are also available as sparring partners, share contacts and create a network of multipliers. Various events were held in 2023 focusing on a number of different areas, attracting more than 300 interested and ambitious participants.

Key figures for LBBW (Bank)[1,2]

	2023	2022	2021
Percentage of women	51.3%	51.5%	51.3%
Percentage of women in leadership positions[3]	27.4%	25.6%	21.2%
Percentage of disabled employees / employees with equivalent status[4]	4.9%	4.9%	5.1%
Percentage of non-German nationalities	7.7%	7.1%	6.7%

1 Personnel figures are calculated based on the number of “active employees” in accordance with the HGB definition (excluding trainees, working students, students at universities of cooperative education, temporary employees, those on leave and governance bodies).
2 LBBW (Bank) accounts for about 77.8% of Group employees.
3 Team leaders are included for the first time for 2022.
4 The number of employees with disabilities / employees with equivalent status can vary depending on when the data is collected due to their disability status being recognized retroactively. This may result in discrepancies between the non-financial statement in the management report and the LBBW Sustainability Report.

Key figures for Berlin Hyp AG[1]

	2023	2022	2021
Percentage of women	46.9%	47.0%	n/s
Percentage of women in leadership positions	28.1%	29.5%	n/s
Percentage of disabled employees / employees with equivalent status	4.8%	5.4%	n/s
Percentage of non-German nationalities	4.6%	4.4%	n/s

1 Personnel figures are calculated based on the number of “active employees” (excluding the Board of Managing Directors, working students, trainees, students at universities of cooperative education and employees on leaves of absence).

Further information on diversity can be found in the Human rights section.

Work-life balance

To provide the best possible work-life balance, LBBW (Bank) offers various options for flexible working hours. As helping parents find childcare services is a matter of course for us as an employee-oriented company, LBBW also allows scope, for instance, for sabbaticals. LBBW’s extremely flexible working hours system, combined with the option to arrange to work from home where necessary, again particularly proved their worth.

Support for employees who are caring for older relatives or family members with disabilities is also becoming increasingly important. Subject to prior consultation with their managers, employees who care for a family member can apply for an additional six months' leave over and above the statutory entitlement of six months. Shorter periods of leave are also possible. The works agreement on hybrid working provides further options for increased flexibility.

The bank also offers support with childcare and bank employees at all head offices can utilize childcare services. These include children’s day care services, emergency childcare and special arrangements during school holidays. LBBW offers all employees an advisory and support program provided by a third-party service provider, “pme Familienservice”. LBBW pays the cost of the consulting and placement services, while the actual childcare costs are paid by the parents. In addition to the parental leave time guaranteed by law, mothers and fathers who were employed by LBBW for at least three years previously can take a leave of absence called a family year.

LBBW has been recognized as a “family-oriented company” by the “berufundfamilie” audit since 2010. After successful re-audits in 2013, 2016 and 2019, another re-audit was conducted in 2022. This focused on how to gear the wide range of opportunities for a good work-life balance even more closely to the various age groups / generations in each stage of life. The program of action signed is to be put into place by the end of 2025.

Innovation management

Sustainable ideas, pioneering products and innovative concepts are essential to LBBW’s future viability. To drive forwards the digital transformation, continue developing strong business models and bolster LBBW’s culture of innovation, LBBW thus established central innovation management in 2020 and expanded the Digitalization & Innovation department in 2022.

Together with the divisions, around 20 employees collect, support and generate ideas and develop digital strategy initiatives on various topics (digital assets, digital money, green tech, artificial intelligence and data analytics, metaverse, open finance). Employee suggestions are also incorporated into the innovation process through idea management.

Prototypes and business concepts are tested and developed until they are ready for the market. Both LBBW employees and customers are involved in testing and evaluation from the very beginning. This means that potential solutions can be quickly tested out in practice and adjusted and improved on the basis of feedback.

The Digitalization & Innovation department also supports LBBW’s culture of innovation through communication and event formats that share knowledge and ideas on relevant financial innovations (fintech) and general technology trends.

LBBW idea management

In an increasingly dynamic world, it is vital that LBBW addresses the challenges with new ideas. LBBW idea management provides LBBW employees with a tool to use their creativity in a structured way.

The goal is to constantly improve LBBW’s products, processes and services in order to promote its innovative and competitive strengths and, in this way, to offer attractive services to customers. In exchange for their dedication, LBBW employees enjoy a percentage share in the success.

The fundamentals of idea management were redesigned in 2023 to harness their creative potential even more effectively. In the future, managers will evaluate some of the ideas themselves and the latest pull principles will be used as well as conventional push principles, for example by running targeted campaigns to help employees generate ideas. This was implemented through an IT platform.

Thanks to this new process, the number of ideas climbed by 50% in 2023 to 4,213, with the benefit rising by 59% to EUR 18.9 million (this benefit comprises material expenses savings, additional revenue and the time saved thanks to the individual ideas). The ideas helped optimize more than 1,000 processes and create innovative, sustainable and digital solutions.

LBBW ideas management thus contributes to the strategic levers and is key to boosting the company’s appeal as an employer among employees.

Company

Given its regional roots, LBBW bears a responsibility to people in its core markets of Baden-Württemberg, Rhineland-Palatinate and Saxony. Reflecting this, LBBW is involved in social projects and numerous education initiatives. As a donor and sponsor, LBBW provides valuable impetus and is a key backer. Social commitment is part of its corporate culture and has been an integral part of the corporate strategy since 1 January 2023. Accordingly, this section covers LBBW’s social commitment, even though the topic is not considered “material” in the materiality analysis.

Education

LBBW takes its social mandate seriously and actively helps to increase young people’s familiarity with the business world while giving school pupils early guidance in choosing their career. For example, BW-Bank supports educational institutions in Stuttgart and the surrounding area and has an active relationship with many schools. In this context, BW-Bank employees lend their expertise to teachers and pupils alike. In doing so, LBBW aims to convey not only knowledge but also reinforce social skills and a sense of responsibility for the sustainable development of society.

For example, LBBW (Bank) has supported the Stutengarten children’s play area run by Stuttgarter Jugendhaus gGmbH since 2008. Children aged between 6 and 13 get the chance to play at being an adult and bring the play town to life. The Stutengarten bank branch is run by BW-Bank trainees and students at universities of cooperative education and shows the children how the currency (known as the Stutentaler), which was developed specifically for the play town, circulates in a city and the importance of a bank for the economy and society.

Since 2013, LBBW has also been a member of “Wissensfabrik”, a nation-wide initiative of businesses and foundations created to promote education and entrepreneurship in Germany. Wissensfabrik’s aim is to improve younger generations’ prospects by partnering with educational institutions and start-ups, in turn helping ensure Germany’s success as an economic hub in the future.

LBBW is also involved in the “Gründermotor” (“start-up engine”) initiative in Baden-Württemberg as a venture partner and, together with its subsidiary BW-Bank, as a corporate partner. Start-up teams from Baden-Württemberg receive intensive support and coaching in “master classes” run over a four-month period. Experts from the Corporate Customer business and Business Customers sales units act as corporate coaches. Venture work involves specific project collaboration with start-ups.

Corporate volunteering

The “Morgenmacher” project was launched together with the KinderHelden gGmbH organization in 2022. The idea is to support a child for one year of his or her development. It focuses on financial education but also covers language skills and individual personal development. Starting with 23 employees from across the bank in the 2022/2023 school year, 18 volunteers met regularly with their mentees in the 2023/2024 school year. The bank provides financial support to employees and also gives them the time off work.

The social days initiated by the bank are another key element. Together with Malteser Hilfsdienst e.V., der Tafel and the City of Stuttgart, centrally organized events were run at various locations. A whole host of decentralized own initiatives were also held, including the social days at Kinderhaus Blauer Elefant in Mainz.

Donations

Donations are an important part of LBBW’s commitment to society. Donations are primarily focused on social, cultural and scientific projects, as well as environmental and sustainability projects.

In 2023, young LBBW (Bank) employees again supported SuppOptimal, an initiative for homeless people set up by the Bürgerstiftung Stuttgart foundation. Donations also went to the two Christmas support programs run by Stuttgarter Nachrichten and Stuttgarter Zeitung. For the first time in 2023, bank employees were included in deciding who was to receive LBBW Christmas donations as part of the “Social Contribution” strategic lever. All employees could put forward their suggestions.

Sponsoring

As a sponsor, LBBW supports selected projects and institutions in the regions in which it operates. Here, it focuses on art and culture, with its long-standing partnerships including the Stuttgart Opera House and the Mannheim National Theater. In the sporting world, LBBW remains the traditional main sponsor of the prestigious Stuttgart German Masters riding and show jumping tournament, which is preceded by the BW Bank Cup series for younger riders in Baden-Württemberg.

Respect for human rights

Company policy

LBBW's commitment to the protection of human rights in its Principles and Guidelines states: "LBBW recognizes that the United Nations' Universal Declaration of Human Rights applies to all people in the world and expects the same of its contractual partners".

Customer relationships

In its lending business guidelines and those for retail customer advice, LBBW incorporates sustainability aspects in terms of respect for human rights.

Treatment of our employees

Staff representation and representation of employees with disabilities

Co-determination in the Staff Council is based on the State Employee Representation Act for Baden-Württemberg. Staff meetings are held regularly at LBBW's larger locations. Employees have the right to exercise the freedom of association and assembly throughout the Group. LBBW employees who hold severely disabled status are advised and represented by the General Representative Body for Employees with Disabilities (GSBV) and six regional representative bodies.

Diversity

A diversity officer is assigned to supervise and support diversity and equal opportunity efforts at LBBW. According to the Works Agreement on Protection from Discrimination and a Cooperative Environment in the Workplace, employees who feel discriminated against may turn to the staff council, representatives for employees with disabilities, the responsible manager, the social services department, or the complaints board.

Supply chain

Supplier registration

Activities with LBBW suppliers are based on supplier registration. Suppliers are accepted by LBBW only if they answer questions concerning sustainability matters on the LBBW Supplier Portal. These questions cover the environment and social management system, environmental training for employees, the waste concept and the publication of environmental or sustainability reports.

Every supplier is additionally required to acknowledge the "Sustainability Agreement for LBBW Suppliers" when registering and sign it when entering into a contract. This agreement compels suppliers to comply with what LBBW considers to be essential environmental and social criteria (e.g. observing environmental law, minimizing any negative impact on the environment, the right to collective bargaining, complying with minimum wage legislation). Any supplier violating the social standards contained in the Sustainability Agreement (e.g. prohibition against human rights abuses such as child labor) must accept this violation as grounds for termination of the contract without notice.

Group Purchasing

Centrally organized purchasing operations and binding Bank-wide standards ensure that sustainability issues are factored into investment decisions and, in cases where several product alternatives with comparable quality and cost are available, the better product in terms of sustainability is chosen. This is also intended to promote environmentally and socially aware policies and business practices by business partners.

German Supply Chain Due Diligence Act

In connection with the German Supply Chain Due Diligence Act that came into force on 1 January 2023, the relevant procurement processes were analyzed and adapted in 2022.

As part of the standard due diligence process, the questionnaires and the "Sustainability Agreement for LBBW Suppliers" were reviewed and amended in relation to their content and the objectives of the German Supply Chain Due Diligence Act and are also regularly checked and updated where required.

A new risk management module designed specifically to meet the requirements of the German Supply Chain Due Diligence Act was also introduced in LBBW's supplier management system (Prospeum). The abstract (assessment of country and sector risk and questionnaires) and the specific risk analysis are both carried out in this module (provided risk indices were identified in the abstract risk analysis).

In accordance with Section 4 (3) of the German Supply Chain Due Diligence Act, a human rights officer was appointed with effect from 1 January 2023 who is responsible for monitoring risk management. The role of the human rights officer includes monitoring compliance with due diligence obligations, the effectiveness review, preparing and reviewing the policy statement and the annual risk analysis report and reviewing whistleblowing. The human rights officer reports to the Board of Managing Directors on human rights issues and environmental risks and advises the Board on these areas.

All of this information is also described in LBBW's policy statement on the German Supply Chain Due Diligence Act and published on its website.

Environmental concerns

Certification EMAS and ISO 14001

LBBW has committed to complying with the standards of the Eco-Management and Audit Scheme (EMAS) and ISO 14001 and has maintained a certified environmental management system since 1998. The environmental/sustainability management system is applicable to LBBW (Bank) including BW-Bank, LBBW Gastro Event GmbH, LBBW Immobilien Management GmbH, LBBW Corporate Real Estate Management GmbH and LBBW Asset Management Investmentgesellschaft mbH.

The implementation of the Scheme and ISO standard is verified once a year by means of an internal pre-audit by Internal Auditing and an external audit by an environmental expert. The internal and external audits were conducted successfully in 2023. Both audits help the company ensure compliance with environmental law.

The following locations were certified in 2023:

- four buildings at “Am Hauptbahnhof”
- two buildings at “Pariser Platz”, and
- the Kleiner Schlossplatz 11 building in Stuttgart.

Use of resources and CO_2 emissions

In 2023, measures were put into place to reduce CO_2 emissions (Scope 1 and 2). For example, charging infrastructure was expanded for e-bikes, pedelecs and electric cars and further energy efficiency work was completed in IT (e.g. consolidation work continued on infrastructure, e.g. servers, printers, workplace equipment). The installation of a photovoltaic system at the Stuttgart campus was reviewed and largely completed in 2023.

The target for Scope 1, 2 and 3 emissions (excluding financed emissions) in 2023 was set at 10,500 t CO_2 for LBBW (Bank). Approximately 9,630 t CO_2 were generated.

LBBW has set and published a total of seven sector-specific climate goals for the respective subportfolio for the financed emissions to be met by 2030 (energy producers, automotive manufacturers, automotive suppliers, cement, aircraft financing, steel and commercial real estate). More information on portfolio management can be found in a brochure (see “Sustainable transformation. Our path to net zero”).

Expanded disclosures in accordance with Article 8 of the EU Taxonomy Regulation

The EU Taxonomy is a central part of the EU action plan on sustainable finance published in 2018. The aim of the EU action plan is to reorient capital flows towards a more sustainable economy.

In Regulation (EU) 2020/852 (Taxonomy Regulation), the EU provides a standardized classification system for environmentally sustainable economic activities to ensure transparency about a financed activity's level of sustainability. The qualitative and quantitative disclosure requirements are based on the details in Article 8 of the Taxonomy Regulation and Annex XI of the Delegated Regulation (EU) 2021/2178. Delegated Regulations supplement and provide more detail on the Taxonomy Regulation. Another delegated regulation relevant to banks is Delegated Regulation (EU) 2023/2486, in particular Annex IV and V. The European Commission has also published frequently asked questions (FAQ).

The Taxonomy Regulation divides economic activities into a total of 14 economic sectors:

1. Forestry
2. Environmental protection and restoration activities
3. Manufacturing
4. Energy
5. Water supply, sewerage, waste management and remediation activities
6. Transport
7. Construction and real estate activities
8. Information and communication
9. Professional, scientific and technical activities
10. Financial and insurance activities
11. Education
12. Human health and social work activities
13. Arts, entertainment and recreation
14. Catastrophe risk management

Within these economic sectors, the economic activities are allocated at a granular level. For example, economic sector "7. Construction and real estate activities" is divided into 7 economic activities, "7.1 New construction" to "7.7 Acquisition and ownership of buildings".

An economic activity is essentially Taxonomy-eligible in accordance with the Taxonomy Regulation if it can be allocated to one of the economic activities listed in the Taxonomy Regulation within the 14 economic sectors described above.

An economic activity can be classified as Taxonomy-aligned if the economic activity previously considered Taxonomy-eligible contributes substantially to at least one of a total of six environmental objectives and does no significant harm to any of the other environmental objectives. Minimum requirements must also be met, for example in relation to social and human rights aspects (minimum social safeguards – MSS).

The six environmental objectives set by the European Commission are:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Pollution prevention and control (CE)
5. Transition to a circular economy (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

Financial institutions have had to publish key figures on the Taxonomy eligibility of their transactions since the 2021 reporting year. Additional key figures on Taxonomy alignment must also be provided from the 2023 reporting year onwards (see also "Mandatory disclosures and explanations of the templates in accordance with Article 8 of the Taxonomy Regulation").

Information on Taxonomy alignment is provided in the form of the Green asset ratio (GAR), which shows Taxonomy-aligned assets as a share of covered assets.

Covered assets are total assets less financing to central governments, central banks, supranational organizations and the trading portfolio. The GAR is an EU performance indicator for reporting environmentally sustainable and thus Taxonomy-aligned business.

The key performance indicators (KPIs) in the EU Taxonomy are:

- Taxonomy key performance indicators by Turnover (Turnover KPI)
- Capital expenditure (CapEx KPI).

LBBW (Group) has the following KPIs:

GAR by Turnover KPI: 0.33%

GAR by CapEx KPI: 0.45%

A detailed breakdown can be found in template 0 “Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation”.

LBBW’s GAR is characterized by the fact that the LBBW Group (LBBW) has many business relationships with companies that are not required by the Non-Financial Reporting Directive (NFRD) to provide sustainability reporting. Companies not subject to the NFRD include all corporate customers headquartered outside the EU. In addition, most small and medium-sized enterprises based in the EU are not subject to the NFRD. As a result, these business activities were not taken into account when assessing Taxonomy eligibility and alignment in the 2023 reporting year. These methodological factors negatively affect the GAR because they are included in the GAR formula denominator.

In addition, no risk exposures to special purpose entities not subject to the NFRD were evaluated for the 2023 reporting year. They are also included in the GAR denominator, reducing the ratio. Transactions are concluded with special purpose entities, for example as part of Real estate/Project finance. In accordance with Cif. (14) of the European Commission’s FAQs published on 21 December 2023, special purpose entities that meet specific criteria can also be assessed for Taxonomy eligibility and alignment in the future.

Qualitative disclosures and explanatory information

LBBW takes a universal bank approach. The business model focuses on customer business in the Corporate Customers, Real Estate/Project Finance, Capital Markets Business and Private Customers/Savings Banks segments. In the Corporate Customers segment, the focus is on traditional SMEs companies in the upper SME segment with capital market orientation and groups with a capital market focus in the regional core markets and other selected economic areas.

LBBW closely monitors a broad range of sustainability issues. This includes:

- As part of the “sustainable transformation” strategic lever, the bank supports the sustainable transformation of the economic system. More information can be found in the “LBBW Group strategy” section.
- The “Sustainability project”, “Regulation” and “Data management and quality” sections go into detail about the implementation of the Taxonomy Regulation at LBBW.
- Sustainable investment products play a key role for sustainability in customer business. For example, LBBW issued a bond with fully EU Taxonomy-aligned assets. This is described in the “Structured bonds and certificates with sustainability features” section.
- The changes made to the green bond framework to account for the EU Taxonomy are described under “ESG bonds”.

Calculating the GAR in individual cases:

For the review in accordance with the EU Taxonomy, assessments are carried out of existing (i) financing of non-financial undertakings subject to the NFRD, (ii) financial undertakings subject to the NFRD, (iii) private households and (iv) local governments in the segments listed above. Taxonomy eligibility and Taxonomy alignment are evaluated separately for each segment but not for (v) nuclear energy and fossil gas economic activities. These are reviewed on a cross-segment basis. Financing of earmarked economic activities allocated to segments (i) to (v) is reviewed using the VÖB Taxo Tool from the Association of German Public Sector Banks (VÖB) of VÖB Service GmbH. As part of the DNSH review data from MunichRE to assess physical risks was used.

(i) Non-financial undertakings subject to the NFRD:

LBBW differentiates between financing of earmarked and non-earmarked economic activities of non-financial undertakings subject to the NFRD.

For the financing of non-earmarked economic activities, LBBW determines the Taxonomy eligibility and Taxonomy alignment of non-financial undertakings subject to the NFRD using the Turnover KPI and CapEx KPI Taxonomy key figures published by these companies. These show Taxonomy-eligible and Taxonomy-aligned economic activities as a percentage of total Turnover / total capital expenditure of the customer. LBBW also uses the percentage share of Turnover and capital expenditure published by the non-financial undertakings subject to the NFRD for the environmental objectives. However, data is not available for all non-financial undertakings subject to the NFRD.

If the Taxonomy key figures on Taxonomy eligibility and Taxonomy alignment are not reported by the non-financial undertakings subject to the NFRD corresponding to individual environmental objectives, these are assigned to environmental objective 1 “climate change mitigation” in individual cases.

Financing of earmarked economic activities is checked to see whether this is covered by the scope of Delegated Regulation (EU) 2021/2139 and whether the Taxonomy eligibility requirements are met. Taxonomy-eligible economic activities are then assessed for Taxonomy alignment with regard to technical screening criteria, DNSH and MSS. For an insignificant share of this portfolio, the Taxonomy key figures of Turnover KPI and CapEx KPI published by non-financial undertakings subject to the NFRD are also used to assess Taxonomy eligibility and alignment.

(ii) Financial undertakings subject to the NFRD:

LBBW evaluates the financing of economic activities of financial undertakings subject to the NFRD in accordance with Article 8 of the Taxonomy Regulation using the Taxonomy key figures Turnover KPI and CapEx KPI published by the financial undertakings subject to the NFRD. These show the share of Taxonomy-eligible covered assets as a percentage of total assets. As financial undertakings were not yet required to disclose key figures on the Taxonomy alignment of their covered assets as at 31 December 2022, financed economic activities of financial undertakings were not assessed for Taxonomy alignment in the 2023 reporting year. In some individual cases, financial undertakings subject to the NFRD that would be subject to the NFRD on their own but are consolidated in the company’s Group may be an exception to this. If the company’s Group is a non-financial undertaking subject to the NFRD, Taxonomy key figures on both Taxonomy eligibility and Taxonomy alignment are reported (see “(i) Non-financial undertakings subject to the NFRD”). These Taxonomy key figures are then used for the subsidiaries described. Data is not available for all financial undertakings subject to the NFRD.

(iii) Private households:

Loans granted to private households as construction loans are considered Taxonomy-eligible as loans collateralized by residential properties and house renovation loans are covered by the EU Taxonomy in accordance with Delegated Regulation (EU) 2021/2139 Annex I, no. 7.2 to 7.7. A simplified review process based on energy certificates is used to evaluate Taxonomy alignment in retail business with low-volume construction loans. Motor vehicle / retail car loans granted to households are considered Taxonomy-eligible if certain criteria are met.

(iv) Local governments:

Earmarked financing for public housing and other project finance granted to public authorities to finance Taxonomy-eligible economic activities are deemed Taxonomy-eligible in accordance with Delegated Regulation (EU) 2021/2178 Annex V, no. 1.2.1.4. Taxonomy-alignment is assessed based on the technical screening criteria for the specific economic activity and the DNSH and MSS review.

(v) Nuclear energy and fossil gas:

As a financial undertaking subject to the NFRD, LBBW is required to disclose the financing of nuclear energy and fossil gas related economic activities separately from the 2023 reporting year onwards in accordance with Delegated Regulation (EU) 2022/1214. Pursuant to Delegated Regulation (EU) 2021/2139 sections 4.26 to 4.28 and 4.29 to 4.31 of Annexes I and II, financial undertakings are required to disclose both the amount and the percentage share of

Taxonomy-aligned economic activities in the areas of nuclear energy and fossil gas in the numerator and denominator of their key performance indicators. The amount and percentage share of economic activities that are Taxonomy-eligible but not Taxonomy-aligned, as well as the percentage share of economic activities that are not Taxonomy-eligible must also be disclosed in the denominator of the key performance indicators.

For the financing of earmarked economic activities, LBBW determines the Taxonomy eligibility and Taxonomy alignment for non-financial undertakings subject to the NFRD using the nuclear energy and fossil gas related economic activities templates published by these undertakings. In addition, LBBW examined financing arrangements with non-financial undertakings subject to the NFRD for earmarking within the meaning of sections 4.26 to 4.28 and 4.29 to 4.31 of Delegated Regulation (EU) 2021/2178, but did not identify any relevant economic activities. As financial undertakings subject to the NFRD were not yet required to disclose key figures on nuclear energy and fossil gas related economic activities as at 31 December 2022, economic activities with financial undertakings subject to the NFRD cannot be assessed here in the 2023 reporting year.

Mandatory disclosures and explanations of the templates in accordance with Article 8 of the Taxonomy Regulation

The reporting obligations set out in the Taxonomy Regulation require financial undertakings subject to the NFRD to publish key figures on Taxonomy eligibility and alignment. For the 2023 reporting year, this covers Taxonomy-eligible economic activities for environmental objectives 1 to 6, including the new economic activities for environmental objectives 1 and 2 added in 2023. For the first time, this also includes reporting Taxonomy-aligned economic activities for environmental objectives 1 and 2. Reporting obligations are to be gradually expanded for financial undertakings until the 2025 reporting year. After this time, all Taxonomy-eligible and Taxonomy-aligned economic activities that align with the environmental objectives will have to be disclosed.

The disclosure of Taxonomy-eligible and Taxonomy-aligned covered assets at LBBW is based on the regulatory consolidated group and the financial reporting (FINREP) balance sheet.

Reporting is carried out and presented using pre-defined templates in accordance with the requirements of the Delegated Regulation (EU) 2021/2178 and Delegated Regulation (EU) 2022/1214.

Taxonomy Regulation templates for credit institution KPIs:

- Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 of the Taxonomy Regulation
- Template 1: Assets for the calculation of GAR – (Turnover) and (CapEx) basis
- Template 2: GAR sector information – (Turnover) and (CapEx) basis
- Template 3: GAR KPI stock – (Turnover) and (CapEx) basis
- Template 4: GAR KPI flow – (Turnover) and (CapEx) basis
- Template 5.1: KPI off-balance sheet exposures – Turnover basis – for both stock and flow
- Template 5.2: KPI off-balance sheet exposures – CapEx basis – for both stock and flow

Taxonomy Regulation templates for nuclear energy and fossil gas 1–5:

- Template 1: Nuclear- and fossil-gas-related activities
- Template 2: Taxonomy-aligned economic activities (denominator) – (Turnover) and (CapEx) basis
- Template 3: Taxonomy-aligned economic activities (numerator) – (Turnover) and (CapEx) basis
- Template 4: Taxonomy-eligible but not taxonomy-aligned economic activities – (Turnover) and (CapEx) basis
- Template 5: Taxonomy non-eligible economic activities – (Turnover) and (CapEx) Turnover basis

Only template 0 is shown below as this focuses on key items of LBBW and provides a complete overview. All templates are included in the Annex to the non-financial statement in table form under “Further information”. With the exception of template 2 on GAR sector information, the templates are presented in full and including all template columns and rows, in line with the presentation in Annex VI of the Taxonomy Regulation.

The information on template 2 GAR sector information relates only to Non-Financial corporates subject to the NFRD. As at 31 December 2023, no other disclosures are reported on small and medium-sized enterprises (SMEs) and other Non-Financial corporates that are not subject to the NFRD. These are disclosures that do not have to be published in the template. To improve transparency, these blank columns and sector codes (NACE codes) without stocks resulting in blank rows were hidden.

Template 4 GAR KPI flow contains only disclosures from LBBW (Bank) and its material subsidiaries. For reasons of simplification, subsidiaries did not explicitly analyze possible repayments. From 2024 reporting year onwards, the disclosures include also the other subsidiaries.

For nuclear energy and fossil gas disclosures in template 2 Taxonomy-aligned economic activities, LBBW uses the standard templates for the disclosure referred to in Article 8(6) and (7) of the Delegated Regulation (EU) 2021/2178.

Hence, in template 2, applicable KPIs (line 8) take account of covered assets. The individual columns regarding the amounts of environmental objectives 1 and 2 are left blank due to the regulatory composition of this variable. In addition to the nuclear energy and fossil gas related economic activities mentioned, all environmental objectives and their economic activities are considered in templates 2 to 5.

As a financial undertaking subject to the NFRD, LBBW is required to disclose quantitative information for trading exposures in accordance with the Taxonomy Regulation. This is required for the first time as at 31 December 2025 in the form of template 7 KPI Trading book portfolio. It must also disclose quantitative information on the financing of fee and commission income from other services in accordance with the Taxonomy Regulation. This will also be required for the first time as at 31 December 2025 in the form of template 6 KPI on fees and commission income from services other than lending and asset management.

In addition, information is also provided on the breakdown of the GAR by customer and business segments and the percentage of the Taxonomy-aligned economic activities allocated to the environmental objectives 1 to 6 in accordance with the Delegated Regulation (EU) 2021/2178, Annex V.

Template 0: Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets (EUR million)		KPI (%)		% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
		Turnover	CapEx	Turnover	CapEx	***		
Main KPI	Green asset ratio (GAR) stock	792	1,097	0.33	0.45	72.64	51.85	27.36

		Total environmentally sustainable assets (EUR million)		KPI (%)		% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2 of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
		Turnover	CapEx	Turnover	CapEx			
Additional KPI	GAR (flow)	976	1,838	1.11	2.09	66.06	45.31	33.94
	Trading book*							
	Financial guarantees	12	35	0.28	0.84			
	Assets under management	624	1,321	0.98	2.08			
	Fees and commissions income**							

*For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.
**Fees and commissions income from services other than lending and AuM. Institutions shall disclose forward-looking information for these KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.
***% of assets covered by the KPI over banks' total assets.

Information to be disclosed on the breakdown of the GAR by customer and business segments and the percentage of the taxonomy-aligned economic activities allocated to the environmental objectives 1 to 6

Total GAR in %	Turnover	CapEx
Total GAR for financing activities directed at financial undertakings	*0.01*	*0.04*
Climate Change Mitigation (CCM)	0.01	0.04
Climate Change Adaptation (CCA)	0.00	0.00
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.00	0.00
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
Total GAR for financing activities directed at non-financial undertakings	*0.21*	*0.31*
Climate Change Mitigation (CCM)	0.21	0.26
Climate Change Adaptation (CCA)	0.00	0.05
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.00	0.00
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
GAR for residential real estate exposures, including house renovation loans, for the objectives of climate change mitigation, climate change adaption and the circular economy	*0.11*	*0.11*
Climate Change Mitigation (CCM)	0.11	0.11
Climate Change Adaptation (CCA)	0.00	0.00
Circular economy (CE)	0.00	0.00
GAR for retail car loans, for the objective of climate change mitigation	*0.00*	*0.00*
Climate Change Mitigation (CCM)	0.00	0.00
GAR for use of proceeds financing local government	*0.00*	*0.00*
Climate Change Mitigation (CCM)	0.00	0.00
Climate Change Adaptation (CCA)	0.00	0.00
Water and marine resources (WTR)	0.00	0.00
Circular economy (CE)	0.00	0.00
Pollution (PPC)	0.00	0.00
Biodiversity and Ecosystems (BIO)	0.00	0.00
GAR for commercial and residential repossessed real estate collateral held sale, for climate change objectives	*0.00*	*0.00*
Climate Change Mitigation (CCM)	0.00	0.00

03

Consolidated Financial Statements

Content

Income statement

for the period 1 January to 31 December 2023

EUR million	Notes	01/01 – 31/12/2023	01/01 – 31/12/2022[1]
Net interest income	10	2,826	2,305
Interest income and current income from equity instruments		43,778	17,513
of which interest income from financial assets measured at amortized cost		9,754	3,794
of which interest income from financial assets measured at fair value through other comprehensive income		683	286
Interest expenses and current expenses from equity instruments		– 40,953	– 15,208
of which interest expenses from financial liabilities measured at amortized cost		– 8,361	– 2,303
Net fee and commission income	11	589	628
Fee and commission income		780	789
Fee and commission expenses		– 191	– 161
Net gains/losses on remeasurement and disposal	12	162	55
of which allowances for losses on loans and securities		– 254	– 239
Other operating income/expenses	14	205	1,061
Administrative expenses	15	– 2,227	– 1,985
Expenses for bank levy and deposit guarantee system	16	– 184	– 188
Net income/expenses from restructuring	17	4	– 2
Consolidated profit/loss before tax		*1,374*	*1,873*
Income taxes	18	– 378	– 363
Net consolidated profit/loss		*996*	*1,510*
of which net income/loss of which attributable to non-controlling interest after tax		– 3	– 7
of which attributable to shareholders after tax		999	1,517

1 The previous year figures include Berlin Hyp from the date of first-time consolidation as at 1 July 2022 on a pro rata basis.

Statement of comprehensive income

for the period 1 January to 31 December 2023

EUR million	Notes	01/01 – 31/12/2023	01/01 – 31/12/2022[1]
Net consolidated profit/loss		*996*	*1,510*
Items that will not be transferred subsequently to the income statement			
Retained earnings	54	– 57	297
Actuarial gains/losses before tax		– 80	480
Realized gains/losses from own credit rating		– 1	0
Realized gains/losses from the sale of equity instruments		0	– 37
Income taxes	18	25	– 146
Measurement gains/losses from own credit rating	54	15	39
Measurement gains/losses from own credit rating before tax		21	56
Transfer to realized gains/losses from own credit rating		1	0
Income taxes	18	– 7	– 17
Measurement gains/losses from equity instruments (financial assets measured at fair value through other comprehensive income)	54	– 5	1
Measurement gains/losses before tax		– 5	– 18
Transfer to realized gains/losses from the sale of equity instruments		0	37
Income taxes	18	0	– 17
Measurement gains/losses from investments accounted for using the equity method (financial assets measured at fair value through other comprehensive income)	54	1	3
Measurement gains/losses before tax		1	3
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)		– 32	– 358
Measurement gains/losses before tax		– 69	– 451
Change in allowances for losses on loans and securities		– 3	5
Transferred to income statement		1	2
Income taxes	18	39	87
Currency translation differences		– 18	12
Changes before tax		– 2	11
Transferred to income statement		– 16	2
Net consolidated profit/loss in equity		*– 95*	*– 4*
Net consolidated total comprehensive income		*901*	*1,506*
of which total net income/loss of which attributable to non-controlling interest after tax		– 3	– 7
of which attributable to shareholders after tax		904	1,513

1 The previous year figures include Berlin Hyp from the date of first-time consolidation as at 1 July 2022 on a pro rata basis.

Statement of financial position

as at 31 December 2023

Assets

EUR million	Notes	31/12/2023	31/12/2022
Cash and cash equivalents	28	12,026	10,569
Financial assets measured at amortized cost	29	238,565	228,969
Loans and advances to banks		82,241	81,283
Loans and advances to customers		152,883	146,542
Debentures and other fixed-income securities		3,441	1,144
Financial assets measured at fair value through other comprehensive income	30	37,015	36,668
Financial assets designated at fair value	34	856	1,779
Financial assets mandatorily measured at fair value through profit or loss	35	36,317	39,379
Shares in investments accounted for using the equity method	8	203	226
Portfolio hedge adjustment attributable to assets		– 237	– 549
Non-current assets and disposal groups held for sale	46	2	1
Intangible assets	47	211	209
Investment property	48	781	791
Property and equipment	49	836	813
Current income tax assets	18, 51	63	71
Deferred income tax assets	18, 51	1,023	967
Other assets	52	5,646	4,281
Total assets		*333,305*	*324,174*

Statement of financial position

Equity and liabilities

EUR million	Notes	31/12/2023	31/12/2022
Financial liabilities measured at amortized cost	37	287,371	273,657
Deposits from banks		73,138	84,082
Deposits from customers		127,361	115,748
Securitized liabilities		82,264	68,660
Subordinated capital		4,608	5,167
Financial liabilities designated at fair value	38	3,229	3,584
Financial liabilities mandatorily measured at fair value through profit or loss	39	23,758	29,825
Portfolio hedge adjustment attributable to liabilities		– 1,892	– 3,164
Provisions	53	1,881	1,825
Current income tax liabilities	18, 51	95	190
Deferred income tax liabilities	18, 51	23	22
Other liabilities	52	2,773	2,794
Equity	*54*	*16,067*	*15,442*
Share capital		3,484	3,484
Capital reserve		8,240	8,240
Retained earnings		2,854	1,665
Other comprehensive income		– 276	– 237
Net consolidated profit/loss		999	1,517
Shareholders' equity		*15,302*	*14,669*
Additional equity components		745	745
Equity attributable to non-controlling interests		21	28
Total equity and liabilities		*333,305*	*324,174*

Statement of changes in equity

for the period 1 January to 31 December 2023

EUR million	Share capital	Capital reserve	Retained earnings[1]	Valuation reserve for equity instruments	Valuation reserve for debt instruments	Measurement gains/losses from investments accounted for using the equity method	Measurement gains/losses from own credit rating	Currency translation reserve	Net consolidated profit/loss	Shareholders' equity	Additional equity components	Equity attributable to non-controlling interests	Total
Equity as at 1 January 2022	*3,484*	*8,240*	*1,211*	*– 38*	*78*	*– 2*	*1*	*25*	*418*	*13,417*	*745*	*35*	*14,197*
Allocation to retained earnings	0	0	418	0	0	0	0	0	– 418	0	0	0	0
Distribution to shareholders	0	0	– 230	0	0	0	0	0	0	– 230	0	0	– 230
Net consolidated profit/loss in equity	0	0	297	1	– 358	3	39	12	0	– 4	0	0	– 4
Net consolidated profit/loss	0	0	0	0	0	0	0	0	1,517	1,517	0	– 7	1,510
Net consolidated total comprehensive income	0	0	297	1	– 358	3	39	12	1,517	1,513	0	– 7	1,506
Servicing of additional equity components	0	0	– 30	0	0	0	0	0	0	– 30	0	0	– 30
Other changes in equity	0	0	– 1	0	0	0	0	0	0	– 1	0	1	– 0
Equity as at 31 December 2022	*3,484*	*8,240*	*1,665*	*– 36*	*– 280*	*0*	*40*	*38*	*1,517*	*14,669*	*745*	*28*	*15,442*
Equity as at 1 January 2023	*3,484*	*8,240*	*1,665*	*– 36*	*– 280*	*0*	*40*	*38*	*1,517*	*14,669*	*745*	*28*	*15,442*
Allocation to retained earnings	0	0	1,517	0	0	0	0	0	– 1,517	0	0	0	0
Distribution to shareholders	0	0	– 240	0	0	0	0	0	0	– 240	0	– 0	– 240
Net consolidated profit/loss in equity	0	0	– 57	– 5	– 32	1	15	– 18	0	– 95	0	0	– 95
Net consolidated profit/loss	0	0	0	0	0	0	0	0	999	999	0	– 3	996
Net consolidated total comprehensive income	0	0	– 57	– 5	– 32	1	15	– 18	999	904	0	– 3	901
Servicing of additional equity components	0	0	– 30	0	0	0	0	0	0	– 30	0	0	– 30
Other changes in equity	0	0	– 1	0	0	0	0	0	0	– 1	0	– 4	– 5
Equity as at 31 December 2023	*3,484*	*8,240*	*2,854*	*– 41*	*– 311*	*1*	*56*	*20*	*999*	*15,302*	*745*	*21*	*16,067*

1 Profit and loss carryforwards from prior periods are also recognized under retained earnings.

Cash flow statement

for the period 1 January to 31 December 2023

EUR million	Notes	01/01 – 31/12/2023	01/01 – 31/12/2022[1]
Net consolidated profit/loss		*996*	*1,510*
Non-cash items in net consolidated profit/loss and reconciliation to cash flow from operating activities			
Depreciation, write-downs and reversals of impairment losses on receivables, property and equipment, and financial investments (including equity investments)		346	354
Increase in / reversal of provisions		255	307
Other non-cash expenses/income		1,146	254
Gains/losses from the sale of equity investments, property and equipment and intangible assets		– 84	– 8
Other adjustments (net)		– 2,466	– 1,852
Subtotal		*194*	*565*
Changes in assets and liabilities from operating activities			
Financial assets measured at amortized cost		– 9,643	– 36,100
Loans and advances to banks		– 782	– 34,323
Loans and advances to customers		– 6,569	– 1,719
Debentures and other fixed-income securities		– 2,292	– 58
Financial assets measured at fair value through other comprehensive income		– 402	2,576
Debentures and other fixed-income securities		– 1,145	2,229
Loans and advances		742	350
Equity instruments		1	– 3
Financial assets designated at fair value		1,022	– 603
Financial assets mandatorily measured at fair value through profit or loss		7,823	14,839
Shares in investments accounted for using the equity method		19	7
Other assets from operating activities		– 1,371	– 1,585
Financial liabilities measured at amortized cost		12,887	5,381
Deposits from banks		– 11,525	– 12,744
Deposits from customers		11,160	14,282
Securitized liabilities		13,253	3,844
Financial liabilities designated at fair value		– 427	– 1,041
Financial liabilities mandatorily measured at fair value through profit or loss		– 175	– 12,448
Other liabilities from operating activities		– 342	418
Dividends received		63	55
Interest received		37,184	16,699
Interest paid		– 44,307	– 16,409
Income taxes paid		– 461	– 500
Cash flow from operating activities		*2,064*	*– 28,144*
Proceeds from the sale of			
Equity investments		29	78
Property and equipment		33	11
Intangible assets		9	3
Payments for the acquisition of			
Equity investments		– 29	– 90
Property and equipment		– 91	– 53
Intangible assets		– 63	– 37
Proceeds from the sale of consolidated companies		54	0
Payments for the acquisition of consolidated companies net of cash and cash equivalents acquired		0	2,722
Cash flow from investing activities		*– 58*	*2,634*
Payments for servicing additional equity components		– 30	– 30
Dividends paid		– 240	– 230
Net change in cash and cash equivalents from other capital		– 586	13
Cash flow from financing activities		*– 856*	*– 247*

1 The previous year figures include Berlin Hyp from the date of first-time consolidation as at 1 July 2022 on a pro rata basis.

EUR million	Notes	01/01 – 31/12/2023	01/01 – 31/12/2022[1]
Cash and cash equivalents at the beginning of the period	*29*	*10,569*	*36,871*
Cash flow from operating activities		2,064	– 28,144
Cash flow from investing activities		– 58	2,634
Cash flow from financing activities		– 856	– 247
Changes to cash and cash equivalents owing to exchange rates, basis of consolidation and measurement		306	– 545
Cash and cash equivalents at the end of the period	*29*	*12,026*	*10,569*

1 The previous year figures include Berlin Hyp from the date of first-time consolidation as at 1 July 2022 on a pro rata basis.

The cash flow statement shows the change in cash and cash equivalents resulting from cash flows from operating, investing and financing activities during the financial year.

Cash and cash equivalents correspond to the LBBW Group’s cash reserve and include cash, balances with central banks, public-sector debt instruments eligible for refinancing operations and bills.

Cash flow from operating activities is determined indirectly from net consolidated profit/loss. Cash flows that are primarily connected with the revenue-producing activities of the LBBW Group or cash flows resulting from activities that cannot be allocated to investing or financing activities are allocated to cash flow from operating activities. At the LBBW Group, outgoing payments for the interest and repayment components of lease liabilities and payments for short-term leases and low-value lease assets are shown in cash flow from operating activities. Total cash outflows from leases amounted to EUR – 43 million in the reporting year.

Cash flow from investing activities shows proceeds and payments relating to the disposal or acquisition of non-current assets.

All proceeds and payments from transactions relating to equity and subordinated capital are included in cash flow from financing activities. In addition to the cash change in equity (dividend payment, issuing and servicing additional equity components), cash flow from financing activities includes the cash flows from the silent partners' contributions and additional subordinated capital. During the period under review, the volume of subordinated capital held decreased by EUR – 559 million from the previous year. The change is largely due to a cash reduction of EUR – 532 million. The change also resulted from measurement effects of EUR 6 million and the effects from present value accounting of EUR – 11 million. Changes in exchange rates also resulted in a EUR – 22 million change in the volume of subordinated capital held.

LBBW’s disposal of targens GmbH caused a reduction of EUR 4 million in other assets and EUR 9 million in other equity and liabilities particular. There was only a minor amount of cash and cash equivalents. There was a mid-eight-figure net inflow of cash (sale price less cash and cash equivalents sold).

Notes on the consolidated financial statements

for the 2023 financial year

A. Principles and material changes

1. Basis of accounting

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

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

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

The consolidated financial statements for the 2023 financial year were prepared in accordance with Section 315e (1) of the German Commercial Code (HGB) and Commission Regulation (EU) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002 (IAS regulation) in accordance with the regulations of the International Financial Reporting Standards (IFRS) as applicable 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.

The consolidated financial statements were approved by the Board of Managing Directors for publication on 4 March 2024.

2. Accounting principles

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

In accordance with IFRS 10.19 and IAS 28.35, financial statements at LBBW are prepared using uniform accounting policies across the Group. These were applied consistently to the reporting periods shown, unless stated otherwise. The annual financial statements of the fully consolidated companies or investments accounted for using the equity method are prepared as at the statement of financial position date of the consolidated financial statements of LBBW. In addition, for information on major changes, please refer to the commentary in the report on the results of operations, net assets and financial position in the Group management report.

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

The reporting year is the calendar year.

3. Changes and estimates

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

IFRS applied for the first time

The following IFRS were applied for the first time in the 2023 financial year:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies The amendment has no material effect on the LBBW consolidated financial statements.
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates The amendment has no material effect on the LBBW consolidated financial statements.
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendment has no material effect on the LBBW consolidated financial statements.
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (deferral of effective date).
- Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

Explanations of material IFRS applied for the first time

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules

LBBW applied the amendments to IAS 12 for the first time as at 31 December 2023. The IASB made changes to the scope of IAS 12 to clarify that the standard is to be applied to income taxes resulting from taxation laws approved to implement the OECD’s Pillar Two Model Rules, including taxation laws that implement the domestic minimum tax described in these rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, meaning that information on deferred tax assets and liabilities in connection with Pillar Two income taxes is neither recognized nor disclosed.

IFRS 17 Insurance Contracts and Amendments to IFRS 17 (deferral of effective date) and Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9 – Comparative Information

IFRS 17 is not a specific standard for the insurance sector: It regulates the accounting of insurance contracts, in particular for the insurance provider. Based on this, LBBW has evaluated its entire product portfolio. This analysis concluded that LBBW does not issue any contracts covered by the definition of an insurance contract in IFRS 17 and so LBBW does not apply IFRS 17.

IFRS to be applied in the future

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

Title of IFRS	First-time adoption expected in	Endorsement (yes/no)	IFRS subject matter
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Deferral of Effective Date Amendments to IAS 1 – Non-current Liabilities with Covenants	2024 financial year	Yes	This amendment updates the Standard IAS 1 by clarifying in which cases an existing right to defer settlement of liabilities results in this being classified as “non-current” (more than 12 months). It also clarifies the assessment of loan agreements that could lead to early repayment.
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	2024 financial year	No	This amendment relates to the presentation of reverse factoring agreements in the statement of financial position and statement of cash flows. The information refers to the reporting debtor, not the creditor of this agreement.
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	2025 financial year	No	The amendment includes clarifications and regulations for identifying and measuring currencies that are not exchangeable into other currencies and the required notes.
Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	2024 financial year	Yes	The amendments set out additional IFRS 16 regulations on the subsequent measurement of lease liabilities that arise in connection with sale and leaseback transactions.

Adjustments

Estimates and assumptions were made in accordance with the accounting standards concerned for determining the assets, liabilities, income and expenses recognized in the consolidated financial statements. These are based on historical experiences and other factors such as plans and – as far as can be currently judged – probable expectations and forecasts of future events. Such significant estimates can change from time to time and significantly affect the net assets and financial position, as well as the results of operations.

In addition, discretionary decisions were reached when preparing the financial statements regarding the determination of the scope of consolidation, the classification of the financial instruments, investment property, the leasing relationships and the allocation to the levels pursuant to IFRS 13.

Estimates and assumptions mainly relate to the calculation of the fair value of financial instruments and investment property, the value of assets and the calculation of the allowances for losses on loans and securities, as well as the recognition and measurement of subordinated capital, provisions and taxes, including incidental tax charges and benefits. Moreover, estimates and assumptions are made regarding specific cash flows. Where significant estimates and/or complex judgments were required, the assumptions made are explained in detail in the Notes on the corresponding items.

The estimates and assumptions are each based on the level of knowledge currently available about the expected future business performance and trends in the global and sector-specific or regulatory environment. Where actual values differ from the estimates made, the underlying assumptions and – if necessary – the carrying amounts of the relevant assets and liabilities are adjusted accordingly on a prospective basis.

The potential impact of the changes made to estimates on future reporting periods are in particular dependent on the development of market parameters and expectations in the future. A quantitative determination of the effects on future reporting periods is therefore only possible on the basis of models and to a limited extent.

As a result of technical improvements, some disclosures in the notes were determined in more detail or re-determined in the financial year, in particular in Note 29, 37, 42, 43, 44, 45 and 49. The relevant prior year figures were restated accordingly to improve clarity and transparency. This affects only disclosures in the notes and has no impact on figures in the statement of financial position or earnings in the income statement.

4. Events after the reporting period

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

B. Group of companies

5. Basis of consolidation

A subsidiary is an entity that is controlled by another entity (known as the parent). Control is assumed to exist if the company can exert direct or indirect authority over the relevant activities of a company, obtains variable benefits from a company or has rights to variable benefits, or can use its authority to draw on the account of the company to influence the amount of its variable benefits. In assessing whether LBBW exercises a controlling influence, the purpose and structure as well as the company's relevant activities must be taken into consideration. Voting rights represent a key aspect here.

The following factors are also taken into consideration when assessing the possibility of control:

- The voting rights relate solely to administrative duties and relevant activities, on the other hand, are governed by contractual agreements.
- Functions and rights granted give power of control together with other parties.
- Company carries a burden of risk or rights to variable benefits from liquidity lines provided and from interest and fees paid, among other things.

LBBW usually obtains control over a company by gaining a majority of voting rights (directly or indirectly). In exceptional cases, LBBW does not obtain control if at least one other investor has the practical capability to unilaterally determine the relevant activities (for example, due to statutory provisions or agreements). Furthermore, LBBW can also control a company without holding a majority of voting rights if it has the practical capacity to unilaterally control the relevant activities. This applies particularly to structured entities where voting rights relate only to administrative duties and comparable rights are the dominant factor when determining control. For example, this is the case for securitization platforms initiated by LBBW or funds launched by LBBW (authority over contractual rights) and for some project companies (power of control together with the rights of other parties because of the financing structure). It also bears a burden of risk or has rights to variable benefits from financing the companies.

In addition to LBBW (Bank) as the parent company, 86 subsidiaries (31 December 2022: 91 subsidiaries) including four structured entities were included in the consolidated interim financial statements.

A total of 40 subsidiaries (31 December 2022: 42 subsidiaries) were not included in the consolidated interim financial statements because their individual and aggregate influence on the net assets, financial position and results of operations of LBBW is not significant. These comprise mainly real estate and shelf companies.

The appropriateness of the consolidation decisions met previously is reviewed regularly and on a case-by-case basis.

The following fully-consolidated subsidiaries were removed from the IFRS basis of consolidation at the LBBW Group in the 2023 financial year:

- targens GmbH was sold to external parties outside the Group effective 3 April 2023,
- FLANTIR PROPERTIES LIMITED i.L. was dissolved when its deletion was entered in the Commercial Register on 20 September 2023,
- in the LBBW Immobilien Management sub-group, Erste IMBW Capital & Consulting Objektgesellschaft mbH & Co. KG accrued to LBBW Immobilien Management GmbH, the parent company of the LBBW Immobilien sub-group, following the deconsolidation of its two general partner companies as at 1 February 2023,
- also in the LBBW Immobilien Management sub-group, Erste IMBW Capital & Consulting Komplementär GmbH and Zweite IMBW Capital & Consulting Komplementär GmbH were merged with LOOP GmbH with effect from 2 March 2023.

There were no additions to the IFRS basis of consolidation in 2023 financial year.

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

Joint ventures are joint agreements whereby LBBW and other parties exercise joint control over the agreement and have rights to the net assets of the agreement.

A joint agreement is an agreement where two or more contractual parties are linked by means of a contractual agreement and exercise joint control over the participating interest. A joint agreement can be a joint venture or a jointly controlled operation. LBBW has only joint ventures.

An associate is a company over which LBBW exercises significant influence but no controlling influence over the financial and operating policy decisions. Associates are companies in which LBBW holds a voting interest of between

20% and 50% (rebuttable presumption of association) or an unambiguous proof of association and an LBBW voting interest of less than 20%.

6. Principles of consolidation

The subsidiaries and structured entities are consolidated according to the purchase method in accordance with IFRS 10.B86 in conjunction with IFRS 3. Accordingly, all of the subsidiaries' assets and liabilities recognized from the acquirer’s perspective at the time of acquisition or at the time when controlling influence is acquired are recognized at their fair value. The remeasured assets and liabilities are taken over into the consolidated statement of financial position, taking deferred taxes into account, and are treated according to the standards to be applied in the subsequent periods.

Where the cost for the business combination exceeds the fair value of the assets and liabilities at initial acquisition, goodwill (goodwill in proportion with the investment) is recorded under intangible assets. The share of the equity or in the net gain/loss of the fully consolidated companies of LBBW not attributable to shareholders is reported separately in the item Equity attributable to non-controlling interests or Net income/loss of which attributable to non-controlling interest after tax in the income statement. Negative goodwill is recognized in the income statement at the date of acquisition.

Intra group receivables and liabilities, as well as expenses, income and interim results, were adjusted by adjusting debt and profit or the elimination of the interim result.

7. Foreign currency translation

The foreign currency translation in the Group is conducted in accordance with IAS 21. Each LBBW Group company determines its functional currency. The items included in the financial statements of the relevant group company are measured using this functional currency and translated into the reporting currency (euro).

A foreign currency transaction must be initially recognized at the spot rate between the functional currency and the foreign currency at the transaction date. Monetary assets and liabilities denominated in foreign currency and unsettled foreign currency spot transactions are always translated into euro at the prevailing closing rate. Non-monetary items measured at amortized cost are translated at the historical rate at the transaction date. Non-monetary items measured at fair value are translated at prevailing exchange rates on the date of the measurement (closing rate).

Exchange differences are generally recognized in profit or loss in the period in which they occur. Exceptions are non-monetary items for which fair value adjustments are recognized in “Other comprehensive income”. Resulting translation differences are also recognized in “Other comprehensive income”.

In the consolidated financial statements, the statement of financial position items of consolidated companies whose reporting currency is not the euro are translated at the exchange rate on the statement of financial position date. Average annual rates are used to translate the expenses and income of these companies. Equity is translated at historic prices. All the resulting translation differences are recognized in “Other comprehensive income” (currency translation reserve).

The exchange rates used for the most important currencies at LBBW at the closing date are as follows:

Amount per EUR 1 in the respective currency	31/12/2023	31/12/2022
USD	1.1049	1.0671
SGD	1.4596	1.4304
MXN	18.7007	20.8358
RUB	99.6100	78.1800
RON	4.9756	4.9485

8. Shares in investments accounted for using the equity method

Investments in associates or joint ventures accounted for using the equity method are carried at cost in the consolidated balance sheet once a significant influence is obtained or on formation of the company. This also comprises goodwill from the acquisition of an associate or a joint venture and hidden reserves. In subsequent years, the amount accounted for using the equity method is adjusted by the Group's share in the associate's equity. The proportion of profit or loss generated by the investment is reported in the income statement as Net income/expenses from investments accounted for using the equity method. Changes in the investment's other comprehensive income are recognized directly and proportionately in LBBW's "Other comprehensive income".

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

EUR million	31/12/2023	31/12/2022
Associates	203	226
Total	*203*	*226*

9. Disclosure of Interests in Other Entities

Significant restrictions on the Group's ability to access or use the Group assets.

Assets are held within the Group that are subject to contractual, legal or regulatory disposal restraints, which can restrict LBBW's ability to access these assets and use them to meet the Group's liabilities. The restrictions result from the cover pools of the covered bond business, assets for the collateralization of liabilities from repurchase transactions and from the pledging of collateral for liabilities from OTC derivative transactions, as well as for liabilities issued by consolidated structured entities. Regulatory requirements, requirements of central banks and local company law rules can restrict the usability of assets.

There are no significant restrictions from property rights of non-controlling interests that restrict the ability of the Group to transfer assets or meet liabilities.

The carrying amounts of the assets with significant restrictions amounted to:

EUR million	31/12/2023	31/12/2022
Assets with restrictions on disposal		
Financial assets measured at amortized cost	94,996	91,421
Loans and advances to banks	29,283	29,306
Loans and advances to customers	65,598	61,994
Debentures and other fixed-income securities	115	121
Financial assets measured at fair value through profit or loss	2,662	2,589
Financial assets measured at fair value through other comprehensive income	3,650	5,245
Other assets	1,428	1,292
Total	*102,736*	*100,547*

The assets with significant restrictions comprised mainly the EUR 55 billion (previous year: EUR 51 billion) in cover assets in the covered bond business, financial assets of EUR 44 billion (previous year: EUR 47 billion) that have been transferred but not fully derecognized, especially in securities repurchase or lending transactions and development loan transactions (see Note 37) and collateral pledged for liabilities from OTC derivative transactions in the amount of EUR 1 billion (previous year: EUR 1 billion).

Shares in consolidated structured entities

A total of four (previous year: four) structured entities were included in the consolidated financial statements, whose relevant activities are not influenced by voting or comparable rights. LBBW maintains business relationships with these companies and also acquires commercial paper from the consolidated structured entities as part of investment decisions.

As at 31 December 2023, liquidity lines in the amount of EUR 3,557 million (previous year: EUR 3,091 million) were provided to the consolidated structured entities.

Shares in joint agreements and associates

One joint venture and two associates are of material importance to LBBW due to the carrying amount of the equity investment or the total assets and proportionate earnings and are accounted for using the equity method.

Summarized financial information for each joint venture that is material to LBBW and accounted for using the equity method is shown in the following table:

	GIZS GmbH & Co. KG, Frankfurt am Main[1, 2]	
EUR million	**31/12/2023**	**31/12/2022**
Revenues	1	16
Scheduled amortization	– 0	– 1
Profit/loss from continuing operations	– 12	– 8
Net consolidated total comprehensive income	*– 12*	*– 8*
Current assets	1	6
Cash and cash equivalents	1	5
Other current assets	0	1
Non-current assets	0	5
Current liabilities	0	4
Other current liabilities	0	4
Net assets of the joint venture	*1*	*8*
Share of capital (in %)	33	33
Share of net assets	0	3
Other adjustments	– 0	– 3

1 Principal place of business.
2 Strategic equity investment.

The other adjustments item includes impairments on the equity investments.

GIZS GmbH & Co. KG, in which LBBW holds a 33% stake in the capital and voting rights, holds and manages the equity investment in a joint venture of institutions of the German banking industry, whose purpose is to establish, operate and further develop a process for mobile and online payments.

Summarized financial information for each associate that is material to LBBW is shown in the following table:

	BWK GmbH Unternehmensbeteiligungsgesellschaft, Stuttgart[1, 2]		Hypo Vorarlberg Bank AG, Bregenz[1, 2]	
EUR million	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Revenues	15	70	639	288
Profit/loss from continuing operations	– 9	– 0	38	113
Net consolidated profit/loss in equity	0	0	4	11
Net consolidated total comprehensive income	*– 9*	*– 0*	*42*	*124*
Current assets	65	104	4,783	4,573
Non-current assets	254	271	10,879	10,644
Current liabilities	3	4	6,443	6,582
Non-current liabilities	7	8	7,836	7,290
Contingent liabilities	0	0	376	447
Net assets of the associate	*309*	*363*	*1,383*	*1,345*
Share of capital (in %)	40	40	23	23
Share of net assets	124	145	320	311
Other adjustments	– 27	– 27	– 221	– 213
Carrying amount of the equity investment	*97*	*119*	*98*	*98*

1 Principal place of business.
2 Strategic equity investment.

The summarized financial information represents contributions of the IFRS financial statements of the associated entity, adjusted to the Group-wide accounting rules.

The other adjustments item includes mainly impairments on the equity investments.

As an investor with a long-term perspective, BWK GmbH Unternehmensbeteiligungsgesellschaft, in which LBBW holds a 40% stake in the capital and voting rights, offers equity solutions to SMEs.

Hypo Vorarlberg Bank AG, in which LBBW has a 23% share of the capital and voting rights, offers banking services for retail and corporate customers.

During the year under review, LBBW received dividends in the amount of EUR 18 million (previous year: EUR 6 million) from its equity investment in BWK GmbH Unternehmensbeteiligungsgesellschaft and EUR 1 million (previous year: EUR 1 million) from Hypo Vorarlberg Bank AG.

The shares in the success and the carrying amount of the share for each joint venture and associate, which are deemed insignificant individually and are accounted for using the equity method, are shown in the following table:

	Associates	
EUR million	**31/12/2023**	**31/12/2022**
Portion of the profit or loss from continuing operations	– 2	– 0
Share in net consolidated total comprehensive income	– 2	– 0
Total carrying amounts of the Group shares	*7*	*8*

Other unrecognized liabilities of EUR 0 million (previous year: EUR 1 million) existed in connection with shares in associates and joint ventures.

Shares in non-consolidated structured entities

Structured entities are entities designed in a manner that voting and comparable rights do not represent the dominant factor when determining which party exercises controlling influence. This is the case, for example, when the voting rights relate solely to administrative duties and the relevant activities that significantly influence the entities' returns are controlled by contractual agreements or virtual positions of power.

A structured entity is often defined by several or all of the following characteristics:

- limited activities;
- narrow and clearly defined purpose;
- insufficient equity capital to conduct its relevant activities without secondary financial support;
- funding through the pooling of credit and other risks (tranches) in the form of multiple contractual instruments that are linked to the investors.

Accordingly, structured entities are consolidated in the principles shown in Note 5, if LBBW can exercise a controlling influence because of its relationships with the structured entity. The information on the non-consolidated structured entities is based on structured entities that are not consolidated as LBBW Group cannot exercise any controlling influence over them. This must be reported if LBBW is subject to variable returns from the activities of the structured entities from its contractual and non-contractual relationships ("shares"). Shares in non-consolidated structured entities comprise loans and credits, equity instruments, various types of derivative, guarantees and liquidity facilities.

LBBW has business relationships with the following types of non-consolidated structured entities:

- Funds: LBBW provides customers with opportunities to invest in funds established and sponsored by LBBW itself, and invests in funds established and sponsored by third parties. Funds allow investors to make targeted investments in assets in line with a fixed investment strategy. Financing is generally provided through the issue of fund units and usually secured by the assets held by the structured entity. LBBW may operate as manager of the structured entity, investor, trustee for other investors or in another function.
- Securitization vehicles: Securitization vehicles offer investment opportunities to investors in diversified portfolios of different assets, such as, for example, leasing and trade receivables. The securitization vehicles are financed through the issue of tranched debentures, whose disbursements are dependent on the performance of the assets of the securitization vehicles and from the position of the respective tranche within the payment waterfall. LBBW participates in the funding or structuring of such vehicles.
- Financing companies: Financing companies (including leasing companies) are established for the purpose of funding various assets or transactions. They follow a specific company purpose, which means that the relevant activities are predetermined or not controlled by voting or comparable rights. As a lender, LBBW provides funding for these structured entities that are secured by assets held by the company.
- Other: Other structured entities are entities that cannot be assigned to any of the types stated above.

The scope of a structured entity depends on its type:

- Funds: Volume of assets under management
- Securitizations: Nominal value of the issued securities
- Financing companies: Total assets
- Other structured entities: Total assets

The scope of non-consolidated structured entities without publicly available data is stated with the nominal value of LBBW's exposure.

The scope of the non-consolidated structured entities was as follows:

	Securitization vehicle		Funds		Financing companies		Other		Total	
EUR million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Scope of the structured entities	3,534	3,486	384,112	379,173	6,691	6,811	1,081	1,929	395,418	391,399

The following table shows the carrying amounts of the assets and liabilities, the nominal values of the off-balance-sheet obligations that concern the shares in non-consolidated structured entities, and the items in the consolidated statement of financial position in which these assets and liabilities are recognized, depending on the type of structured entity:

	Securitization vehicle		Funds		Financing companies		Other		Total	
EUR million	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial assets measured at amortized cost	1,318	1,022	3,585	3,525	1,425	1,501	0	0	6,328	6,049
Loans and advances to customers	389	394	3,585	3,525	1,425	1,501	0	0	5,399	5,421
Debentures and other fixed-income securities	929	628	0	0	0	0	0	0	929	628
Financial assets mandatorily measured at fair value through profit or loss	935	883	273	345	52	27	1,081	1,929	2,342	3,184
Trading assets	935	883	127	190	52	27	1,081	1,929	2,196	3,029
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	0	0	146	155	0	0	0	0	146	155
Financial assets designated at fair value	0	0	0	856	0	0	0	0	0	856
Financial assets measured at fair value through other comprehensive income	144	138	0	0	0	0	0	0	144	138
Total assets	*2,396*	*2,044*	*3,859*	*4,727*	*1,477*	*1,529*	*1,081*	*1,929*	*8,814*	*10,227*
Financial liabilities measured at amortized cost	17	20	5,875	7,859	169	106	0	0	6,060	7,985
Deposits from banks	0	0	2	15	0	0	0	0	2	15
Deposits from customers	17	20	5,873	7,843	169	106	0	0	6,059	7,969
Financial liabilities mandatorily measured at fair value through profit or loss	9	18	191	335	3	7	0	0	202	361
Trading liabilities	9	18	191	335	3	7	0	0	202	361
Total equity and liabilities	*25*	*38*	*6,066*	*8,195*	*172*	*113*	*0*	*0*	*6,263*	*8,346*
Off-balance-sheet transactions	*0*	*0*	*615*	*390*	*46*	*122*	*0*	*0*	*660*	*513*

The maximum potential losses from shares in non-consolidated structured entities depend on the type of shares. The maximum risk of loss on assets presented in the table corresponds to the statement of financial position figures (after allowances for losses on loans and securities if necessary). Of the derivatives with a carrying amount of EUR 136 million (previous year: EUR 73 million) and EUR 202 million (previous year: EUR 360 million) included in the trading assets or trading liabilities, respectively, and the off-balance-sheet obligations, including loan commitments, guarantees and liquidity facilities, the nominal amounts represent the maximum potential losses. The nominal value for derivatives with a positive replacement value was EUR 3,012 million (previous year: EUR 2,160 million) while that for derivatives with a negative replacement value was EUR 7,390 million (previous year: EUR 8,144 million). The maximum risk of loss does not correspond to the expected loss and does not take into account existing collateral and hedge relationships that limit the economic risk.

LBBW received interest income and fee and commission income from financing its shares in these non-consolidated structured entities. Further income was generated from management fees and possible profit-sharing within the scope of fund management operations by LBBW. In addition, income was realized from the valuation or sale of securities issued by non-consolidated structured entities.

Sponsored non-consolidated structured entities in which LBBW does not hold any shares as at the reporting date

LBBW participated as a sponsor for the launch or marketing of various structured entities in which it held no shares as at the reporting date. A structured entity is considered to be sponsored if it is reasonably associated with LBBW and supported by LBBW. Support in this respect can comprise the following services:

- Using the name “LBBW” for the structured entity;
- LBBW assets are transferred or sold to this structured entity;
- The structured entity was funded by LBBW and/or start-up capital provided by LBBW.

LBBW received gross income of EUR 6 million (previous year: EUR 7 million) from fees and commission from business transactions with sponsored, non-consolidated funds and securitizations in which LBBW holds no shares as at the reporting date. No assets were transferred from third parties to sponsored, non-consolidated structured entities in 2023 (previous year: EUR 0 million).

C. Segment reporting

LBBW's segment reporting for the 2023 financial year is also drawn up in accordance with the provisions of IFRS 8. Following the management approach, segment reporting is therefore based on internal management reporting to the Group's Board of Managing Directors, which, in its function as the chief operating decision-maker, regularly makes decisions on the allocation of resources and the assessment of the performance of the segments on this basis.

Segment definition

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

LBBW's segment reporting is divided into the following segments:

- The Corporate Customers segment comprises business with SMEs and major corporate customers and the public sector. In line with the universal bank approach, a very wide range of products and services are offered. These range from classic to structured and off-balance-sheet financing, as well as services in the areas of cash management, working capital management, interest rate, currency and commodities management. Services also cover asset and pension management and factoring business. The results of capital market business products and international business products, when those are sourced from corporate customers, are also reported here.
- The Real Estate/Project Finance segment primarily focuses on commercial real estate financing business and on structured project finance. As well as conventional financing, property, portfolio and corporate financing structures are also offered to real estate clients as an arranger or syndicate bank with a supplementary range of liability, interest rate and currency management products. The range of real estate services also includes asset management, municipal development and development products. Project Finance offers financing solutions for renewable energy and infrastructure and transport financing.
- The Capital Markets Business segment offers products for the management of interest rate, currency and credit risk and liquidity management for institutional, banks and savings banks customer groups. In addition, the segment includes products and services for international business. Equity and debt financing solutions are also offered on the primary market, along with asset management services and custodian bank services. These also include trading activities for customers. All treasury activities are also allocated to this segment.
- The Private Customers/Savings Banks segment comprises all activities with private customers in retail banking in addition to services for high net-worth private clients. Business customers including non-medical practitioners, freelancers and tradespeople are also assigned to this segment. The product range extends from checking accounts and card business to financing solutions and investment advice. Selected business activities connected with the Bank's function as the central bank for savings banks are also included in this segment.
- The Corporate Items segment comprises all business activities not included in the above segments. In particular, these are the financial investments and the management of the Bank's portfolio of buildings.
- The Reconciliation/Consolidation includes purely consolidation adjustments and also shows the reconciliation of internal financial control data to external financial reporting data.

Further information on the operating segments can be found in the Group overview in the combined management report section of this annual report.

Measurement methods

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

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

Net interest income is calculated at segment level using the market interest method. Interest income and expense are netted and shown as net interest income. This also includes the capital benefit, i.e. 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.[1]

Segment results

01/01 – 31/12/2023 EUR million	Corporate Customers	Real Estate/Project Finance	Capital Markets Business	Private Customers/ Savings Banks	Corporate Items/ Recon-ciliation/ Consoli-dation	LBBW Group
Net interest income	1,149	929	290	506	– 50	2,826
Net fee and commission income	225	8	111	267	– 23	589
Net gains/losses on remeasurement and disposal[1]	– 17	– 217	413	14	– 30	162
of which allowances for losses on loans and securities	– 98	– 180	14	11	– 1	– 254
Other operating income/expenses	25	99	15	11	55	205
Total operating income/expenses	*1,382*	*820*	*830*	*798*	*– 48*	*3,781*
Administrative expenses	– 651	– 418	– 533	– 523	– 101	– 2,227
Expenses for bank levy and deposit guarantee system	– 53	– 40	– 67	– 8	– 17	– 184
Net income/expenses from restructuring	0	– 1	0	0	5	4
Consolidated profit/loss before tax	*678*	*361*	*230*	*267*	*– 161*	*1,374*
Income taxes						– 378
Net consolidated profit/loss						*996*
Assets[2] (EUR billion)	71.0	68.7	149.2	42.7	1.7	333.3
Risk weighted assets[3] (EUR billion)	37.2	25.9	17.1	8.2	3.5	92.1
Tied-up equity[3] (EUR billion)	4.9	3.4	2.3	1.1	3.5	15.1
Return on equity (RoE) (in %)	13.9	10.6	10.1	24.0		9.1
Cost/income ratio (CIR) (in %)	47.6	45.9	73.6	67.4		59.6

1 Net income/investments from investments accounted for using the equity method allocated to the segments and results from the disposal of such companies amount to EUR – 4 million in the Corporate Customers segment – including EUR – 12 million from impairment losses –, EUR 1 million in the Real Estate/Project Finance segment and EUR – 2 million in Corporate Items (including EUR – 2 million from impairment losses).
2 The shares of investments accounted for using the equity method allocated to the segments amounted to EUR 201 million for Corporate Customers, EUR 2 million in the Real Estate/Project Finance segment and EUR 0 million for Corporate Items.
3 In accordance with CRR II/CRD V.

01/01 – 31/12/2022 EUR million	Corporate Customers	Real Estate/ Project Finance	Capital Markets Business	Private Customers/ Savings Banks	Corporate Items/ Recon-ciliation/ Consoli-dation	LBBW Group
Net interest income	1,024	667	371	347	– 104	2,305
Net fee and commission income	241	18	100	277	– 8	628
Net gains/losses on remeasurement and disposal[1]	– 84	– 129	286	– 17	– 1	55
of which allowances for losses on loans and securities	– 61	– 168	– 30	– 20	40	– 239
Other operating income/expenses	8	99	5	5	943	1,061
Total operating income/expenses	*1,189*	*655*	*763*	*612*	*830*	*4,048*
Administrative expenses	– 618	– 300	– 492	– 505	– 71	– 1,985
Expenses for bank levy and deposit guarantee system	– 57	– 28	– 88	– 3	– 12	– 188
Net income/expenses from restructuring	0	– 0	– 0	0	– 1	– 2
Consolidated profit/loss before tax	*513*	*328*	*183*	*104*	*746*	*1,873*
Income taxes						– 363
Net consolidated profit/loss						*1,510*
Assets[2] (EUR billion)	68.3	67.9	144.9	42.4	0.5	324.2
Risk weighted assets[3] (EUR billion)	37.6	26.5	16.8	8.7	3.9	93.5
Tied-up equity[3] (EUR billion)	5.2	2.7	2.7	1.1	2.2	13.9
Return on equity (RoE) (in %)	9.8	12.1	6.8	9.3		13.4
Cost/income ratio (CIR) (in %)	54.0	39.8	73.2	80.4		50.7

1 Net income/investments from investments accounted for using the equity method allocated to the segments and results from the disposal of such companies amounted to EUR – 43 million in the Corporate Customers segment – including EUR – 69 million from impairment losses –, EUR 0 million in the Real Estate/Project Finance segment and EUR – 1 million in Corporate Items (including EUR – 1 million from impairment losses).
2 The shares of investments accounted for using the equity method allocated to the segments amounted to EUR 223 million for Corporate Customers, EUR 3 million in the Real Estate/Project Finance segment and EUR 0 million for Corporate Items.
3 In accordance with CRR II/CRD V.

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

Corporate Items, Reconciliation and Consolidation

EUR million	Corporate Items		Reconciliation/ Consolidation		Corporate Items/Reconciliation/ Consolidation	
	01/01 – 31/12/2023	01/01 – 31/12/2022	01/01 – 31/12/2023	01/01 – 31/12/2022	01/01 – 31/12/2023	01/01 – 31/12/2022
Net interest income	2	– 78	– 51	– 26	– 50	– 104
Net fee and commission income	– 2	7	– 21	– 15	– 23	– 8
Net gains/losses on remeasurement and disposal	– 42	28	12	– 29	– 30	– 1
of which allowances for losses on loans and securities	– 1	40	0	0	– 1	40
Other operating income/expenses	55	943	0	– 0	55	943
Total operating income/expenses	*12*	*900*	*– 60*	*– 70*	*– 48*	*830*
Administrative expenses	– 101	– 71	0	0	– 101	– 71
Expenses for bank levy and deposit guarantee system	– 17	– 12	0	0	– 17	– 12
Net income/expenses from restructuring	5	– 2	0	0	5	– 1
Consolidated profit/loss before tax	*– 101*	*815*	*– 60*	*– 70*	*– 161*	*746*
Assets (EUR billion)	7.7	1.9	– 6.0	– 1.4	1.7	0.5
Risk-weighted assets[1] (EUR billion)	4.2	4.5	– 0.7	– 0.7	3.5	3.9
Tied-up equity[1] (EUR billion)	3.6	2.3	– 0.1	– 0.1	3.5	2.2

1 In accordance with CRR II/CRD V.

Reconciliation of segment results to the consolidated income statement

In the 2023 financial year, the total of Reconciliation/Consolidation on the consolidated profit/loss before tax came to EUR – 60 million (previous year: EUR – 70 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 not included in internal management reporting.
- IFRS specific items, such as offsetting, result from repurchase of own issues.

Disclosures at the company level

Information about products and services

With regard to the allocation of income to products and services required under IFRS 8.32, please refer to the explanations entitled “Notes on the income statement” in the Notes.

Segmentation according to geographical region

The allocation of results to geographical regions is based on the head office of the branch or Group company and is as follows for LBBW:

01/01 – 31/12/2023 EUR million	Germany	Europe (excl. Germany)	America	Asia	Recon-ciliation/ Consolidation	LBBW Group
Total operating income/expenses	3,221	193	242	82	44	3,781
Consolidated profit/loss before tax	924	156	183	38	73	1,374

01/01 – 31/12/2022 EUR million	Germany	Europe (excl. Germany)	America	Asia	Recon-ciliation/ Consolidation	LBBW Group
Total operating income/expenses	3,767	148	179	47	– 92	4,048
Consolidated profit/loss before tax	1,682	112	125	10	– 56	1,873

D. Income statement

10. Net interest income

The interest income and expense items include interest paid and received, accrued interest and pro rata reversals of premiums and discounts from financial instruments. The classification of silent partners' contributions as debt under certain circumstances in accordance with IAS 32 means that the expenses to typical silent partners are also reported under interest expenses.

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Interest income and current income from equity instruments	*43,778*	*17,513*
Interest income	43,716	17,457
Trading derivatives	22,903	9,297
Lending and money market transactions	10,534	3,909
Hedging derivatives	7,246	2,188
Fixed-income securities and debentures	832	302
Early termination fees[1]	3	32
Leasing business	304	238
Other	1,884	1,162
Positive interest expenses from financial liabilities	9	330
Current income from equity instruments	63	55
Equities and other non-fixed-income securities	56	45
Equity investments and affiliates	7	10
Interest expenses and current expenses from equity instruments	*– 40,953*	*– 15,208*
Interest expenses	– 40,947	– 15,202
Trading derivatives	– 22,498	– 9,011
Hedging derivatives	– 7,302	– 2,212
Deposits	– 6,233	– 1,444
Securitized liabilities	– 2,281	– 834
Leasing business	– 36	– 36
Lease liabilities	– 2	– 2
Subordinated capital	– 187	– 184
Other	– 2,397	– 1,240
Negative interest income from financial assets	– 11	– 238
Current expenses from equity instruments	– 5	– 6
Transfer of losses	– 5	– 6
Total	*2,826*	*2,305*

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

At operating level, net interest income was bolstered primarily by the Corporate Customers and Private Customers/Savings Banks segments with a rise of EUR 284 million. This was driven by good performance in the deposit business and the expansion of the lending business in line with the strategy. In addition, the Real Estate/Project Finance segment particularly benefited from the integration of Berlin Hyp, which was not yet included in the first half of 2022, and the expansion of renewable energy and digital infrastructure business.

Other interest income/expenses include amortization on purchase price allocations of EUR 614 million (previous year: EUR 348 million) / EUR – 635 million (previous year: EUR – 355 million).

Net interest income in the 2023 financial year included expenses of EUR – 415 million (previous year: EUR 94 million) in connection with participation in the tender program. EUR 0 million of this was attributable to government grants (previous year: EUR 135 million). Only IFRS 9 applies after the end of the interest period from 24 June 2021 to 23 June 2022 for TLTRO III transactions, as no government grants were recognized for these periods when the tranches were added. The expenses were offset by interest income from deposits held by LBBW with central banks, banks and customers.

Accounts payable from TLTRO III as at the end of the reporting period still came to EUR 8.20 billion (previous year: EUR 20.21 billion).

11. Net fee and commission income

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Fee and commission income	*780*	*789*
Securities and custody business	336	347
Payments business	136	130
Brokerage business	41	49
Loans and guarantees	157	154
Lending business fee and commission income	78	84
Fee and commission income from financial guarantees	17	15
Fee and commission income from guarantee business	62	55
Fee and commission income from factoring business	18	18
Fee and commission income from asset management	81	77
Other	12	14
Fee and commission expenses	*– 191*	*– 161*
Securities and custody business	– 103	– 98
Payments business	– 29	– 26
Loans and guarantees	– 43	– 19
Lending business fee and commission expense	– 12	– 12
Fee and commission expense from guarantee business	– 31	– 7
Brokerage business	– 5	– 4
Leasing business	– 2	– 3
Other	– 9	– 11
Total	*589*	*628*

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

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

Profit in lending business including guarantees declined, chiefly due to expenses in connection with securitization transactions. Fee and commission income in the securities and custody business also declined on account of interest rate developments and weaker issuing activities due to market conditions.

12. Net gains/losses on remeasurement and disposal

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Net income/expenses from investments accounted for using the equity method	– 6	– 44
Net gains/losses from financial assets measured at amortized cost	– 257	– 259
Net gains/losses from financial instruments measured at fair value through other comprehensive income	2	– 7
Net gains/losses from financial instruments measured at fair value through profit or loss	424	365
Total	*162*	*55*

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

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Net gains/losses on measurement	*– 6*	*– 44*
Net gains/losses from investments in associates	– 5	– 43
Current expenses	– 5	– 1
Current income	9	26
Impairment	– 9	– 69
Reversals of impairment losses	1	0
Result from shares in joint ventures	– 2	– 1
Impairment	– 2	– 1
Total	*– 6*	*– 44*

This improvement from investments accounted for using the equity was primarily because negative measurement effects on associates in the previous year no longer applied.

Net gains/losses from financial assets measured at amortized cost

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*– 257*	*– 234*
Reversal of/disposals from allowances for losses on loans and securities	282	328
Net gains/losses from provisions for lending business	42	– 79
Recoveries on loans and securities previously written off	18	16
Direct loan write-offs	– 3	– 4
Gains/losses from financial assets that were already impaired when purchased or originated	5	– 8
Additions to allowances for losses on loans and securities	– 597	– 483
Refund amount from synthetic securitization	1	2
Other expenses for the lending business	– 6	– 5
Realized gains/losses	*0*	*– 24*
Lending business net gains/losses on disposal	– 0	– 23
Securities net gains/losses on disposal	0	– 1
Total	*– 257*	*– 259*

While allowances for losses on loans and securities were low due to underlying defaults (Level 3 impairment), existing adjustments for allowances for losses on loans and securities increased by a further EUR 107 million (net) (previous year: EUR 206 million). This further rise in model adjustments was driven primarily by negative macroeconomic factors in connection with higher energy prices and interest levels, resulting weak consumer demand, the collapse in real estate prices and the economic recession. Companies are also exposed to increased risks as a result of structural issues (e.g. the labor shortage), the transformation to a carbon-neutral economy and investor and consumer uncertainty caused by acute and potential geopolitical conflicts. In view of this, far higher default rates and credit losses are anticipated compared to normal economic situations. LBBW's IFRS 9 standard models, which are calibrated in line with cyclical averages, cannot adequately quantify these effects. For this reason, LBBW determined allowances for losses on loans and securities at the end of 2023 using a multi-scenario approach that adequately represents the many possible economic developments.

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[1]. As at the end of the reporting period 31 December 2023, this was 0.5% (previous year: 0.4%).

1 See also Risk report, Risk situation of the LBBW Group, section on portfolio quality.

Gains or losses recognized in profit or loss due to derecognizing financial assets measured at amortized cost resulted from the following:

31/12/2023 EUR million	Derecognition gain	Derecognition loss
Derecognition due to sale	0	0
Derecognition due to termination	0	0

31/12/2022 EUR million	Derecognition gain	Derecognition loss
Derecognition due to sale	0	– 23
Derecognition due to termination	0	– 1

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

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Net gains/losses on remeasurement (allowances for losses on loans and securities)	*3*	*– 5*
Reversal of/disposals (from allowances for losses on loans and securities)	5	1
Additions to allowances (for losses on loans and securities)	– 2	– 6
Realized gains/losses	*– 1*	*– 2*
Net gains/losses on disposal	– 1	– 2
Total	*2*	*– 7*

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

As well as net gains/losses on remeasurement and disposal from financial instruments held for trading, this item also includes gains or losses from the fair value measurement and derecognition of financial instruments mandatorily measured at fair value through profit or loss. All net income from the currency translation of financial assets and liabilities, regardless of their measurement category, is recognized as currency gains/losses within net trading gains/losses.

In addition, realized and unrealized gains and losses from financial assets and liabilities voluntarily designated at fair value (fair value option) are also recognized in this item.

Changes in the value of the hedged items and hedging instruments designated as hedge accounting resulting from the hedged risk (interest risk, foreign currency risk), as well as any ineffectiveness, are recognized in net gains/losses from hedging transactions. The hedging costs of the hedging derivatives used to hedge foreign currency risks are included in cumulative other comprehensive income in equity. Micro hedges are used exclusively to hedge interest rate risks. Group hedges serve to hedge foreign currency risks.

In addition, net income from non-consolidated investments and affiliates for which the option was applied to measure at fair value through other comprehensive income is shown here.

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Net gains/losses from hedging transactions	*– 9*	*– 30*
Portfolio fair value hedge	– 18	– 32
of which hedged items	441	– 724
of which hedging instruments	– 459	692
Micro fair value hedge	10	2
of which hedged items	30	– 115
of which hedging instruments	– 21	117
of which hedged items	13	– 55
of which hedging instruments	– 13	55
Net trading gains/losses	*455*	*343*
Lending business	2	– 3
Equity transactions	745	– 103
Foreign exchange transactions	92	103
Economic hedging derivatives	– 80	56
Interest rate transactions	– 358	277
Gains/losses from foreign exchange/commodity products	53	14
Net gains/losses from financial instruments designated at fair value	*– 91*	*349*
Realized gains/losses	– 96	1
Unrealized gains/losses	4	348
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	*69*	*– 297*
Net gains/losses from bills	27	0
Net gains/losses from credits and loans	– 20	– 241
Net gains/losses from equity investments	27	17
Net gains/losses from investments in affiliates	0	– 7
Net gains/losses from shares and other equity instruments	34	– 66
Total	*424*	*365*

Currency translation differences recognized in currency gains/losses from financial instruments not measured at fair value through profit or loss amounted to EUR – 11 million (previous year: EUR 44 million).

13. Net gains/losses from financial instruments

Net gains/losses from financial instruments by category comprise measurement gains/losses and realized gains/losses.

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Financial assets/liabilities mandatorily measured at fair value	31	911
Net gains/losses recognized through profit or loss	31	911
Financial assets designated at fair value	– 28	– 199
Financial liabilities designated at fair value	– 48	587
Net gains/losses recognized through profit or loss	– 63	548
Net gains/losses recognized in other comprehensive income	15	39
Financial assets measured at amortized cost	0	– 1,573
Financial liabilities measured at amortized cost	– 553	3,762
Equity instruments measured at fair value through other comprehensive income	– 4	4
Financial debt instruments measured at fair value through other comprehensive income	707	– 3,630
Net gains/losses recognized in other comprehensive income	705	– 3,623
Net gains/losses transferred from other comprehensive income to the income statement after derecognition	2	– 7

14. Other operating income/expenses

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Other operating income	*484*	*1,495*
Disposal of inventories	106	204
Reversal of other provisions	87	68
Revenue from property services	20	19
Income from cost refunds by third parties	30	31
Operating leases	18	21
Property and equipment and intangible assets	8	5
Lease income from investment property	51	52
Net income from the fair value measurement of investment property	17	3
Miscellaneous operating income	147	1,092
Other operating expenses	*– 280*	*– 435*
Disposal of inventories	– 84	– 152
Addition to other provisions	– 56	– 61
Impairment of inventories	– 19	– 18
Operating leases	– 10	– 8
Operating expenses for leased properties	– 14	– 13
Net losses from the fair value measurement of investment property	– 9	– 8
Foreign currency translation on investment property	– 6	– 2
Miscellaneous operating expenses	– 83	– 172
Total	*205*	*1,061*

This is due chiefly to the lack of a positive non-recurring effect seen in the previous year. The acquisition of Berlin Hyp resulted in badwill of EUR 972 million in the previous year in connection with the purchase price allocation.

Gains/losses from investment property rose from EUR 32 million in the previous year to EUR 40 million.

The sub-item income and expenses from the disposal of inventories includes contributions to earnings from real estate developments. Impairment of inventories included write-downs on real estate project developments in view of current interest rate and construction price developments.

Increase in/reversal of other provisions resulted in net income of EUR 31 million (previous year: EUR 7 million). This included provisions for litigation and legal risks (see Note 53).

15. Administrative expenses

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Staff costs	*– 1,181*	*– 1,108*
Wages and salaries	– 811	– 769
Expenses for pensions and benefits	– 92	– 95
Social security contributions	– 136	– 126
Other staff costs	– 143	– 118
Other administrative expenses	*– 924*	*– 764*
IT costs	– 484	– 410
Legal and consulting expenses	– 127	– 105
Expenses from leases	– 3	– 3
Cost of premises	– 99	– 64
Association and other contributions	– 47	– 41
Advertising, public relations and representation costs	– 32	– 30
Audit costs	– 11	– 11
Miscellaneous administrative expenses	– 120	– 99
Depreciation, amortization and write-downs[1]	*– 121*	*– 114*
Amortization and write-downs of intangible assets	– 53	– 48
Depreciation and write-downs of property and equipment	– 33	– 26
Depreciation and write-downs on right-of-use assets	– 35	– 40
Total	*– 2,227*	*– 1,985*

1 This includes scheduled and unscheduled write-downs. The partial amount of the unscheduled write-downs can be found in Notes 47 and 49.

The increase in administrative expenses was significantly affected by the first-time inclusion of Berlin Hyp for the year as a whole, which was not yet taken into account in the first half of 2022.

Other administrative expenses also saw an increase in the Group. The rise in costs at LBBW Bank was the result primarily of higher investment in growth initiatives and IT infrastructure. LBBW is continuing to invest in a modern work environment, expanding the range of products and services for its customers and constantly refining its IT infrastructure and cyber security to improve resilience.

For further explanations on leasing business, please see Note 50.

Expenses for pensions and other benefits included:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Expenses for defined benefit obligations	*– 82*	*– 85*
Net interest income from defined benefit plans	– 34	– 17
Service cost	– 48	– 67
Past service cost	– 1	0
Other income and expenses including income from the reversal of pension provisions and currency translation	1	– 0
Other expenses for pensions and benefits	*– 7*	*– 7*
Expenses for defined contribution obligations	*– 3*	*– 3*
Total	*– 92*	*– 95*

In addition to the expenses for pensions, LBBW paid EUR – 66 million (previous year: EUR – 62 million) in the financial year into the German pension fund for employees and recorded this as an expense under social security contributions.

The (net) fees for audit costs in the financial year came to EUR – 11 million (previous year: – EUR 11 million). The (net) fees for audit costs in accordance with IDW RS HFA 36 broke down as follows:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Audit services	– 8	– 8
Other audit-related services	– 1	– 1
Other services	– 1	– 1
Total	*– 10*	*– 10*

The audit services related above all to the audits of the annual financial statements and the consolidated financial statements of the parent company, as well as various audits of the annual financial statements of its subsidiaries including mandatory extensions of contract. Audit reviews of interim financial statements were integrated in the audit and specialist accounting and regulatory matters were clarified.

The other audit-related services concern mandatory or contractually-agreed audits, such as the audit pursuant to Section 89 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and Section 68 (7) of the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB), the audit pursuant to Section 16j (2) sentence 2 of the German Act Establishing the Federal Financial Supervisory Authority (Gesetz über die Bundesanstalt für Finanzdienstleistungsaufsicht – FinDAG), the audit for assessing the contribution for the bank-related guarantee system of the Sparkassen-Finanzgruppe, which is recognized as a deposit guarantee system under Section 5 (1) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG) and the audit of the combined non-financial report.

Other services include, inter alia, quality assurance activities and training courses.

16. Expenses for bank levy and deposit guarantee system

EUR million	01/01 – 30/12/2023	01/01 – 31/12/2022
Expenses for bank levy	– 112	– 134
Expenses for deposit guarantee system	– 73	– 55
Total	*– 184*	*– 188*

Compared to previous year the decline in the bank levy was the result of a lower target volume/lower growth in covered deposits in the euro area.

Expenses for the deposit guarantee system were higher than in the previous year as a result chiefly of a new weighting of the contribution allocation within the guarantee system.

17. Net income/expenses from restructuring

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Reversal of provisions for restructuring measures	5	1
Additions to restructuring provisions	– 1	– 3
Total	*4*	*– 2*

18. Income taxes

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Current income taxes from the reporting period	– 378	– 303
Current income taxes from previous years	1	– 73
Current income taxes	*– 376*	*– 375*
of which decrease in current income tax expense from utilization of previously unrecognized loss carryforwards and tax credits	1	1
Deferred income taxes	*– 2*	*12*
of which deferred income tax expense/income from change in temporary differences	12	– 68
of which deferred income tax expense/income from change in deferred tax assets from loss carryforwards	– 14	80
of which deferred tax expense/income from change in tax rates	18	1
of which decrease in deferred income tax expense from previously unrecognized loss carryforwards and tax credits	1	11
Total	*– 378*	*– 363*

The following reconciliation shows the relationship between reported and expected income taxes:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Consolidated profit/loss before tax	*1,374*	*1,873*
Applicable tax rate (in %)	30.525	30.525
Expected income taxes	*– 419*	*– 572*
Tax effects		
from non-deductible operating expenses	– 65	– 85
from tax-free income	25	14
from change to value adjustments	6	47
from taxes from the previous year recorded in the financial year	5	– 89
from permanent tax effects	9	– 11
from changes in tax rates	18	1
from differing tax rates affecting on deferred taxes as shown in profit or loss	34	24
from other differences	9	308
Total	*– 378*	*– 363*

The tax rate used for the reconciliation is calculated as the combined corporate income tax rate including the solidarity surcharge of 15.825% applicable in Germany at the reporting date and the trade tax rate (average: 14.70%) depending on the relevant multiplier (Hebesatz).

The tax effect of non-deductible operating expenses results primarily from the bank levy, as well as non-deductible interest expenses. Tax-free income includes in particular effects from tax-free dividend income and selling profit.

The volume of tax loss and interest carryforwards, as well as the installments for which deferred tax assets are not recognized are shown in the following table. It is stated whether the loss and interest carryforwards not recognized can still be used in subsequent years according to the relevant tax law. Loss and interest carryforwards in companies subject to tax in Germany can be used for an indefinite period.

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Loss and interest carryforwards	*1,925*	*4,338*
of which loss and interest carryforwards for which deferred tax assets were created	724	946
of which loss and interest carryforwards for which no deferred tax assets were recognized	1,201	3,392
of which expire in 2025 and thereafter	7	9
of which non-forfeitable	1,194	3,383

Deferred tax assets of EUR 8 million (previous year: EUR 14 million) were recognized for Group companies that incurred a tax loss in the current or previous financial year that depends on the realization of future taxable results that are higher than the impact on earnings from the reversal of existing to taxable temporary differences. The approach is based on a tax planning calculation for the respective company or for the consolidated group.

Deferred tax assets are potential tax benefits arising from temporary differences between the carrying amounts of the assets and liabilities in the IFRS consolidated statement of financial position and the national tax base. Deferred income tax liabilities are potential income taxes payable arising from temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and the national tax base.

Deferred tax assets and liabilities were recognized in connection with the following items in the 2023 financial year:

EUR million	Deferred tax assets 2023	Deferred tax assets 2022	Deferred tax liabilities 2023	Deferred tax liabilities 2022
Assets				
Financial assets measured at amortized cost	2,484	986	– 295	– 433
Financial assets measured at fair value through other comprehensive income	498	1,142	– 32	– 12
Financial assets designated at fair value	15	53	– 41	– 33
Financial assets mandatorily measured at fair value through profit or loss	212	1,365	– 2,276	– 1,943
Portfolio hedge adjustment attributable to assets	77	171	0	0
Non-current assets and disposal groups held for sale	19	7	– 1	0
Intangible assets	0	0	– 18	– 24
Property and equipment/investment property	36	39	– 176	– 173
Other assets	106	118	– 213	– 78
Equity and liabilities				
Financial liabilities measured at amortized cost	1,522	1,784	– 2,193	– 1,269
Financial liabilities designated at fair value	118	94	0	– 6
Financial liabilities mandatorily measured at fair value through profit or loss	921	193	0	– 920
Portfolio hedge adjustment attributable to liabilities	0	0	– 577	– 966
Provisions	652	640	– 1	– 1
Other liabilities	52	84	0	0
Loss and interest carryforwards	130	144	0	0
Outside basis differences	0	0	– 19	– 17
Net amount	– 5,819	– 5,853	5,819	5,853
Total	*1,023*	*967*	*– 23*	*– 22*
Change in the balance from deferred taxes	*55*	*– 60*		
of which changes recognized in profit or loss	– 2	12		
of which from valuation reserves (from FVOCI financial instruments)	40	69		
of which measurement gains/losses of financial liabilities	– 7	– 17		
of which retained earnings (provisions – actuarial gains/losses)	24	– 146		
of which other changes recognized directly in equity (change in basis of consolidation)	0	22		

No deferred tax liabilities were recognized for taxable temporary differences of EUR 7 million (previous year: EUR 9 million) from shares in subsidiaries and joint ventures, since a reversal of the temporary differences is not expected in the near future.

The “Act to Ensure Global Minimum Taxation for Groups of Companies” (Minimum Tax Directive - MinStG) was promulgated in the Federal Law Gazette on 27 December 2023. The law applies for the first time to financial years beginning after 30 December 2023.

Under this law, LBBW, as the parent company in Germany, must pay an additional tax on the gains of its subsidiaries that are taxed at an effective tax rate of less than 15%. As at the reporting date, an initial indicative analysis was carried out to ascertain the impact of this and identify the jurisdictions where a global minimum tax could potentially affect the Group. Singapore is one of the main countries for which an additional tax could be incurred at parent company level. In 2022, this country accounted for approximately 1% of gains and the average effective tax rate on these gains was 14.7%. LBBW therefore assumes that the effective Group tax rate would not have changed significantly if the Minimum Tax Directive had already been in effect on the reporting date.

The impact of minimum taxation legislation on LBBW’s future financial performance is being investigated further.

The temporary exemption from the accounting regulations for deferred taxes in IAS 12 published by the IASB in May 2023 is applied. Under this, deferred tax assets and liabilities in connection with the global minimum taxation are not recognized or disclosed.

E. Financial instruments

Accounting policies

19. Recognition

Financial instruments are initially recognized when LBBW (Bank) or a subsidiary included in the consolidated financial statements becomes a contractual party of the financial instrument. The financial instruments are derecognized if one of the following events occurs:

- Contractual rights to the cash flows from a financial asset expire (e.g. repayment of loans or expiry of options).
- The financial asset is sold, in part or in full (e.g. sale of securities (true sale) or syndication).
- Cash flows, including the material opportunities and risks from the financial asset, are passed on to third parties via contractually arranged obligations (pass-through arrangement).
- The contractual terms and conditions of a financial asset or liability have been substantially modified. The distinction between substantial and non-substantial modifications is based on judgments. At LBBW, a contractual amendment is considered a substantial modification if it results in a change of currency, changes the gross carrying amount of a financial asset or the amortized costs of a financial liability by 10% or more or if the changes to the contract mean that maintaining the previous measurement category is no longer permitted. By contrast, non-substantial modifications lead not to derecognition but to an adjustment of the gross carrying amount or amortized cost through profit or loss.
- The financial liability is repaid.
- The financial liability is repurchased.

If material opportunities and risks are neither transferred nor retained when transferring a financial asset to third parties, derecognition from the statement of financial position is conditional upon control of the asset being transferred. In this case, the financial asset is derecognized when the recipient is entitled and also able to sell or pledge the transferred financial asset to third parties without requiring the agreement of the transferring entity or needing to impose restrictions on resale. If control is not transferred, the transferred asset must continue to be recognized in LBBW’s statement of financial position in the amount of the continuing involvement and an associated liability must also be recognized.

Spot purchases and sales of financial assets that are delivered not on the trade date but instead within a standard period on the settlement date are recognized on the settlement date, regardless of the category.

Genuine securities repurchase transactions and securities lending transactions

Securities under genuine repurchase transactions continue to be recognized in the pledgor’s statement of financial position. The pledgor recognizes a liability to the pledgee and the pledgee recognizes a receivable from the pledgor. Both are measured at amortized cost. The pledgor is still entitled to interest and dividends from the securities and recognizes these through profit or loss. Any difference between the amounts received when the securities were originally transferred and the amount to be paid upon return must be allocated by the pledgor to the liability over the term of the repurchase agreement. The pledgee must recognize the receivable.

The same applies to securities lending transactions with cash collateral. By contrast, no liability or receivable is recognized for lending transactions without cash collateral. The consideration paid by the borrower is reported under Net interest income.

Development loans

A two-stage transmission procedure is used at the public sector savings banks and Volks- and Raiffeisen banks to transmit development loans to final borrowers. In this transmission chain, LBBW is located between the development bank and the affiliated savings bank and must recognize a liability to the development bank and a receivable of the same amount from the savings bank for the development loan. Given the volume of development loans, loans and advances to banks and deposits from banks are not comparable to the corresponding items at private banks. For this reason, these transmitted loans are disclosed separately under the two items.

Embedded derivatives

Derivatives embedded in financial liabilities must be separated and recognized as independent derivatives under the following conditions:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid contract is not measured at fair value through profit or loss.

20. Measurement

Financial instruments are recognized at fair value. Transaction costs for financial instruments measured at fair value through profit or loss are recognized directly in profit or loss. In all other cases, transaction costs – where material – are distributed on an accrual basis.

After acquisition, financial instruments are measured either at amortized cost or at fair value. For financial assets, amortized cost generally constitutes impairment. The following measurement categories are used:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Financial assets measured at fair value through profit or loss
- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss

Categorizing financial assets

Financial assets are assigned to one of these categories on the basis of a classification decision at the time of acquisition. The classification decision depends on the objectives of the respective business model for managing financial assets and whether the financial asset represents a simple loan agreement and thus generates solely payments of principal and interest within the meaning of IFRS 9.

The business models are determined at portfolio level and provide information about the investment strategies for assets included in a portfolio. LBBW has three business models: “Hold”, “Hold to collect and sell” and “Sell”. The business models are identified on the basis of portfolio-specific information on remuneration and measuring performance, internal reporting and risks and risk management. At LBBW (Bank), the portfolios are identified and the individual business models determined by the LBBW (Bank) Board of Managing Directors. For subsidiaries included in the consolidated financial statements, this is done by the management of the subsidiary in question. At LBBW (Bank), the business models are determined at segment level, with the exception of the “Capital Markets Business” segment where the business models are established at a lower level. As opposed to other segments, which (with some exceptions – syndicated loans) use the “Hold” business model, this segment features a diverse variety of portfolios under the business models “Hold”, “Hold to collect and sell” and “Sell”.

The “Hold” business model means that the intention is to hold the assets of a portfolio for the foreseeable future and to collect the payments of principal and interest over their term. Sales from these portfolios are not intended. Nevertheless, financial assets whose credit risk has increased since initial recognition could still be sold under a “Hold” business model. The same applies to sales made close to maturity, if the proceeds from the sales approximate the collection of the remaining contractual cash flows, and to infrequent sales and sales involving smaller volumes. Sales from portfolios operating under the “Hold” business model are subject to internal processes which monitor holding intent. For this purpose, sales agreements with third parties under civil law are considered sales, which lead to the assets sold being derecognized from the statement of financial position.

The “Hold to collect and sell” business model does not involve the strict intention to hold the financial assets in a portfolio in the long term. In addition to collecting cash flows from the financial assets held, the assets can also be sold in line with the investment strategy of the portfolio. These kind of investment strategies can be found, to some extent, in portfolios in the Treasury’s area of responsibility.

The “Sell” business model comprises all investment strategies that do not fall under the other two models. In particular, this includes financial assets acquired for trading and shares of loans intended for syndication. In LBBW Group, loans intended for syndication are allocated to two portfolios with different business models. The part of the loan to be placed on the market is assigned to a “Sell” business model portfolio while the final take is assigned to a “Hold” portfolio. Syndicated loans for which placement was unsuccessful remain in the original “Sell” portfolio permanently.

The term “repayment” generally refers to the repayment of capital. For the purpose of classifying financial assets, the capital concept is defined not as the nominal value but as the fair value of the financial asset on initial recognition. The interest term also has its own definition for the purpose of classifying financial assets. It represents consideration for the provision of capital and can only include components which are also reflected in a simple credit agreement. These include:

- time value of money,
- credit risk premium,
- surcharges for other risks associated with a loan (e.g. liquidity risk),
- surcharges for costs associated with a loan (e.g. administrative costs)
- profit margin

Equity instruments and derivatives thus do not constitute financial assets comparable to a simple loan agreement. The same applies to debt instruments with embedded derivatives that generate leverage. Non-recourse financing, which primarily involves an investment risk, also constitutes a breach of a simple loan relationship. At LBBW, non-recourse financing includes financing of special investment vehicles, which are characterized by the limitation of LBBW (Bank)/Berlin Hyp’s right of recourse to certain assets of the special investment vehicle or payments from these assets. At LBBW (Bank) and Berlin Hyp, this method of financing is therefore always in accordance with a simple loan agreement if either the special investment vehicle is able to service its debt without selling the financing object or if sufficient unimpaired collateral has been provided by third parties.

Especially in lending business with corporate customers, LBBW’s product portfolio also includes financial assets for which interest rates are linked to the debtor’s achievement of ESG targets. These products generally have variable interest rates (e.g. 3M Euribor) and include a sustainability component as well as the usual features (e.g. 0% floor). These are contractually defined targets that make a statement on the debtor’s sustainability and that are regularly reviewed. The targets agreed between LBBW and its customers frequently relate to receiving or confirming an ESG rating by an ESG rating agency. There is also a wide range of other targets, from reducing CO2 emissions to improving workplace safety to increasing the percentage of women in leadership positions. If the agreed targets are achieved, the interest rate for the subsequent period(s) is reduced by a contractually agreed amount. Conversely, the interest rate also increases if the contractual target is not achieved. These sustainability components can be found in a wide variety of loan products and are used in both syndicated loans and bilateral loans. The agreed interest rate premiums or discounts are often in the order of a few basis points and, in LBBW’s opinion, do not preclude a simple loan agreement within the meaning of IFRS 9.

LBBW also chooses to voluntarily recognize selected equity investments not held for trading at fair value through other comprehensive income in order to keep net consolidated profit/loss free from measurement volatility arising from these equity investments (OCI option). Furthermore, LBBW voluntarily recognizes selected financial assets at fair value through profit or loss if this offsets or reduces fluctuations in results that are not justified from an economic viewpoint and that arise from countertransactions that must be recognized at fair value through profit or loss (fair-value option).

Reclassification on account of a change in business model after acquisition is permitted only in exceptional cases.

Basis for measurement category

Business model	Simple loan relationship	Choice exercised	Category
Hold	Yes	No	Measured at amortized cost
		Yes (fair value option)	Measured at fair value through profit or loss
	No	No	Measured at fair value through profit or loss
		Yes (OCI option)	Measured at fair value through other comprehensive income
Hold to collect and sell	Yes	No	Measured at fair value through other comprehensive income
		Yes (fair value option)	Measured at fair value through profit or loss
	No	No	Measured at fair value through profit or loss
		Yes (OCI option)	Measured at fair value through other comprehensive income
Sell	Yes/no	n/a	Measured at fair value through profit or loss

Categorizing financial liabilities

Financial liabilities are to be categorized as measured at amortized cost. However, this does not apply to financial guarantees or financial liabilities measured at fair value through profit or loss. At LBBW, the latter group primarily comprises financial liabilities held for trading and selected financial liabilities voluntarily measured at fair value through profit or loss to offset or reduce fluctuations in results that are not justified from an economic viewpoint and that arise from countertransactions that must be recognized at fair value through profit or loss (fair-value option).

In financial liabilities measured at amortized cost, embedded derivatives are also to be recognized as independent derivatives at fair value through profit or loss under certain conditions.

21. Allowances for losses on loans and securities

In accordance with IFRS 9, impairment for credit risks is recognized using a three-stage impairment model on the basis of expected credit losses.

Calculating allowances for losses on loans and securities

A review is carried out on an ongoing basis to assess whether there is any evidence that a financial asset is credit-impaired. The criteria for this review are based on the regulatory definition of default in accordance with the Capital Requirements Regulation (CRR). This definition is also used for internal management. They apply to all customers, regardless of rating or scoring procedures.

If there is no evidence of credit-impairment, impairment losses are recognized in the amount of the expected credit loss. The time frame for determining this essentially depends on whether the asset’s default risk has risen significantly since initial recognition (stage 2) or not (stage 1). The entire remaining term of the financial instrument is recognized for stage 2 assets, whereas a term of 12 months is generally recognized for stage 1 assets. They are transferred to stage 2 if there is reliable information indicating a significant increase in credit risk (SICR) of a financial instrument. The SICR analysis takes account of macroeconomic and sector-specific expectations, as well as forward-looking information. The SICR check is carried out for the individual transaction. However, if information indicates a significant increase in credit risk for a group of financial instruments with shared risk characteristics, the resulting stage transfer is interpreted as a collective stage transfer. To adequately account for the overall increased risk of loss in the current special macroeconomic circumstances, impairment losses for stage 1 assets that are fundamentally affected are determined on the basis of the expected credit losses over their remaining term.

If there is evidence of credit-impairment, the impairment loss for significant financial assets is measured as the gross carrying amount of the financial instrument less the present value of the estimated cash flows (stage 3). To calculate anticipated future cash flows, various probability-weighted scenarios are used to estimate expected proceeds from the financial instrument (payments of principal and interest) and any payments from the liquidation of collateral on the basis of their amount and accrual date. The procedure for financial assets that are not significant is the same as for stage 2 assets (stage 3 based on parameters).

For financial assets allocated to stages 1 and 2 or measured on the basis of parameters under stage 3, the expected credit loss is calculated based on the probability of default (PD), the estimated loss given default (LGD) and the expected exposure at default (EaD).

Regardless of the remaining term, expected credit losses (calculated as the product of the three parameters already described) are discounted to the end of the reporting period using the effective interest rate of the financial instrument or an approximation of this rate. This does not apply to significant financial assets which already show credit-impairment at initial recognition. In this case, the effective interest rate is adjusted by taking into account the life-time expected credit losses, with the result that no further allowances for losses on loans and securities are reported on initial recognition. The credit-adjusted effective interest rate resulting from this is used for subsequent measurement.

LBBW has not used the simplified approach in accordance with IFRS 9.5.5.15 for lease receivables.

Inputs and assumptions

The process used to calculate expected losses is described in the Counterparty risk section of the combined management report under risk measurement. The section below considers some additional aspects specific to IFRS 9.

Specific rating and risk classification procedures are used for all relevant business activities. These procedures quantify the probability of default of the individual investments, which is initially standardized to twelve months. In addition, multiyear probabilities of default are determined on the basis of many years of internal rating histories. Historical, current and forward-looking information is considered when determining customer creditworthiness, provided this demonstrably improves the forecast quality. In addition, probabilities of default assigned to the regulatory ratings and collateral values are adjusted to take account of economic effects expected.

The loss given default is primarily determined by the probability of recovery and the collateral ratio of the underlying asset. There are specific forecasts for different types of collateral and customer groups. The estimates of the model inputs are based on pool data gathered by the Bank itself and in cooperation with savings banks and other Landesbanks, in which case it has been ascertained that this data is representative for LBBW. The LGD is initially standardized at twelve months. In addition, multi-year loss rates for defaults are determined using collateral value models and EaD forecasts for each potential default date for the debtor. Similar to the probability of default forward-looking information is also considered.

The expected exposure at default (EaD) is determined using various models on the basis of the characteristics of the underlying financial instrument. For non-revolving financial instruments, contractually agreed cash flows are taken into account that are expanded to include customer and transaction specific characteristics if financial instruments are not disbursed in full in order to determine the full disbursement date and a linear disbursement profile. For revolving commitments, different types of regression models are used to forecast expected use for any point in the future until the end of the contract. This is based on statistical business and customer characteristics, the period until the default date and the credit line’s historical draw-down pattern. If this is not explicitly stipulated, the notice period is used to determine the term. A performance-based term that extends beyond the notice period is estimated on the basis of historic data only for overdrafts and credit cards. Guarantees, which are not fully used in the event of default, represent a special case. The amount at risk for these transactions is calculated by means of a credit conversion factor (CCF).

Consideration of changes to estimation techniques or assumptions

All models used to calculate expected credit losses in the reporting period were maintained regularly and adjusted if necessary. There were no significant changes to methodology that would affect the calculation of expected credit losses.

Consideration of forward-looking information

As well as taking into account future information on a parameter-specific basis, all business areas are also regularly subjected to qualitative and quantitative analysis to determine whether there is a special case requiring an adjustment to allowances for losses on loans and securities. Special cases are extraordinary, temporary circumstances in which the productive models are unable to create parameters suitable for the calculation of allowances for losses on loans and securities set out in IFRS 9 (e.g. due to major macroeconomic or political distortions). In these cases, tailored ad-hoc models and simulations in a multi-scenario approach are utilized to determinate to what extent allowances for losses on loans and securities must be adjusted so as to adequately cover all risks. Inputs for the ad-hoc models are also determined using qualitative information and estimates. To identify and account for special cases, a group of experts from Research, Front Office, Back Office and Risk Controlling deal with all relevant events that may influence LBBW's operating activities on both a regular and ad hoc basis. Its aims include identifying crises and developing scenarios for LBBW's management bodies in the event that they emerge. The following developments resulted in a special case as at the reporting date:

- consistently elevated energy prices, the knock-on effects of the abrupt increase in interest rates to tackle persistently high rates of inflation and recessive economic growth,
- the transformation to a carbon-neutral economy, which is accelerating structural change in the automotive sector and in other industries.

The adjustment to allowances for losses on loans and securities as a result of these special circumstances is described in Note 29 (Financial assets measured at amortized cost), development of allowances for losses on loans and securities.

Three criteria are used to assess whether to assign a financial instrument to stage 1 or stage 2:

- Quantitative transfer criterion: First, the expected probability of default at the end of the reporting period is calculated using the initial rating and expected migrations specific to the segment. If the current risk assessment is significantly worse than the expected value at the end of the reporting period, the financial asset is transferred.
- "De minimis threshold" criterion: A change in the probability of default by a maximum of 10 basis points in comparison to the initial rating is considered low. The financial instrument is allocated to stage 1 in these cases.
- Qualitative "warning signal" transfer criterion: If certain warning signals are present, a financial instrument is always allocated to stage 2. This includes internal warnings (e.g. observation case or seizure), 30-day arrears, actively intensified loan management and forbearance measures.

Securities are exempt from the above criteria; stages are allocated on the basis of the current rating. If this falls under "investment grade", it is allocated to stage 1. In all other cases, the securities are allocated to stage 2. The definition of "investment grade" is based on international standards.

There is another exception for financial assets which already showed credit-impairment at initial recognition. In this case, impairment loss is always measured using the life-time expected credit losses of the financial instrument, even when recovery is expected or actually occurs. There is no stage transfer for these instruments.

For the quantitative aspects of the transfer criterion, the current rating is considered. As shown by analysis in the context of maintaining and validating the transfer criterion, this is equivalent to measuring the probability of default over the remaining term.

If the criteria described above for allocation to stages 2 and 3 cease to apply, it is transferred back to stage 1 following a period of compliance.

Depreciation, amortization and write-downs

A financial instrument is written down directly in the event of an actual, potentially only partial, default. This is considered uncollectible if no surrogate substitutes the defaulted receivable. The receivable is derecognized. This is the case, for example, with:

- insolvency, when no further proceeds from the liquidation of collateral or an insolvency ratio are expected
- terminated exposures where the residual receivables cannot be settled
- the claim is waived fully or partially
- sale of receivables with a loss

Exposures that are still subject to enforcement activity after being written down are serviced centrally. The objective is to collect extraordinary income from these receivables. To this end, negotiations are conducted with customers in order to achieve voluntary repayments or settlements, engage in personal enforcement against the debtor's assets, accompany insolvency proceedings and account for payment transactions.

Balance sheet recognition

For financial assets measured at amortized cost, allowances for losses on loans and securities are deducted directly. The amount remaining after the deduction of allowances for losses on loans and securities is reported in the statement of financial position. For transactions subject to measurement at fair value through other comprehensive income, the amount reported in the statement of financial position is the fair value. Credit losses for off-balance-sheet transactions are shown in the item provisions for credit risks.

22. Determining fair value

General information

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

When determining 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 “Risk Methods Markets” organizational unit.

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

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

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

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

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

Securities

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

Derivatives

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

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

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

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

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

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

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

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

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

Refinancing effects represent a price component for unsecured derivatives and are included in the fair value measurement as a funding valuation adjustment (FVA). At LBBW, refinancing effects are taken into account in the measurement when calculating the present value by way of premiums on the discount rates.

The DVA is adjusted accordingly to avoid overlaps regarding the Bank's own default risk between the FVA and DVA calculation (valuation adjustment for FVA-DVA overlap).

Equity instruments

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

Receivables

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

Determining rating-induced changes in fair value

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

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

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

23. Recognition

Net amount

Financial assets and financial liabilities are recognized in the statement of financial position on a net basis if, at the statement of financial position date, the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to liquidate the respective asset and settle the associated liability simultaneously. In all other cases, they are recorded by way of gross disclosure.

If asset and liabilities are reported as offset in the statement of financial position, the associated income and expenditure in the income statement must also be offset, unless offsetting is expressly prohibited by an applicable accounting standard.

Measurement categories and recognition/recognition of gains/losses

Measurement category	Recognition
Recognition in the statement of financial position	
Financial assets measured at amortized cost	Cash and cash equivalents Financial assets measured at amortized cost Other assets
Financial assets measured at fair value through other comprehensive income	Financial assets measured at fair value through other comprehensive income
Financial assets measured at fair value through profit or loss	Financial assets designated at fair value Financial assets mandatorily measured at fair value through profit or loss
Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost Other liabilities
Financial liabilities measured at fair value through profit or loss	Financial liabilities designated at fair value Financial liabilities mandatorily measured at fair value through profit or loss
n/a	Portfolio hedge adjustment attributable to assets Portfolio hedge adjustment attributable to liabilities
Recognition of gains/losses	
Financial assets measured at amortized cost	Net interest income (interest income)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial assets measured at amortized cost (allowances for losses on loans and securities, net gains/losses on disposal)
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
Financial assets measured at fair value through other comprehensive income	Net interest income (interest income, dividends)
	Net gains/losses on remeasurement and disposal (debt instruments only)
	Net gains/losses from financial instruments measured at fair value through other comprehensive income (allowances for losses on loans and securities, gains/losses on disposal)
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
	Net consolidated profit/loss in equity
	Retained earnings (gains/losses from the sale of equity instruments)
	Measurement gains/losses from equity instruments (change in fair value, transfers from gains/losses on disposal to retained earnings)
	Measurement gains/losses from debt instruments (change in fair value, allowances for losses on loans and securities, hedge accounting)
Financial assets measured at fair value through profit or loss	Net interest income (interest income)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (changes in fair value, gains/losses on disposal, hedge accounting, currency translation)
Financial liabilities measured at amortized cost	Net interest income (interest expenses)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (hedge accounting, currency translation)
Financial liabilities measured at fair value through profit or loss	Net interest income (interest expenses)
	Net gains/losses on remeasurement and disposal
	Net gains/losses from financial instruments measured at fair value through profit or loss (changes in fair value, currency translation)
	Net consolidated profit/loss in equity
	Measurement gains/losses from own credit rating (only from fair value option and only if this does not create or increase any measurement discrepancies)

Classes

Financial instruments are to be partially sorted into classes to comply with disclosure requirements. Determining classes requires making discretionary decisions. LBBW’s classes account for measurement categories, balance sheet items and product groups. The level of detail varies for class-related disclosure requirements and has been chosen to ensure that there is not too much non-essential information provided nor is information relevant to decisions hidden.

24. Hedge relationships

Changes in interest rates and exchange rate fluctuations can have a substantial impact on the value of financial instruments. LBBW therefore applies the provisions on accounting for hedge relationships to account for the economic effects of risk management in the banking book. Applying these provisions means that valuation adjustments to the hedged items through profit or loss largely offset the unilateral fluctuations in results, which are not justified from an economic viewpoint, as a result of measuring derivative hedging instruments. The opening pages of the risk report and the explanations on market price risk in the management report provide an insight into LBBW's risk management strategy.

All hedge relationships at LBBW are to hedge the fair value of hedged items (fair value hedges). LBBW uses micro fair value hedges, portfolio fair value hedges and group fair value hedges. Micro and group fair value hedges are recognized in accordance with IFRS 9, whereas portfolio fair value hedges continue to be recognized in line with the provisions of IAS 39. The portfolio fair value hedges also include company-wide hedge relationships, comprising both financial instruments of LBBW (Bank) and of Berlin Hyp.

LBBW designated the following risk components as hedged items:

- changes in the fair value of fixed-income underlying transactions as a result of the change to benchmark interest rates (e.g. 3M Euribor) (micro fair value hedge, portfolio fair value hedge)
- changes in the fair value of layer components of nominal amounts from deferred and single currency groups of underlying transactions in foreign currencies as a result of exchange rate fluctuations (group fair value hedge)
- in individual cases, changes in the fair value of fixed-income underlying transactions in foreign currencies as a result of the combined interest rate and currency risk (micro fair value hedge)

Hedged items are accounted for depending on the type of hedge relationship:

- Micro fair value hedge: For financial assets measured at amortized cost, the carrying amount is adjusted. For financial assets measured at fair value through other comprehensive income, it is other comprehensive income in equity. In both cases, the adjustment is made through profit or loss and is equal to the changes in fair value attributable to the hedged risk components. The effect of this on net gains/losses is reported in net gains/losses from hedging transactions, a sub-item of net gains/losses on remeasurement and disposal. The adjustments to carrying amounts and adjustments in other comprehensive income are amortized over the remaining term of the hedged item in net interest income after the end of the hedge relationship. If the hedge relationship is ended because the hedged item is disposed of (e.g. sale, early redemption), this adjustment is immediately reported in net gains/losses on remeasurement and disposal.
- Portfolio fair value hedge: The statements on micro fair value hedge essentially also apply to the portfolio fair value hedge. Unlike for micro fair value hedges, however, the changes in fair value attributable to the hedged risk components are recognized separately under portfolio hedge adjustment attributable to assets or portfolio hedge adjustment attributable to liabilities.
- Group fair value hedge: The hedged items are recognized in exactly the same way as financial instruments in the same measurement category that are not connected with any hedge relationship. In departure from this, only the gains/losses resulting from currency translation are recognized in net gains/losses from hedging transactions.

LBBW uses interest rate swaps and cross currency swaps as hedging instruments. For micro fair value hedges, derivatives are always designated as hedging instruments in their entirety. For portfolio fair value hedges, derivatives can also be designated on a percentage basis. For group fair value hedges, however, currency-basis spreads of cross currency swaps are exempt from being designated as hedging instruments. All hedging instruments are recognized under positive fair values from derivative hedging instruments or negative fair values from derivative hedging instruments. Changes to fair value for group fair value hedges attributable to the currency-basis spreads of cross currency swaps relate to period-based hedged items and are reported in other comprehensive income. Changes to fair value of the designated hedging instruments are recognized in net gains/losses from hedging transactions through profit or loss.

The use of particular provisions to account for hedge relationships is subject to certain conditions. At the start of a hedge relationship, the hedging transaction must be formally designated and documented, as must the risk management objectives and strategies in connection with the hedge. Furthermore, regular evidence must be provided at the beginning and in the subsequent period that the hedge relationship is effective. Requirements vary for different types of hedges:

- Micro and group fair value hedges: Effectiveness is to be demonstrated prospectively. LBBW demonstrates this monthly. For micro fair value hedges, prospective effectiveness is demonstrated using regression analysis at LBBW (Bank) and critical term matches at Berlin Hyp. Critical term matches are also used for group fair value hedges, which are so far formed only at LBBW (Bank). This indicates whether the hedging instrument and the hedged item are expected to have offsetting future changes in value in relation to the hedged risk, taking into account the credit risk of

the hedged item and the hedging transaction. Furthermore, the hedging ratio for the hedging relationship must be the same as the hedging ratio resulting from the volume of actual hedged items and the volume of hedging instruments actually used for hedging.
- Portfolio fair value hedges: Effectiveness is to be demonstrated prospectively and retrospectively. Prospective effectiveness is demonstrated using regression analysis and retrospective effectiveness using the dollar offset method. A hedge is considered effective only if the ratio of the offsetting changes in value of the hedging instrument and the hedged item is between 80% and 125%.

Net gains/losses from hedging transactions include the effect on net gains/losses from hedged items and hedging instruments of effective hedge relationships as described above. It thus represents the extent of contributions to net gains/losses attributable to ineffectiveness. In the case of hedge relationships to hedge fair value against interest rate risks, ineffectiveness could be the result, for example, of differences in the measurement parameters for hedged items and hedging instruments (e.g. nominal deviations, maturity mismatches, different interest payment dates, etc.) or of discounting the cash flows from hedged items and hedging instruments using different discounting curves. In the case of hedge relationships to hedge fair value against foreign currency risks, ineffectiveness may arise because measuring the hedging instrument results in contributions to net gains/losses that do not occur in the spot rate-based measurement of the hedged item. LBBW's micro and group fair value hedges do not contain any basis risks. Accordingly, it is not necessary to adjust the hedging ratio over time at LBBW.

A hedge relationship ends when the hedged item or hedging transaction is disposed of. It also ends if the conditions for recognizing hedging relationships are no longer met. Furthermore, the hedge relationship at LBBW for the portfolio fair value hedge ends at the end of the month. This process reflects the dynamic development of the banking book. Existing transactions expire or are repaid early and new transactions are added. These changes then result in additional hedging instruments being terminated or new such instruments being concluded. For this reason, the hedging relationships in the portfolio fair value hedges are designated and redesignated at the end of the month. The cash flow is allocated to the appropriate time interval for each financial instrument according to the expected maturity.

As part of the IBOR reform, the IASB issued various exemptions for a transitional period that prevent hedging relationships from being terminated prematurely on account of the IBOR reform (see Note 26).

25. Financial guarantees

If the LBBW Group is the assignee, stand-alone financial guarantee contracts that are considered an integral contract component of the secured financial asset are taken into account when determining its allowances for losses on loans and securities under IFRS 9. If the financial guarantees are not considered an integral contract component (in particular to hedge lending portfolios), claims for compensation against the guarantor are capitalized through profit or loss (taken into account in allowances for losses on loans and advances). Related commission payments are recognized as a commission expense on an accrual basis in accordance with IFRS 15.

LBBW also issued a liability with an embedded financial guarantee to hedge a lending portfolio. In this case, the hedging effect is taken into account when measuring the liability recognized at amortized cost. If there is a right to reimbursement, this is done by reducing the effective interest rate of the liability and is thus recognized over the remaining term of the liability in net interest income. As the risk premium for the hedge purchase is reflected in the liability's (variable) coupon, commission expense is not disclosed separately.

If the LBBW Group is the assignor, financial guarantee contracts are initially recognized at a fair value of zero (net method with equal present values of expected incoming commission payments and expected benefits at arm's length). As part of subsequent measurement, financial guarantee contracts issues are included in the IFRS 9 impairment model and the related amounts for allowances for losses on loans and securities are recognized under "Provisions for lending business".

26. IBOR reform

The remaining LIBORs for USD were discontinued on 30 June 2023. This means that LBBW is still focusing primarily on financial instruments that reference a CDOR for CAD. These CDORs will be discontinued on 28 June 2024. No material risks are expected from this change or the change for other financial instruments that still reference other reference interest rates affected by the IBOR reform.

Material accounting methods in connection with the IBOR reform:

- Provided they are a result entirely of the IBOR reform, interest rate adjustments do not entail any substantial modifications, not for the underlying nor for the derivative financial instruments.
- Redesignations of hedged risk components in connection with the IBOR reform do not result in existing hedge relationships being discontinued.
- Settlement payments for derivatives arising in connection with these interest rate adjustments are accrued over the remaining term of the derivatives in question.
- In connection with the change in the measurement of derivatives to the alternative reference interest rates (discounting switch), settlement payments made or received as compensation for the effects through profit or loss of the derivatives' valuation adjustments are also recognized through profit or loss at the same time as the valuation adjustments.

As at 31 December 2023, the following transactions were still to be switched on the basis of the IBOR reform:

31/12/2023 EUR billion	Nominal amounts
Derivatives	*0.3*
of which based on CAD CDOR	0.3

LBBW's hedging instruments in the last financial year were essentially based on EURIBOR, CDOR, USD LIBOR/SOFR, SARON and SONIA. LBBW believes that the conditions for applying the practical expedients granted in IFRS 9.6.8 are still met for CDOR as at 31 December 2023.

The nominal volume of the hedging instruments still covered by the exemptions under IFRS 9.6.8 amounted to EUR 7 million as at 31 December 2023 (previous year: EUR 13,154 million). The hedged risk components were still separately identifiable as at 31 December 2023.

27. Government grants

In previous financial years, LBBW accounted for European Central Bank (ECB)'s targeted longer-term refinancing operations (TLTRO) in accordance with IFRS 9 and IAS 20. A description of the accounting methods can be found in the 2022 annual report.

The requirements for applying IAS 20 were no longer met in the current financial year. These transactions have again been recognized solely in accordance with IFRS 9 since the beginning of the final interest period (November 2022). LBBW has since considered these refinancing operations variable rate financial instruments. The effective interest rate is updated after each change to the deposit facility. This also includes expected future changes to the deposit facility. Early repayment intentions by LBBW were discontinued in the financial year. Instead, the transactions will now be held until maturity in April 2024. The later repayment increases the average interest rate for the final interest period. This effect was processed by adjusting the carrying amount through profit or loss.

Financial assets

28. Cash and cash equivalents

EUR million	31/12/2023	31/12/2022
Balances with central banks	11,870	10,404
Cash	155	165
Total, gross	*12,026*	*10,569*
Allowances for losses on loans and securities	– 0	– 0
Total, net	*12,026*	*10,569*

The increase in the item was attributable almost exclusively to an increase in central bank balances. Balances with central banks included balances with Deutsche Bundesbank of EUR 3,145 million (previous year: EUR 593 million).

29. Financial assets measured at amortized cost

Loans and advances to banks

EUR million	31/12/2023	31/12/2022
Public-sector loans	39,686	35,180
Current account claims	576	569
Securities repurchase transactions	10,206	6,886
Other loans	1,226	893
Schuldschein loans	25	10
Overnight and term money	2,063	2,627
Deposits at central banks	27,616	34,862
Other receivables	877	324
Total, gross	*82,275*	*81,351*
Allowances for losses on loans and securities	– 35	– 69
Total, net	*82,241*	*81,283*

Of loans and advances to banks (gross), EUR 34,278 million (previous year: EUR 30,851 million) had a term of over twelve months as at the reporting date.

The item Loans and advances to banks also included transmitted loans of EUR 27,975 million (previous year: EUR 27,765 million) in the sub-item public-sector loans.

Loans and advances to customers

EUR million	31/12/2023	31/12/2022
Other loans	28,896	27,649
Mortgage loans	69,163	66,848
Public-sector loans	13,481	13,339
Receivables from finance leases	6,320	5,676
Transmitted loans	4,146	4,060
Securities repurchase transactions	9,091	7,257
Current account claims	2,915	2,936
Overnight and term money	5,694	5,885
Schuldschein loans	7,905	8,032
Other receivables	6,913	6,226
Total, gross	*154,524*	*147,907*
Allowances for losses on loans and securities	– 1,641	– 1,364
Total, net	*152,883*	*146,542*

Loans and advances to customers (gross) amounting to EUR 106,186 million (previous year: EUR 103,044 million) had a term of over twelve months as at the reporting date.

As well as the transmitted loans shown in the table, the sub-item mortgage loans also included transmitted loans of EUR 3,289 million (previous year: EUR 3,128 million), with the sub-item public-sector loans containing transmitted loans of EUR 748 million (previous year: EUR 900 million).

Debentures and other fixed-income securities

EUR million	31/12/2023	31/12/2022
Government bonds and government debentures	216	257
Other bonds and debentures	3,233	896
Total, gross	*3,448*	*1,152*
Allowances for losses on loans and securities	– 7	– 8
Total, net	*3,441*	*1,144*

Investments in securities from mainly European issuers resulted in an overall increase.

Debentures and other fixed-income securities amounting to EUR 3,285 million (previous year: EUR 1,074 million) had a term of over twelve months as at the reporting date.

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

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

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

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Balance as at 1 January 2022	*89*	*716*	*524*	*– 1*	*1,328*
Changes	292	– 378	91	4	9
Transfer to Stage 1	358	– 357	– 0	0	– 0
Transfer to Stage 2	– 10	12	– 1	0	– 0
Transfer to Stage 3	– 4	– 6	10	0	0
Additions	21	63	205	4	293
Reversals	– 72	– 90	– 63	– 0	– 224
Utilization	0	0	– 60	0	– 60
Additions	128	7	56	0	191
Disposals	– 5	– 18	– 80	0	– 103
Other changes	0	1	15	0	17
Balance as at 31 December 2022	*503*	*328*	*607*	*3*	*1,441*

It is a great challenge to calculate the allowances for losses on loans and securities given the current economic uncertainties. Statistical allowances for losses on loans and securities, which are based on normal economic situations and calibrated in line with cyclical averages, do not provide unlimited reliability in the current situation. For this reason, LBBW determined allowances for losses on loans and securities at the end of 2023 using a multi-scenario approach that adequately represents the many possible economic developments. The single- and multi-year PDs were initially forecast using quantitative macro-models on the basis of macro-factor projections and sector-specific profitability projections in line with these. A qualitative adjustment was also made to the LGD to suitably account for the effects of structural change. A cyclical adjustment of the stage transfer was also implemented using macro-adjusted lifetime PDs. Allowances for losses on loans and securities to quantify the effects of structural change towards e-mobility were reduced towards the end of 2022. This decline was essentially a result of a reduction in the portfolio volume. Overall, model adjustments increased allowances for losses on loans and securities by EUR 107 million (net). This also included components recognized in lending business provisions.

For more details on changes in allowances for losses on loans and securities see Notes 12 and 31.

The following table shows the development of gross carrying amounts:

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Balance as at 1 January 2023	*210,113*	*19,018*	*1,249*	*30*	*230,410*
Changes	– 26,187	12,122	840	– 1	– 13,225
Transfer to Stage 1	3,725	– 3,720	– 4	0	0
Transfer to Stage 2	– 17,930	17,962	– 32	0	– 0
Transfer to Stage 3	– 646	– 550	1,196	0	0
Repayments	– 11,335	– 1,569	– 320	– 1	– 13,226
Additions	131,572	1,078	– 109	0	132,541
Disposals	– 114,008	– 3,681	– 248	– 12	– 117,949
Write-downs through profit or loss (direct write-down)	0	0	– 3	0	– 3
Write-downs through other comprehensive income (use of allowances for losses on loans and securities)	0	0	– 84	0	– 84
Change from basis of consolidation	– 2	0	0	0	– 2
Other changes	7,005	1,280	273	1	8,560
Balance as at 31 December 2023	*208,493*	*29,818*	*1,918*	*19*	*240,248*

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Balance as at 1 January 2022	*138,773*	*28,767*	*1,081*	*30*	*168,652*
Changes	– 8,628	– 6,728	291	– 0	– 15,065
Transfer to Stage 1	13,530	– 13,527	– 3	0	0
Transfer to Stage 2	– 8,396	8,428	– 33	0	0
Transfer to Stage 3	– 253	– 179	432	0	– 0
Repayments	– 13,509	– 1,450	– 106	– 0	– 15,066
Additions	120,219	70	0	0	120,289
Disposals	– 76,453	– 3,962	– 197	0	– 80,612
Write-downs through profit or loss (direct write-down)	0	0	– 4	0	– 4
Write-downs through other comprehensive income (use of allowances for losses on loans and securities)	0	0	– 60	0	– 60
Change from basis of consolidation	26,111	0	0	0	26,111
Other changes	10,092	870	138	0	11,100
Balance as at 31 December 2022	*210,113*	*19,018*	*1,249*	*30*	*230,410*

Sensitivity analysis

The cyclically adjusted allowances for losses on loans and securities are determined using a multi-scenario model based on macro factor projections by LBBW Research. Four scenarios were considered at the end of 2023 that adequately represent the possible economic developments: (1) a basis scenario, (2) a negative scenario featuring an only slow decline in inflation, sustained high interest rates, a continued collapse in real estate prices and an economic recession following by a weak recovery (negative inflation), (3) a negative scenario featuring a severe recession caused by geopolitical conflicts, a banking crisis or a euro debt crisis (negative other crises) and (4) a positive scenario. Following on from the macro factor projections in the scenarios, the PD and, where applicable, LGD parameters contingent on these are forecast using quantitative macro models and aggregated to form the expected credit loss in the scenario in question. 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. At the end of 2023, average GDP growth across the four macro scenarios considered was assumed to be – 0.2% in the first forecast year, with growth of 0.4% projected for the second year and an economic recovery with GDP growth of 1.0% in the third year. With a GDP decline of 1.5 percentage points p.a. in the first three forecast years, allowances for losses on loans and securities would rise by around EUR 170 million. This is around EUR 60 million higher than the additional allowances for losses on loans and securities that would result in the Other crises scenario. A one percentage point p.a. GDP rise compared to the figure expected at the end of the year would reduce allowances for losses on loans and securities by around EUR 110 million, provided the level of the model adjustments otherwise remained unchanged. The sensitivity analysis is based throughout on the cautious assumption that the scope and effectiveness of government measures to prevent defaults are limited.

Modifications

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

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

31/12/2022 EUR million	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Amortized cost before contract amendment in the current financial year	1,702	346	1	2,049

In the reporting period, there were situations in which Stage 2 or 3 financial assets of EUR 8 million were allocated to Stage 1 after adjustments were made (previous year: EUR 0 million).

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

EUR million	31/12/2023	31/12/2022
Equity instruments	*39*	*46*
Equity investments	36	43
Shares in affiliates	3	3
Debentures and other fixed-income securities	*34,438*	*33,474*
Money market instruments	999	858
Bonds and debentures	33,438	32,616
Receivables	*2,538*	*3,147*
Total	*37,015*	*36,668*

The development of the securities portfolio to manage liquidity portfolios led to an increase in bonds and debentures.

The item financial assets measured at fair value through other comprehensive income contains EUR 950 million (previous year: EUR 4,097 million) in total collateral provided with the protection buyer’s right to resell or repledge.

Financial assets measured at fair value through other comprehensive income amounting to EUR 31,070 million (previous year: EUR 30,500 million) had a term of over twelve months as at the reporting date.

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 2023	*8*	*8*
Changes	– 4	– 4
Reversals	– 4	– 4
Additions	2	2
Balance as at 31 December 2023	*5*	*5*

EUR million	Stage 1	Total
Balance as at 1 January 2022	*3*	*3*
Changes	– 1	– 1
Reversals	– 1	– 1
Additions	6	6
Balance as at 31 December 2022	*8*	*8*

The following table shows the development of gross carrying amounts:

EUR million	Stage 1	Stage 2	Total
Balance as at 1 January 2023	*36,621*	*0*	*36,621*
Changes	– 116	114	– 2
Transfer to Stage 2	– 114	114	0
Repayments	– 2	0	– 2
Additions	8,624	0	8,624
Disposals	– 8,830	– 106	– 8,936
Other changes	670	– 2	668
Balance as at 31 December 2023	*36,969*	*6*	*36,975*

EUR million	Stage 1	Stage 2	Total
Balance as at 1 January 2022	*33,220*	*7*	*33,227*
Changes	– 201	– 7	– 208
Transfer to Stage 1	7	– 7	0
Repayments	– 208	0	– 208
Additions	9,633	0	9,633
Disposals	– 9,105	0	– 9,105
Change from basis of consolidation	6,165	0	6,165
Other changes	– 3,089	– 0	– 3,090
Balance as at 31 December 2022	*36,621*	*– 0*	*36,621*

Note 33 contains further information on equity instruments voluntarily measured at fair value through other comprehensive income.

31. Counterparty risk

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

Collateral

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

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

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

31/12/2022 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	40,451	43	0	407	40,001
Equity instruments	1,506	0	0	0	1,506
Financial assets designated at fair value	1,846	0	937	0	908
Financial assets mandatorily measured at fair value through profit or loss	156,397	136,182	7,019	578	12,618
Trading assets	144,778	125,375	7,019	485	11,898
Derivatives	113,335	103,774	4,738	73	4,750
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	863	132	0	93	638
Positive fair values from derivative hedging instruments	10,757	10,674	0	0	82
Financial assets measured at amortized cost					
Cash and cash equivalents	9,938	0	0	0	9,938
Financial assets measured at amortized cost	246,509	36,483	0	67,726	142,299
Loans and advances to banks	98,929	25,785	0	641	72,503
Loans and advances to customers	146,445	10,698	0	67,086	68,662
Total	*455,141*	*172,707*	*7,956*	*68,712*	*205,765*
Loan commitments and other agreements	79,066	0	0	4,491	74,575
Total exposure	*534,207*	*172,707*	*7,956*	*73,203*	*280,340*

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 506 billion as at 31 December 2023 is EUR 223 billion or 44.1% in total (previous year: 47.5%). The lower share of risk mitigation is mainly on account of collateral performance of interest rate derivatives. 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 506 billion of gross exposures and EUR 283 billion of net exposures as at 31 December 2023, transactions of EUR 372 billion of gross exposures and EUR 263 billion of net exposures are within the scope of the provisions of IFRS 9 on allowances for losses on loans and securities.

Credit-impaired assets

Credit-impaired assets in accordance with IFRS 9 are financial instruments in default (rating classes 16 to 18). These rating classes accounted for gross exposure of around EUR 2.1 billion and net exposure of EUR 1.3 billion as at 31 December 2023.

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

31/12/2023 EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	1,851	755	1,096
Loans and advances to banks	25	3	22
Loans and advances to customers	1,826	752	1,074
Total	*1,851*	*755*	*1,096*
Loan commitments and other agreements	205	8	197
Total exposure	*2,056*	*763*	*1,293*

31/12/2022 EUR million	Gross exposure	Credit collateral	Net exposure
Financial assets measured at amortized cost			
Financial assets measured at amortized cost	1,204	309	895
Loans and advances to banks	48	0	48
Loans and advances to customers	1,156	309	847
Total	*1,204*	*309*	*895*
Loan commitments and other agreements	192	25	167
Total exposure	*1,396*	*334*	*1,062*

The outstanding contract value for financial assets that were written down during the reporting period but for which enforcement proceedings are still pending amounted to EUR 1 million (previous year: EUR 2 million).

Default risk and concentrations

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

Gross exposure by rating cluster (internal rating class)

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

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

31/12/2022 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
1(AAAA)	61,828	73	0	0	61,901
1(AAA) – 1(A-)	167,247	1,360	0	1	168,608
2 – 5	86,587	9,213	0	10	95,810
6 – 8	18,110	8,291	0	0	26,401
9 – 10	2,034	2,645	0	0	4,678
11 – 15	2,237	3,403	0	0	5,640
16 – 18 (default)[1]	0	0	1,341	55	1,396
Other[2]	3,279	22	0	0	3,301
Gross exposure	*341,323*	*25,007*	*1,341*	*66*	*367,736*

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

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

1 Growth sectors.
2 From 2023 onwards, disposal companies are no longer included in the Utilities and energy sector.

31/12/2022 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Financials	*160,142*	*1,059*	*67*	*0*	*161,268*
Corporates	*92,247*	*15,262*	*1,046*	*55*	*108,609*
Automotive	7,924	2,511	466	41	10,943
Construction	9,515	652	63	0	10,230
Chemicals and commodities	7,523	1,134	13	0	8,670
of which chemicals	3,557	623	0	0	4,180
of which commodities	3,966	511	13	0	4,490
Retail and consumer goods	14,871	2,860	198	0	17,929
of which consumer goods[1]	11,047	1,166	40	0	12,253
of which durables	3,824	1,694	158	0	5,676
Industry	10,240	1,686	137	11	12,074
Pharmaceuticals and healthcare[1]	4,910	685	45	3	5,643
TM and electronics/IT[1]	10,995	684	15	0	11,694
Transport and logistics	6,214	2,160	28	0	8,401
Utilities and energy[1]	10,878	2,378	61	0	13,318
of which utilities and disposal companies	6,979	1,486	56	0	8,521
of which renewable energies	3,899	893	5	0	4,797
Other	9,176	511	20	0	9,707
Real estate	*61,688*	*6,962*	*204*	*1*	*68,855*
Commercial real estate (CRE)	43,214	5,497	200	0	48,911
Housing	18,474	1,465	4	1	19,944
Public sector	*17,185*	*72*	*0*	*0*	*17,257*
Private individuals	*10,062*	*1,652*	*25*	*10*	*11,747*
Gross exposure	*341,323*	*25,007*	*1,341*	*66*	*367,736*

1 Growth sectors.

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

In relative terms, there is a higher share of stage 2 exposure in the corporates and real estate portfolio. This is due to the fact that the credit rating in the two customer groups is more volatile and reacts more to negative economic stimuli. Such stimuli currently include consistently elevated energy prices, still higher-than-average rates of inflation, the change in interest rates and the weak economic performance anticipated plus, for real estate, the current structural change as well.

Gross exposure by region

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

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

31/12/2022 EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Credit impairment at recognition	Total
Germany	218,970	16,651	994	28	236,643
Western Europe (excluding Germany)	74,343	4,143	50	28	78,565
North America	28,703	1,888	164	3	30,757
Asia/Pacific	10,451	830	13	0	11,294
Other[1]	8,855	1,494	121	7	10,476
Gross exposure	*341,323*	*25,007*	*1,341*	*66*	*367,736*

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

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

Forbearance

As at 31 December 2023, LBBW held assets with a net carrying amount of EUR 2,471 million (previous year: EUR 1,371 million) for which forbearance measures were adopted. Concessions to terms and conditions were essentially granted. A EUR 698 million (previous year: EUR 287 million) sub-portfolio of the assets for which forbearance measures had been adopted comprised credit-impaired assets.

LBBW has received guarantees of EUR 206 million (previous year: EUR 140 million) for assets with forbearance measures.

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

32. Collateral

Collateral issuer

LBBW pledges collateral especially within the scope of the development loan business and repurchase transaction agreements. Collateral is generally provided at commercially available terms that are determined in standard agreements. With securities repurchase agreements, the protection buyer has the right to dispose of or repledge the collateral in the meantime. Overall, assets in the amount of EUR 46,285 million (previous year: EUR 47,360 million) were assigned as collateral for liabilities or contingent liabilities.

Assignee

On the basis of securities repurchase transactions, LBBW receives securities pledged as collateral, which it has the right to resell or repledge, provided it returns securities of equal value at the end of the transaction. The fair value of the financial or non-financial assets received as collateral, which LBBW may sell or repledge even if the owner of such collateral is not in default, totals EUR 31,341 million (previous year: EUR 25,406 million). Of the collateral received, LBBW is required to return collateral with a total fair value of EUR 31,341 million (previous year: EUR 25,406 million) to its owners. The fair value of collateral disposed of or forwarded with an obligation to return the securities to the owner amounted to EUR 2,714 million (previous year: EUR 3,268 million).

33. 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 39 million as at the end of the reporting period (previous year: EUR 46 million; see Note 30).

Dividends of EUR 2 million (previous year: EUR 2 million) for equity instruments measured voluntarily at fair value through other comprehensive income were recognized in the financial year. As in the previous year, these related entirely to equity instruments held at the reporting date.

34. Financial assets designated at fair value

EUR million	31/12/2023	31/12/2022
Debentures and other fixed-income securities	*38*	*37*
Bonds and debentures	38	37
Receivables	*818*	*1,742*
Total	*856*	*1,779*

The decline in receivables is essentially a result of Schuldschein maturities.

Financial assets designated at fair value amounting to EUR 798 million (previous year: EUR 1,606 million) had a term of over twelve months as at the reporting date.

31/12/2023 EUR million	Cumulative changes in fair value resulting from the credit spread	Changes in fair value resulting from the credit spread in the year under review
Debentures and other fixed-income securities	– 0	1
Receivables	– 1	– 4
Total	*– 1*	*– 4*

31/12/2022 EUR million	Cumulative changes in fair value resulting from the credit spread	Changes in fair value resulting from the credit spread in the year under review
Debentures and other fixed-income securities	– 1	– 0
Receivables	4	1
Total	*3*	*1*

The maximum default risk is shown in Note 31.

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

EUR million	31/12/2023	31/12/2022
Trading assets	33,794	38,126
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and financial investments in equity instruments	1,232	728
Positive fair values from derivative hedging instruments	1,291	525
Total	*36,317*	*39,379*

Trading assets

EUR million	31/12/2023	31/12/2022
Positive fair values from derivative financial instruments	*15,978*	*19,586*
Equity instruments	*373*	*603*
Equities	333	463
Investment fund units	40	138
Other securities	0	3
Debentures and other fixed-income securities	*4,814*	*6,497*
Money market instruments	47	53
Bonds and debentures	4,767	6,444
Receivables	*12,629*	*11,440*
Schuldschein loans	3,150	4,042
Other money market transactions	2,957	1,666
Receivables from securities repurchase agreements	5,148	4,592
Other receivables	1,374	1,140
Total	*33,794*	*38,126*

Positive fair values from derivative financial instruments decreased due to interest-related measurement effects.

The item contains EUR 73 million (previous year: EUR 138 million) in total collateral provided with the protection buyer's right to resell or repledge.

Trading assets amounting to EUR 21,039 million (previous year: EUR 24,533 million) had a term of over twelve months as at the reporting date.

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

EUR million	31/12/2023	31/12/2022
Equity instruments	*416*	*411*
Equities	8	3
Investment fund units	147	174
Equity investments	223	210
Shares in affiliates	38	23
Debentures and other fixed-income securities	*527*	*2*
Debentures	527	0
Silent partner contributions	0	2
Receivables	*289*	*315*
Loans and advances to customers	289	315
Total	*1,232*	*728*

Assets of EUR 800 million (previous year: EUR 294 million) had a term of over twelve months as at the reporting date.

Positive fair values from derivative hedging instruments

EUR million	31/12/2023	31/12/2022
Positive fair values from portfolio fair value hedges	1,072	340
Positive fair values from micro fair value hedges	211	142
Positive fair values from group fair value hedges	8	43
Total	*1,291*	*525*

Positive fair values from derivative hedging instruments amounting to EUR 1,371 million (previous year: EUR 457 million) had a term of over twelve months as at the reporting date.

The positive fair values from derivative hedging instruments were broken down by hedged items as follows:

EUR million	31/12/2023	31/12/2022
Assets		
Debentures and other fixed-income securities FVOCR	– 0	1
Derivative hedging instruments on group fair value hedges	8	43
Equity and liabilities		
Derivative hedging instruments on deposits from customers	63	43
Derivative hedging instruments on securitized liabilities	88	21
Derivative hedging instruments on subordinated liabilities	60	77
Derivative hedging instruments on portfolio fair value hedges	1,072	340
Total	*1,291*	*525*

36. Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety

The transferred assets comprise mainly own assets that LBBW transferred or lent in the development loan business, and in securities lending or repurchase transactions. The receivables transferred within the scope of the development loan business may not be resold by LBBW in the interim. With securities lending or repurchase transactions, the right to use the securities expires with the transfer. The counterparties of the associated liabilities do not have exclusive access to these assets.

31/12/2023 EUR million	Transferred assets continue to be recognized in full Carrying amount of transferred assets	Transferred assets continue to be recognized in full Carrying amount of the associated liabilities
Financial assets measured at fair value		
Financial assets measured at fair value through other comprehensive income	4,306	4,055
Financial assets designated at fair value	165	165
Financial assets mandatorily measured at fair value through profit or loss	527	404
Trading assets	527	404
Financial assets measured at amortized cost		
Financial assets measured at amortized cost	41,238	41,240
Loans and advances to banks	27,975	27,977
Loans and advances to customers	13,263	13,263

31/12/2022 EUR million	Transferred assets continue to be recognized in full Carrying amount of transferred assets	Transferred assets continue to be recognized in full Carrying amount of the associated liabilities
Financial assets measured at fair value		
Financial assets measured at fair value through other comprehensive income	4,434	4,160
Financial assets designated at fair value	188	188
Financial assets measured at fair value through profit or loss	595	528
Trading assets	595	528
Financial assets measured at amortized cost		
Financial assets measured at amortized cost	41,519	41,590
Loans and advances to banks	27,892	27,948
Loans and advances to customers	13,626	13,643

Financial liabilities

37. Financial liabilities measured at amortized cost

Deposits from banks

EUR million	31/12/2023	31/12/2022
Securities repurchase transactions	176	80
Transmitted loans	35,876	35,829
Schuldschein loans	2,025	2,553
Overnight and term money	18,074	17,965
Public-sector registered covered bonds issued	379	413
Current account liabilities	1,454	1,946
Mortgage-backed registered covered bonds issued	253	290
Liabilities from central banks	10,242	22,049
Other liabilities	4,658	2,957
Total	*73,138*	*84,082*

The change in the item results primarily from the repayment of deposits from the ECB in connection with participation in targeted longer-term refinancing operations (TLTRO III), which decreased liabilities to central banks.

Accounts payable from this came to EUR 8.2 billion as at the end of the reporting period (previous year: EUR 20.2 billion, see Note 27). In the previous year, this included EUR 2.5 billion from the addition of a subsidiary.

As well as the transmitted loans shown in the table, the item Other liabilities also includes transmitted loans of EUR 47 million (previous year: EUR 64 million).

As at the reporting date, the item included liabilities of EUR 33,678 million (previous year: EUR 44,162 million) with a remaining term to maturity of over twelve months.

Deposits from customers

EUR million	31/12/2023	31/12/2022
Current account liabilities	52,218	59,885
Overnight and term money	54,111	38,822
Schuldschein loans	4,340	3,956
Securities repurchase transactions	456	1,134
Public-sector registered covered bonds issued	2,753	2,736
Savings deposits	8,683	4,645
Mortgage-backed registered covered bonds issued	1,571	1,462
Other liabilities	3,228	3,108
Total	*127,361*	*115,748*

The increase in overnight and term deposits was the result primarily of investments by authorities and German federal states that used LBBW investment opportunities. In stiff competition with other banks, LBBW increased its product range. Current account liabilities were also shifted to other forms of investment.

The sub-item Other liabilities included transmitted loans of EUR 250 million (previous year: EUR 179 million).

As at the reporting date, the item included liabilities of EUR 11,001 million (previous year: EUR 9,889 million) with a remaining term to maturity of over twelve months.

Securitized liabilities

EUR million	31/12/2023	31/12/2022
Issued debentures	*64,306*	*51,131*
Mortgage-backed covered bonds	24,027	21,333
Public-sector covered bonds	7,244	5,030
Other debentures	33,035	24,767
Other securitized liabilities	*17,958*	*17,529*
Total	*82,264*	*68,660*

There was high demand for LBBW’s capital market issues in 2023, which was reflected primarily in the increase in volume of short-term and medium-term securities (including structured notes) in Other debentures. The rise in mortgage-backed covered bonds essentially owed to the issuing of green and social and covered bonds and a benchmark covered bond at the start of the year, which was partly offset by maturities. Several public-sector covered bonds were issued as part of the general funding strategy and were responsible for the upturn.

As at the reporting date, this item included securitized liabilities of EUR 50,466 million (previous year: EUR 45,308 million) with a remaining term to maturity of over twelve months.

Further information on issuing activities can be found in Note 41.

Subordinated capital

In the event of insolvency proceedings or liquidation, the reported “Subordinated capital” may not be repaid until all non-subordinated creditors have been satisfied.

EUR million	31/12/2023	31/12/2022
Typical silent partners’ contributions	893	891
Subordinated liabilities	3,715	4,255
Capital generated from profit participation rights	0	21
Total	*4,608*	*5,167*

No new subordinated liabilities were raised in the calendar year. This figure compared with repayments of EUR 522 million (nominal amount).

Subordinated capital of EUR 4,415 million (previous year: EUR 4,545 million) had a term of over twelve months as the reporting date.

Subordinated liabilities

The following subordinated liabilities (incl. subordinated liabilities designated at fair value) existed at the statement of financial position date, broken down according to product type.

	31/12/2023			31/12/2022		
EUR million	Capital	Interest accrued in year under review	Total	Capital	Interest accrued in year under review	Total
Subordinated EUR bearer notes	2,238	34	2,272	2,251	31	2,282
Subordinated EUR registered securities	839	11	850	1,057	14	1,071
Subordinated foreign currency bearer bonds	974	26	999	1,291	36	1,327
Total	*4,051*	*71*	*4,122*	*4,599*	*81*	*4,680*

The table above includes subordinated registered securities and bonds designated at fair value with nominal capital in the amount of EUR 406 million (previous year: EUR 419 million). No subordinated liabilities designated at fair value were newly raised during the calendar year.

The interest expense on subordinated liabilities (incl. subordinated liabilities designated at fair value) was EUR – 154 million (previous year: EUR – 150 million).

Capital generated from profit participation rights

LBBW no longer had any profit-participation rights as at 31 December 2023.

31/12/2023 EUR million	Nominal amount	Interest rate in % p.a.	End of term
Registered participation rights			
Corporates	0		
Total	*0*		

31/12/2022 EUR million	Nominal amount	Interest rate in % p.a.	End of term
Registered participation rights			
Corporates	44	6.20 to 6.80	31/12/2022
Total	*44*		

Net interest income for capital generated from profit-participation rights for the financial year (including profit-participation rights designated at fair value) totaled EUR – 1 million (previous year: EUR – 3 million). The profit participation rights bore interest until their contractual repayment date.

Typical silent partners’ contributions

The silent partners' contributions do not meet the requirements of Article 52 CRR for additional Tier 1 instruments (AT 1). After the transitional provisions in Article 484 CRR expired, they are considered in accordance with the applicable provisions, provided the conditions in place here for supplementary capital are met.

		Nominal amount	
Term[1]	Dividend payout as a percentage of the nominal amount	31/12/2023 EUR million	31/12/2022 EUR million
15/02/1994– 31/12/2023 (terminated)	1.7	8.9	8.9
17/12/1993– 31/12/2024 (terminated)	5.4	4.7	4.7
19/05/1999– 31/12/2024	7.1	20.0	20.0
13/07/2001– 31/12/2026[2]	5.4	15.0	15.0
01/10/1999– 31/12/2029	8.03 – 8.20	49.0	49.0
10/03/2000– 31/12/2030	8.05 – 8.25	10.0	10.0
02/07/2001– 31/12/2031	8.5	20.0	20.0
Silent partners contributions with a fixed end of term		*127.6*	*127.6*

		Nominal amount	
Expiry of the fixed interest period	Dividend payout as a percentage of the nominal amount	31/12/2023 EUR million	31/12/2022 EUR million
31/12/2023	3.8	222.7	222.7
27/06/2027	2.2	200.0	200.0
No expiry of the fixed interest period[3]	4.6	300.0	300.0
Silent partners' contributions without a fixed end of term		*722.7*	*722.7*
Total		*850.3*	*850.3*

1 Repayment is made after the HGB annual financial statements are adopted at a date agreed in the contract. If the beginning of the term is given, the information refers to the first liability incurred in a group of contracts with similar conditions.
2 Annual interest rate adjustment.
3 Interest rate is fixed. Only certain changes in tax law affect the interest rate.

The interest expense for silent partners' contributions in the last financial year totaled EUR – 32 million (previous year: EUR – 31 million).

38. Financial liabilities designated at fair value

EUR million	31/12/2023	31/12/2022
Securitized liabilities	*1,709*	*1,963*
Other securitized liabilities	1,333	1,589
Junior bonds	376	375
Deposits	*1,520*	*1,621*
Schuldschein loans	554	567
Subordinated deposits	14	39
Money market transactions	104	108
Other	849	907
Total	*3,229*	*3,584*

In the event of insolvency proceedings or liquidation, the subordinated liabilities recognized may not be repaid until all non-subordinated creditors have been satisfied.

The item liabilities amounting to EUR 3,021 million (previous year: EUR 3,087 million) had a term of over twelve months as at the reporting date.

31/12/2023 EUR million	Difference between carrying amount and contractual amount payable on maturity	Cumulative changes in fair value resulting from the credit spread
Securitized liabilities	– 16	16
Deposits	128	63
Total	*113*	*80*

31/12/2022 EUR million	Difference between carrying amount and contractual amount payable on maturity	Cumulative changes in fair value resulting from the credit spread
Securitized liabilities	– 79	15
Deposits	122	43
Total	*43*	*58*

The method for separating the share of the change in fair value attributable to the change in the default risk is described in Note 22.

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

EUR million	31/12/2023	31/12/2022
Trading liabilities	22,370	28,975
Negative fair values from derivative hedging instruments	1,388	850
Total	*23,758*	*29,825*

Trading liabilities

EUR million	31/12/2023	31/12/2022
Negative fair values from derivatives	*13,701*	*21,083*
Delivery obligations from short sales of securities	*530*	*1,026*
Securitized liabilities	*6,939*	*6,050*
Deposits	*1,200*	*816*
Schuldschein loans	348	280
Liabilities from securities repurchase agreements	786	473
Money market transactions	62	59
Other	5	5
Total	*22,370*	*28,975*

This decline essentially reflected the decrease in negative fair values from derivatives, where – as under assets – interest rate effects affected the measurement.

Trading liabilities amounting to EUR 16,629 million (previous year: EUR 22,252 million) had a term of over twelve months as at the reporting date.

Negative fair values from derivative hedging instruments

EUR million	31/12/2023	31/12/2022
Negative fair values from portfolio fair value hedges	1,015	413
Negative fair values from micro fair value hedges	372	437
Total	*1,388*	*850*

Negative fair values from derivative hedging instruments amounting to EUR 978 million (previous year: EUR 655 million) had a term of over twelve months as at the reporting date.

The negative fair values from derivative hedging instruments were broken down by hedged item as follows:

EUR million	31/12/2023	31/12/2022
Assets		
Derivative hedging instruments on loans and advances to customers	72	74
Derivative hedging instruments on debt instruments (FVOCR)	130	109
Derivative hedging instruments on debt instruments (AC)	22	22
Equity and liabilities		
Derivative hedging instruments on deposits from banks	3	10
Derivative hedging instruments on deposits from customers	99	143
Derivative hedging instruments on securitized liabilities	26	59
Derivative hedging instruments on subordinated capital	21	19
Derivative hedging instruments on portfolio fair value hedges	1,015	413
Total	*1,388*	*850*

40. Maturity analysis

The following table divides the undiscounted financial liabilities into derivative and non-derivative transactions for the remaining contractual maturities. Given that the reporting is undiscounted and includes interest payments, the figures differentiate in part from the carrying amounts shown in the statement of financial position.

Financial liabilities according to contractually agreed maturity structures in accordance with IFRS 7.39 as at the balance sheet date are as follows:

31/12/2023

EUR million	up to 1 month	>1 to 3 months	>3 to 12 months	>1 year to 5 years	>5 years
Financial liabilities	62,648	38,766	40,056	44,530	23,095
Liabilities from derivatives	832	1,399	4,937	10,820	6,686
Total	*63,480*	*40,165*	*44,993*	*55,350*	*29,781*
Irrevocable loan commitments and guarantees[1]	62,855	213	1,254	6,049	2,044
Savings and demand deposits, securitization from interbank accounts	53,327				

1 Basis: All guarantees and revocable and irrevocable loan commitments included in the IFRS financial statements by the Accounting department. The values given are based on the assumption that all guarantees are used and all loan commitments are drawn.

31/12/2022

EUR million	up to 1 month	>1 to 3 months	>3 to 12 months	>1 year to 5 years	>5 years
Financial liabilities	69,182	27,508	44,638	59,856	38,968
Liabilities from derivatives	112	206	1,198	3,935	3,243
Total	*69,294*	*27,714*	*45,836*	*63,791*	*42,211*
Irrevocable loan commitments and guarantees[1]	65,664	153	1,312	5,522	1,896
Savings and demand deposits, securitization from interbank accounts	63,186				

1 Basis: All guarantees and revocable and irrevocable loan commitments included in the IFRS financial statements by the Accounting department. The values given are based on the assumption that all guarantees are used and all loan commitments are drawn.

41. Issuing activities

EUR million	31/12/2023	31/12/2022
Securitized liabilities	82,264	68,660
Securitized liabilities designated at fair value	1,333	1,589
Securitized liabilities mandatorily measured at fair value through profit or loss	6,939	6,050
Total	*90,536*	*76,298*

New issuances, essentially short-dated and medium-dated money market / capital market paper, with a nominal volume of EUR 2,999,733 million (previous year: EUR 3,023,752 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 422 million (previous year: 1,852 million) and the volume of repayments was nominally EUR 2,215,874 million (previous year: EUR 2,134,083 million).

Other disclosures about financial instruments

42. 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

	31/12/2023		31/12/2022	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets measured at amortized cost				
Cash and cash equivalents	12,026	12,020	10,569	10,526
Financial assets measured at amortized cost	238,565	235,554	228,969	224,079
Loans and advances to banks	82,241	80,043	81,283	77,829
Loans and advances to customers	152,883	152,042	146,542	145,135
Debentures and other fixed-income securities	3,441	3,469	1,144	1,115

Equity and liabilities

	31/12/2023		31/12/2022	
EUR million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities measured at amortized cost				
Financial liabilities measured at amortized cost	287,371	282,372	273,657	268,782
Deposits from banks	73,138	70,375	84,082	83,533
Deposits from customers	127,361	127,044	115,748	115,377
Securitized liabilities	82,264	80,130	68,660	65,213
Subordinated capital	4,608	4,824	5,167	4,660

43. Fair value hierarchy

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

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

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

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

Assets

EUR million	Prices traded on active markets (Level I) 31/12/2023	Prices traded on active markets (Level I) 31/12/2022	Measurement method – on the basis of externally observable parameters (Level II) 31/12/2023	Measurement method – on the basis of externally observable parameters (Level II) 31/12/2022	Measurement method – on the basis externally unobservable parameters (Level III) 31/12/2023	Measurement method – on the basis externally unobservable parameters (Level III) 31/12/2022
Financial assets measured at fair value						
Financial assets measured at fair value through other comprehensive income	29,647	23,154	7,364	13,511	3	3
Equity instruments	36	43	0	0	3	3
Debentures and other fixed-income securities	29,611	23,111	4,826	10,363	0	0
Receivables	0	0	2,538	3,147	0	0
Financial assets designated at fair value	20	0	836	1,779	0	0
Debentures and other fixed-income securities	20	0	18	37	0	0
Receivables	0	0	818	1,742	0	0
Financial assets mandatorily measured at fair value through profit or loss	1,645	1,225	33,830	37,335	842	819
Trading assets	1,639	1,220	31,671	36,447	485	459
Derivatives	0	0	15,952	19,558	26	28
Equity instruments	333	402	40	201	0	0
Debentures and other fixed-income securities	1,305	818	3,509	5,680	0	0
Receivables	1	1	12,169	11,008	458	432
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	6	5	869	363	357	360
Equity instruments	6	5	147	174	263	232
Debentures and other fixed-income securities	0	0	527	0	0	2
Receivables	0	0	195	189	95	126
Positive fair values from derivative hedging instruments	0	0	1,291	525	0	0
Financial assets measured at amortized cost						
Cash and cash equivalents	155	165	11,865	10,360	0	0
Financial assets measured at amortized cost	1,405	0	83,223	74,381	150,926	149,697
Loans and advances to banks	0	0	62,250	56,123	17,794	21,705
Loans and advances to customers	0	0	18,909	17,143	133,133	127,992
Debentures and other fixed-income securities	1,405	0	2,064	1,115	0	0

Equity and liabilities

EUR million	Prices traded on active markets (Level I)		Measurement method – on the basis of externally observable parameters (Level II)		Measurement method – on the basis externally unobservable parameters (Level III)	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Financial liabilities measured at fair value						
Financial liabilities designated at fair value	0	0	3,132	3,478	97	106
Securitized liabilities	0	0	1,637	1,882	72	81
Deposits	0	0	1,495	1,596	25	25
Financial liabilities mandatorily measured at fair value through profit or loss	507	969	23,189	28,741	62	115
Trading liabilities	507	969	21,802	27,891	62	115
Derivatives	0	0	13,639	20,969	62	115
Delivery obligations from short sales of securities	505	968	24	57	0	0
Securitized liabilities	0	0	6,939	6,050	0	0
Deposits	1	1	1,199	815	0	0
Negative fair values from derivative hedging instruments	0	0	1,388	850	0	0
Financial liabilities measured at amortized cost						
Financial liabilities measured at amortized cost	17,104	15,639	261,024	248,925	4,243	4,218
Deposits from banks	0	0	68,854	81,934	1,521	1,599
Deposits from customers	0	0	126,348	114,607	696	770
Securitized liabilities	17,104	15,639	60,999	47,724	2,027	1,850
Subordinated capital	0	0	4,824	4,660	0	0

Transfers between levels

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

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

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

Assets

EUR million	Reclassification from Level I to Level II 31/12/2023	Reclassification from Level I to Level II 31/12/2022	Reclassification from Level II to Level I 31/12/2023	Reclassification from Level II to Level I 31/12/2022
Financial assets measured at fair value				
Financial assets measured at fair value through other comprehensive income	0	1,937	3,272	2,865
Debentures and other fixed-income securities	0	1,937	3,272	2,865
Financial assets designated at fair value	0	0	20	0
Debentures and other fixed-income securities	0	0	20	0
Financial assets mandatorily measured at fair value through profit or loss	18	103	217	187
Trading assets	18	103	217	187
Equity instruments	1	34	69	27
Debentures and other fixed-income securities	16	68	148	160

Equity and liabilities

EUR million	Reclassification from Level II to Level I 31/12/2023	Reclassification from Level II to Level I 31/12/2022
Financial liabilities measured at fair value		
Financial liabilities mandatorily measured at fair value through profit or loss	5	375
Trading liabilities	5	375
Delivery obligations from short sales of securities	5	375

In the year under review, LBBW carried out reclassifications from Level I to Level II, as there were no listed prices from active markets to hand for the corresponding financial instruments. Reclassifications in the opposite direction also took place as listed prices from active markets became available once again for these transactions.

Development of Level III

The development of the portfolios of financial instruments measured at fair value, which were calculated using valuation models which include material non-observable parameters (Level III), is shown in the tables below. The unrealized gains/losses on Level III financial instruments are based on both observable and unobservable parameters. Many of these financial instruments are hedged for economic purposes by financial instruments assigned to other hierarchical levels. The compensating gains and losses from these hedges are not included in the tables below as IFRS 13 stipulates that only unrealized gains and losses on Level III financial instruments held 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 – 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	Debentures and other fixed-income securities	Receivables	Total
Carrying amount as at 1 January 2023	*3*	*28*	*432*	*232*	*2*	*126*	*822*
Gains and losses recognized in net consolidated profit/loss	0	– 12	20	27	0	– 24	11
Net interest income and current net income from equity instruments	0	0	13	0	0	2	15
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 13	7	27	0	– 25	– 4
Additions through acquisitions	0	0	378	31	0	0	409
Disposals through sales	0	0	– 234	– 27	– 2	0	– 263
Repayments/offsetting	0	0	– 151	0	0	– 7	– 158
Reclassification to Level III	0	11	14	0	0	0	25
Carrying amount as at 31 December 2023	*3*	*26*	*458*	*263*	*0*	*95*	*845*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	– 12	7	9	0	– 25	– 22
Net interest income and current net income from equity instruments	0	0	2	0	0	0	2
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 13	5	9	0	– 25	– 25

	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	Receivables	Equity instruments	Debentures and other fixed-income securities	Receivables	
Carrying amount as at 1 January 2022	*3*	*28*	*376*	*199*	*2*	*55*	*662*
Gains and losses recognized in net consolidated profit/loss	0	– 13	– 24	7	0	7	– 23
Net interest income and current net income from equity instruments	0	– 1	6	0	0	– 0	5
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 12	– 30	7	0	7	– 28
Additions through acquisitions	0	0	146	35	0	2	183
Disposals through sales	0	0	– 62	– 14	0	0	– 75
Repayments/offsetting	0	0	– 110	0	0	– 40	– 151
Changes in the scope of consolidation	0	0	107	4	0	102	213
Reclassification to Level III	0	12	0	0	0	0	12
Carrying amount as at 31 December 2022	*3*	*28*	*432*	*232*	*2*	*126*	*822*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	0	– 13	– 28	6	0	7	– 28
Net interest income and current net income from equity instruments	0	– 1	0	0	0	0	– 0
Net gains/losses from financial instruments measured at fair value through profit or loss	0	– 12	– 29	6	0	7	– 28

Equity and liabilities

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

EUR million	Financial liabilities designated at fair value		Financial liabilities mandatorily measured at fair value through profit or loss	Total
	Securitized liabilities	Deposits	Trading liabilities	
			Derivatives	
Carrying amount as at 1 January 2022	*92*	*0*	*113*	*205*
Gains and losses recognized in net consolidated profit/loss	– 11	0	– 9	– 19
Net gains/losses from financial instruments measured at fair value through profit or loss	– 11	0	– 9	– 19
Reclassification to Level III	0	25	12	36
Reclassification from Level III	0	0	– 2	– 2
Carrying amount as at 31 December 2022	*81*	*25*	*115*	*221*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	– 11	0	– 9	– 19
Net gains/losses from financial instruments measured at fair value through profit or loss	– 11	0	– 9	– 19

As parameters observable on the market in the 2023 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.

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 non-observable parameter is included in the fair value calculation, preventing any interactions between Level III parameters. The overall sensitivity of the products whose fair value calculation includes more than one non-observable parameter is immaterial. A calculation of the interactions between these parameters has therefore been dispensed with.

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

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

Assets

EUR million	Positive changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2023	Positive changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2022	Negative changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2023	Negative changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2022
Financial assets measured at fair value				
Financial assets mandatorily measured at fair value through profit or loss	14.8	14.4	– 13.5	– 12.6
Trading assets	9.2	7.7	– 9.5	– 7.7
Derivatives	2.0	1.0	– 2.6	– 1.0
Receivables	7.2	6.7	– 7.0	– 6.7
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments	5.6	6.7	– 3.9	– 5.0
Equity instruments	4.2	5.6	– 2.6	– 3.8
Receivables	1.4	1.1	– 1.3	– 1.1
Total	*14.8*	*14.4*	*– 13.5*	*– 12.6*

Equity and liabilities

EUR million	Positive changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2023	Positive changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2022	Negative changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2023	Negative changes in fair value – Net gains/losses from financial instruments measured at fair value and revaluation reserve 31/12/2022
Financial liabilities measured at fair value				
Financial liabilities designated at fair value	0.0	0.2	0.0	– 0.1
Securitized liabilities	0.0	0.2	0.0	– 0.1
Financial liabilities mandatorily measured at fair value through profit or loss	3.6	2.1	– 2.5	– 2.3
Trading liabilities	3.6	2.1	– 2.5	– 2.3
Derivatives	3.6	2.1	– 2.5	– 2.3
Total	*3.6*	*2.3*	*– 2.5*	*– 2.5*

Significant unobservable Level III parameters

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

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

The parameter shifts in the table depict the changes up and down 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.

Assets

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

31/12/2022 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	-82% – 100%	relative – 20%/+ 10%
Receivables	Net present value method	Credit spread (bp)	55 – 529	relative – 10%– 30%/ + 10%– 30%
Financial instruments measured at fair value through profit or loss, not classified as held for trading, and equity instruments				
Equity instruments	Net asset value method	n/a	n/a	n/a
	Discounted cash flow method	n/a	n/a	n/a
	Net income value method	Beta factor	1.00 – 1.17	relative + 5%/– 5%
Receivables	Net present value method	Credit spread (bp)	138 – 256	relative – 30%/+ 30%

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

Equity and liabilities

31/12/2023 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	– 81% – 100%	relative – 20%/+ 10%
	TRS model	Discount curve (bp)	34 – 96	relative – 30%/+ 30%
	Option price models	Volatility	5% – 11%	relative – 25%/+ 25%

31/12/2022 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Financial liabilities measured at fair value				
Financial liabilities designated at fair value				
Securitized liabilities	Option price models	Interest rate correlation	– 81% – 100%	relative – 20%/+ 10%
Financial liabilities mandatorily measured at fair value through profit or loss				
Trading liabilities				
Derivatives	Option price models	Interest rate correlation	– 82% – 100%	relative – 20%/+ 10%
	TRS model	Discount curve (bp)	53 – 162	relative – 30%/+ 30%

Day One Profit or Loss

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

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

LBBW recognizes day one profits for trading portfolios of derivatives.

The table below shows the changes in day one profits for the 2023 financial year in comparison to the end of 2022, which were deferred as a result of applying material non-observable parameters for financial instruments carried at fair value:

EUR million	2023	2022
Balance as at 1 January	*0*	*1*
New transactions (additions)	6	0
Income recognized in the income statement in the reporting period (reversals)	– 1	– 0
Balance as at 31 December	*6*	*0*

44. Offsetting financial assets and liabilities

The featured transactions are usually closed on the basis of master agreements, that provide the conditional or unconditional rights to offset receivables, liabilities and collateral received or pledged. The collateral detailed is pledged mainly on the basis of repurchase agreements and liens, whereby collateral may only be offset in legally agreed cases (e.g. in insolvency). In the case of repurchase agreements, the receiver is obliged to return the transferred financial instruments at the end of the term. However, the receiver has the right to regularly sell or pledge the collateral to third parties.

The net amount of the individual financial instruments recognized in the statement of financial position is calculated according to the measures shown in the “Accounting and valuation methods” section. Collateral in the form of financial instruments and the cash collateral are stated at the fair value.

Assets

				Amounts that are not subject to offsetting			
					Collateral received		
31/12/2023 EUR million	Gross amount of financial assets	Offsetting amount	Net amount of recognized financial assets	Effect of master netting agreements	Financial instruments	Cash collateral	Net amount
Current account claims	145	– 145	0	0	0	0	0
Receivables from securities repurchase and lending agreements	33,125	– 6,727	26,398	– 522	– 25,662	0	213
Derivatives	91,215	– 75,198	16,017	– 7,946	– 501	– 2,838	4,732
Total	*124,485*	*– 82,070*	*42,415*	*– 8,468*	*– 26,163*	*– 2,838*	*4,946*

				Amounts that are not subject to offsetting			
					Collateral received		
31/12/2022 EUR million	Gross amount of financial assets	Offsetting amount	Net amount of recognized financial assets	Effect of master netting agreements	Financial instruments	Cash collateral	Net amount
Current account claims	71	– 71	1	0	0	0	1
Receivables from securities repurchase and lending agreements	27,039	– 7,022	20,017	– 610	– 19,384	– 15	8
Derivatives	124,817	– 106,194	18,623	– 9,693	– 152	– 3,304	5,473
Total	*151,927*	*– 113,287*	*38,640*	*– 10,303*	*– 19,536*	*– 3,319*	*5,482*

Cash collateral was recognized under the item deposits from banks in the amount of EUR 2,328 million (previous year: EUR 2,869 million) and under the item deposits from customers in the amount of EUR 510 million (previous year: EUR 450 million) as at the end of the reporting date.

Equity and liabilities

				Amounts that are not subject to offsetting			
					Pledged collateral		
31/12/2023 EUR million	Gross amount of financial liabilities	Offsetting amount	Net amount of recognized financial liabilities	Effect of master netting agreements	Financial instruments	Cash collateral	Net amount
Current account liabilities	154	– 145	9	0	0	0	9
Liabilities from securities repurchase and lending agreements	7,996	– 6,727	1,269	– 522	– 747	0	– 0
Derivatives	88,788	– 75,198	13,590	– 7,946	– 241	– 1,645	3,758
Total	*96,938*	*– 82,070*	*14,868*	*– 8,468*	*– 988*	*– 1,645*	*3,767*

				Amounts that are not subject to offsetting			
					Pledged collateral		
31/12/2022 EUR million	Gross amount of financial liabilities	Offsetting amount	Net amount of recognized financial liabilities	Effect of master netting agreements	Financial instruments	Cash collateral	Net amount
Current account liabilities	75	– 71	5	0	0	0	5
Liabilities from securities repurchase and lending agreements	8,709	– 7,022	1,687	– 610	– 1,073	0	3
Derivatives	124,794	– 106,194	18,600	– 9,693	– 58	– 2,240	6,609
Total	*133,578*	*– 113,287*	*20,291*	*– 10,303*	*– 1,131*	*– 2,240*	*6,617*

Cash collateral was recognized under the item loans and advances to banks in the amount of EUR 1,023 million (previous year: EUR 1,381 million) and under the item loans and advances to customers in the amount of EUR 622 million (previous year: EUR 860 million) as at the end of the reporting date.

45. Hedge accounting

The amount, timing and uncertainty of future cash flows

31/12/2023 EUR million	up to 3 months	3 months to 1 year	>1 year to < 5 years	>5 years
Fair value hedge				
Interest rate risks (PFVHA + MFVHA)[1]				
Nominal amount	42,612	50,167	231,648	165,906
Average hedged interest rate (MFVHA, in %)				
CHF	0.0	0.0	2.6	0.0
EUR	0.0	4.9	5.7	5.2
USD	7.3	0.0	7.1	6.7
Foreign currency risks (MFVHA + GFVHA)[1]				
Nominal amount	226	0	206	0
Average hedged rate (exchange rate)				
AUD	0.0	0.0	1.5	0.0
CZK	0.0	0.0	27.2	0.0
USD	1.2	0.0	0.0	0.0

1 PFVHA – portfolio fair value hedge accounting; MFVHA – micro fair value hedge accounting; GFVHA – group fair value hedge accounting.

31/12/2022 EUR million	up to 3 months	3 months to 1 year	>1 year to < 5 years	>5 years
Fair value hedge				
Interest rate risks (PFVHA + MFVHA)[1]				
Nominal amount	22,454	46,089	113.585	99,295
Average hedged interest rate (MFVHA, in %)				
EUR	0.0	5.0	5.6	5.3
USD	7.6	7.1	7.6	6.8
Foreign currency risks (MFVHA + GFVHA)[1]				
Nominal amount	0	26	676	0
Average hedged rate (exchange rate)				
AUD	0.0	0.0	1.5	0.0
CZK	0.0	0.0	27.2	0.0
USD	0.0	1.4	1.2	0.0

1 PFVHA – portfolio fair value hedge accounting; MFVHA – micro fair value hedge accounting; GFVHA – group fair value hedge accounting.

Effects of hedge accounting on results of operations, net assets and financial position

Hedging instruments designated by LBBW as hedge accounting have the following effects on the statement of financial position as at the reporting date:

31/12/2023 EUR million	Carrying amount of hedging transactions Assets	Carrying amount of hedging transactions Equity and liabilities	Nominal amount of hedging instruments	Balance sheet items under which the hedged items are recognized	Change in fair value to measure ineffectiveness in the reporting period
Fair Value Hedges					
Interest rate risks hedges	3,350	– 704	490,332	Various[1]	– 496
Micro fair value hedge accounting	346	– 38	8,284	Various[1]	– 24
Portfolio fair value hedge accounting	3,003	– 665	482,048	Various[1]	– 471
Foreign currency risks hedges	8	21	432	Various[1]	– 10
Micro fair value hedge accounting	0	21	206	Various[1]	3
Group fair value hedge accounting	8	0	226	Various[1]	– 13

1 Financial assets and liabilities mandatorily measured at fair value through profit or loss.

31/12/2022 EUR million	Carrying amount of hedging transactions Assets	Carrying amount of hedging transactions Equity and liabilities	Nominal amount of hedging instruments	Balance sheet items under which the hedged items are recognized	Change in fair value to measure ineffectiveness in the reporting period
Fair Value Hedges					
Interest rate risks hedges	3,046	– 1,981	281.424	Various[1]	702
Micro fair value hedge accounting	381	– 72	7.533	Various[1]	108
Portfolio fair value hedge accounting	2,665	– 1,909	273.891	Various[1]	594
Foreign currency risks hedges	43	21	701	Various[1]	32
Micro fair value hedge accounting	0	21	233	Various[1]	– 23
Group fair value hedge accounting	43	0	469	Various[1]	55

1 Financial assets and liabilities mandatorily measured at fair value through profit or loss.

The hedged items from fair value hedges designated as hedge accounting have the following effects on the statement of financial position as at the reporting date:

31/12/2023 EUR million	Carrying amount of hedged item Assets	Carrying amount of hedged item Equity and liabilities	Cumulative income or expenses recognized in the carrying amount of the hedged item Assets	Cumulative income or expenses recognized in the carrying amount of the hedged item Equity and liabilities	Balance sheet items under which the underlying items are recognized	Change in fair value to measure ineffective-ness in the reporting period	Cumulative amount of the fair value of hedged items that are no longer adjusted to hedge gains and losses
Interest rate risks hedges	33,480	36,429	– 228	– 165	Various[1]	475	631
Micro fair value hedge accounting	4,573	3,234	– 228	– 165	Various[1]	35	110
Portfolio fair value hedge accounting	28,448	33,195	0	0	Various[1]	441	521
Foreign currency risks hedges	2	182	– 0	– 7	Various[1]	9	0
Micro fair value hedge accounting	2	182	– 0	– 7	Various[1]	– 4	0
Group fair value hedge accounting	0	0	0	0	Various[1]	13	0
Discontinued hedging relationships	0	0	– 2	0	Various[1]	0	0

1 Financial assets and liabilities measured at amortized cost; financial assets measured at fair value through other comprehensive income.

31/12/2022 EUR million	Carrying amount of hedged item Assets	Carrying amount of hedged item Equity and liabilities	Cumulative income or expenses recognized in the carrying amount of the hedged item Assets	Cumulative income or expenses recognized in the carrying amount of the hedged item Equity and liabilities	Balance sheet items under which the hedged items are recognize	Change in fair value to measure ineffective-ness in the reporting period	Cumulative amount of the fair value of hedged items that are no longer adjusted to hedge gains and losses
Interest rate risks hedges	31,770	32,751	– 320	– 211	Various[1]	– 831	182
Micro fair value hedge accounting	4,270	2,701	– 320	– 211	Various[1]	– 106	118
Portfolio fair value hedge accounting	27,049	30,050	0	0	Various[1]	– 724	63
Foreign currency risks hedges	29	184	– 0	– 11	Various[1]	– 32	0
Micro fair value hedge accounting	29	184	– 0	– 11	Various[1]	23	0
Group fair value hedge accounting	0	0	0	0	Various[1]	– 55	0
Discontinued hedging relationships	0	0	– 32	0	Various[1]	0	0

1 Financial assets and liabilities measured at amortized cost; financial assets measured at fair value through other comprehensive income.

The hedge relationships from fair value hedges (PFVHA and MFVHA) mentioned above have the following effects on the income statement and other comprehensive income as at the reporting date:

31/12/2023 EUR million	Ineffectiveness recognized in the income statement	Items in the income statement and in equity under which ineffectiveness is recognized
Interest rate hedges (MFVHA + GFVHA + PFVHA)	– 7	Net gains/losses from hedging transactions
Foreign currency risk hedges (MFVHA + GFVHA + PFVHA)	– 1	Net gains/losses from hedging transactions

31/12/2022 EUR million	Ineffectiveness recognized in the income statement	Items in the income statement and in equity under which ineffectiveness is recognized
Interest rate hedges (MFVHA + GFVHA + PFVHA)	– 31	Net gains/losses from hedging transactions

F. Other

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

The carrying amount of non-current assets or groups of assets and debt (disposal groups), whose disposal is planned, is realized largely through the disposal business and not through continued use.

With regard to the cumulative fulfillment of the conditions stated below, the assets or disposal groups in question are classified as held for sale and shown separately from the other assets or debt in the statement of financial position. The criteria for classification as held for sale is that the assets or disposal groups can be disposed of in their present condition at prevailing conditions and that the disposal is highly likely. A disposal is highly probable if the plan to sell the asset is completed, an active program to find a buyer and to complete the plan has been initiated, the assets or the disposal group is actively offered at a price that is appropriate relative to the current fair value and the disposal is expected to occur within one year from the date of classification.

Assets classified as held for sale are measured at the lower value comprising carrying amount and fair value less the cost of disposal. The depreciation of the assets is suspended from the date they are classified as held for sale. Assets and liabilities held for sale and disposal groups are generally measured in accordance with IFRS 5. Assets that are subject to the exemptions specified in IFRS 5.5 are measured according to the provisions of the respective standard. Accordingly, the fair value measurement of the relevant assets of this statement of financial position item uses the same methods, parameters and approaches as all other assets of LBBW that are measured at fair value. Assets or disposal groups classified as held for sale are recognized separately in the statement of financial position item “Non-current assets held for sale and disposal groups and Liabilities from disposal groups”.

Gains/losses from the measurement and gains/losses from the disposal of these assets or disposal groups that are not included in a discontinued operation are contained in the income statement or in the valuation reserve in equity and are not separated. The total profit or loss from discontinued business divisions must be shown separately in the item “Profit or loss from discontinued operations”.

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

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

- One investment property was sold in the first half of 2023. This affects the corporate items segment.
- Sales negotiations were conducted for one property reported as property and equipment. The contract has been signed for this property. This affects the corporate items segment.
- In addition, sales negotiations were conducted for another asset held as investment property. The contract has also been signed for this property. This affects the corporate items segment.

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

EUR million	**31/12/2023**	**31/12/2022**
Assets		
Investment property	2	1
Total	*2*	*1*

As in the previous year, the reclassification of non-current assets in accordance with IFRS 5 did not result in any impairment in the period under review.

47. Intangible assets

Mainly software acquired or developed in-house and purchased customer lists are recognized under Intangible assets.

Purchased intangible assets are carried at amortized cost, i.e. less their cumulative write-downs and impairment. Internally developed software is capitalized at cost if the recognition criteria in accordance with IAS 38 are met. The capitalized costs mainly include staff costs and expenses incurred for external services during development. As previously, the internally developed or purchased software is amortized over three to ten years on a straight-line basis.

Amortization, write-downs and impairment losses on intangible assets are recognized under Administrative expenses in the income statement. Income from reversals of impairment losses on intangible assets is recognized under other operating income.

Intangible assets are derecognized when sold. Gains and losses on disposal are the difference between the net proceeds from the disposal of the asset, if any, and its carrying amount. The profit or loss on the disposal of the asset is recognized through profit or loss at the date of derecognition, and reported under other operating income/expenses.

The changes in intangible assets are shown in the following tables for 2023 and 2022:

EUR million	Purchased software	Goodwill	Advance payments and cost for development and preparation	Other intangible assets	Internally generated intangible assets	Total
Cost						
Balance as at 1 January 2023	*947*	*10*	*47*	*107*	*122*	*1,233*
Additions	35	0	23	0	5	63
Transfers	10	0	– 10	0	0	0
Disposals	– 25	0	0	0	– 1	– 26
Balance as at 31 December 2023	*968*	*10*	*61*	*107*	*125*	*1,271*
Amortization and impairment losses/reversals of impairment losses						
Balance as at 1 January 2023	*– 867*	*0*	*0*	*– 59*	*– 98*	*– 1,024*
Scheduled amortization	– 30	0	0	– 10	– 14	– 53
Disposals	16	0	0	0	1	17
Balance as at 31 December 2023	*– 881*	*0*	*0*	*– 68*	*– 111*	*– 1,060*
Carrying amounts						
Balance as at 1 January 2023	81	10	47	49	23	209
Balance as at 31 December 2023	87	10	61	39	15	211

EUR million	Purchased software	Goodwill	Advance payments and cost for development and preparation	Other intangible assets	Internally generated intangible assets	Total
Cost						
Balance as at 1 January 2022	*850*	*0*	*21*	*107*	*117*	*1,094*
Additions	16	10	16	0	5	47
Transfers	7	0	– 7	0	0	0
Disposals	– 19	0	0	0	– 0	– 19
Change from business combinations	94	0	18	0	0	112
Balance as at 31 December 2022	*947*	*10*	*47*	*107*	*122*	*1,233*
Amortization and impairment losses/reversals of impairment losses						
Balance as at 1 January 2022	*– 801*	*0*	*0*	*– 53*	*– 82*	*– 936*
Scheduled amortization	– 26	0	0	– 6	– 17	– 48
Disposals	18	0	0	0	0	18
Change from business combinations	– 58	0	0	0	0	– 58
Balance as at 31 December 2022	*– 867*	*0*	*0*	*– 59*	*– 98*	*– 1,024*
Carrying amounts						
Balance as at 1 January 2022	49	0	21	54	35	158
Balance as at 31 December 2022	81	10	47	49	23	209

Intangible assets of EUR 126 million (previous year: EUR 142 million) had a remaining useful life of more than twelve months as at the reporting date.

48. Investment property

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

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

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

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

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

The following table illustrates the changes in carrying amounts:

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

EUR million	Investment property	Rights-of-use from leases	Total
Carrying amount as at 1 January 2022	*778*	*27*	*805*
Disposals	– 1	0	– 1
Reclassification to non-current assets held for sale or disposal groups	– 17	0	– 17
Currency translation differences	6	1	8
Changes in fair value from assets (through profit or loss)	– 3	– 2	– 5
Carrying amount as at 31 December 2022	*765*	*27*	*791*

Investment property had a remaining useful life of more than twelve months as at the reporting date.

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

EUR million	Investment property	Property held for sale
Carrying amount as at 1 January 2023	*791*	*1*
Gains and losses recognized in net consolidated profit/loss	3	0
Other earnings items	3	0
Additions through acquisitions	1	0
Disposals through sales	0	– 15
Other changes	3	0
Transfers in accordance with IFRS 5	– 17	17
Carrying amount as at 31 December 2023	*781*	*2*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	3	0
Other earnings items	3	0

EUR million	Investment property	Property held for sale
Carrying amount as at 1 January 2022	*805*	*0*
Gains and losses recognized in net consolidated profit/loss	– 7	– 0
Other earnings items	– 7	– 0
Disposals through sales	– 1	– 16
Other changes	10	0
Transfers in accordance with IFRS 5	– 17	17
Carrying amount as at 31 December 2022	*791*	*1*
of which unrealized gains and losses recognized in net consolidated profit/loss for financial instruments held as at the reporting date	– 7	0
Other earnings items	– 7	0

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

31/12/2023 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization/indexing	1.50%	n/a
		Discount rate	1.60% – 10.90%	
		Risk of loss of rent	0.75% – 5.00%	
		Basic maintenance costs	0.00– 24.20 EUR/m²	
		Administration costs (% of target rent)	1.00% – 6.50%	

31/12/2022 EUR million	Measurement methods	Significant unobservable parameters	Range	Parameter shift
Investment property	Discounted cash flow method	Rent dynamization/indexing	1.50%	n/a
		Discount rate	1.60% – 11.50%	
		Risk of loss of rent	2.00% – 5.00%	
		Basic maintenance costs	0.00– 19.00 EUR/m²	
		Administration costs (% of target rent)	0.10%– 2.60%	

Corresponding statements on financial instruments (see Note 43) also apply.

49. Property and equipment

Property and equipment includes commercially used land and buildings, technical equipment and machinery, operating and office equipment, advance payments and assets under construction, leased assets and rights-of-use from leases.

Property and equipment is initially carried at cost and subsequently at amortized cost. Subsequent expenditure for property and equipment is capitalized if it is deemed to increase the future potential benefit. All other subsequent expenditure is recognized as an expense. Property and equipment is depreciated over its expected economic life, mainly on a straight line basis and sometimes on a diminishing basis. Determination of the economic life reflects expected physical wear and tear, technical obsolescence and legal and contractual constraints.

The determination of the (remaining) useful life and depreciation method is reviewed at a minimum at the end of each financial year. After scheduled depreciation, including the review of the depreciation method used, the underlying useful life and the residual value (recoverable amount of a comparable asset) of the asset in question, a check is performed at each statement of financial position date as a minimum to ascertain whether there are any indications of impairment. Where indications of impairment exist, the recoverable amount (the higher of the fair value minus sales costs or the value in use) is calculated, compared with the carrying amount and, if necessary, written down. If the recoverable amount has increased since the last impairment, impairment losses are reversed up to a maximum of amortized cost.

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 recorded under other operating income/expenses.

	Estimated useful life in years	
	31/12/2023	**31/12/2022**
Buildings	25 – 50	25 – 50
Technical equipment and machinery	5 – 10	5 – 10
Operating and office equipment	1 – 20	1 – 20
Purchased IT systems	3 – 7	3 – 7

Changes to the carrying amounts in the reporting year were as follows:

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under construction	Leased assets under operating leases	Rights-of-use from leases	Total
Cost							
Balance as at 1 January 2023	*991*	*132*	*277*	*20*	*344*	*311*	*2,073*
Change from basis of consolidation	0	0	– 1	0	0	– 2	– 3
Additions	4	3	21	35	28	24	115
Transfers	– 1	1	3	– 4	1	0	– 0
Disposals	– 1	– 4	– 30	– 0	– 10	– 33	– 78
Transfers to “Non-current assets and disposal groups held for sale”	– 26	0	0	0	– 3	0	– 28
Balance as at 31 December 2023	*967*	*133*	*270*	*50*	*360*	*299*	*2,079*
Depreciation and impairment losses/reversals of impairment losses							
Balance as at 1 January 2023	*– 651*	*– 123*	*– 176*	*0*	*– 181*	*– 129*	*– 1,260*
Change from basis of consolidation	0	0	1	0	0	2	3
Scheduled depreciation	– 10	– 2	– 14	0	– 7	– 35	– 69
Scheduled depreciation	– 6	0	0	0	0	0	– 6
Reversals of impairment losses	1	0	0	0	1	0	2
Transfers	4	0	0	0	– 4	0	0
Disposals	0	4	30	0	7	30	71
Transfers to “Non-current assets and disposal groups held for sale”	15	0	0	0	2	0	17
Balance as at 31 December 2023	*– 647*	*– 122*	*– 160*	*0*	*– 183*	*– 131*	*– 1,243*
Carrying amounts							
Balance as at 1 January 2023	340	8	101	20	163	182	813
Balance as at 31 December 2023	320	11	110	50	177	168	836

EUR million	Land and buildings	Technical equipment and machinery	Operating and office equipment	Advance payments and assets under construction	Leased assets under operating leases	Rights-of-use from leases	Total
Cost							
Balance as at 1 January 2022	*901*	*134*	*252*	*3*	*317*	*342*	*1,949*
Additions	2	1	25	19	6	28	81
Transfers	– 24	0	2	– 3	24	0	– 0
Disposals	– 1	– 3	– 18	0	– 2	– 67	– 91
Change from business combinations	113	0	16	0	0	8	137
Transfers to “Non-current assets and disposal groups held for sale”	– 1	0	0	0	– 1	0	– 3
Balance as at 31 December 2022	*991*	*132*	*277*	*20*	*344*	*311*	*2,073*
Depreciation and impairment losses/reversals of impairment losses							
Balance as at 1 January 2022	*– 646*	*– 125*	*– 172*	*0*	*– 165*	*– 110*	*– 1,218*
Scheduled depreciation	– 12	– 2	– 12	0	– 8	– 40	– 74
Transfers	10	0	0	0	– 10	0	0
Disposals	0	3	17	0	1	21	43
Change from business combinations	– 5	0	– 9	0	0	0	– 15
Transfers to “Non-current assets and disposal groups held for sale”	1	0	0	0	1	0	2
Balance as at 31 December 2022	*– 651*	*– 123*	*– 176*	*0*	*– 181*	*– 129*	*– 1,260*
Carrying amounts							
Balance as at 1 January 2022	256	9	79	3	152	232	731
Balance as at 31 December 2022	340	8	101	20	163	182	813

As at the reporting date, property and equipment in the amount of EUR 665 million (previous year: EUR 757 million) had a remaining useful life of more than twelve months.

More details on leases can be found in Note 50.

50. Leasing business

LBBW as the lessor

Leases are recognized by the lessor in accordance with IFRS 16 on the basis of their classification as a finance or operating lease. This classification takes place at the beginning of a lease and is based on the overall assessment of which risks and rewards lie with the lessor. The underlying criteria are reviewed regularly. If a change to the overall assessment takes place, the lease is reclassified.

A lease is classified as a finance lease where essentially all risks and rewards incidental to ownership of an asset are transferred from the lessor to the lessee. Otherwise, the lease is an operating lease.

LBBW’s finance lease contracts include full amortization, partial amortization and hire purchase agreements. Depending on its form, a finance lease can be a cancelable agreement or an agreement with an option to sell. The lease payments must generally be made in advance.

In the case of operating lease transactions concluded at LBBW, beneficial ownership of the leased asset remains with the Group. The leased assets – mainly buildings and land – are recognized as assets and reported in the consolidated statement of financial position under Property and equipment or Investment property. The leased assets are recognized in accordance with IAS 16 at (amortized) acquisition or production cost or are measured at fair value in accordance with IAS 40. Both the lease income and received special payments and prepayments are recognized over the lease term. All the depreciation, write-downs and impairment losses and the income earned are reported under other operating income/expenses.

With a finance lease, the leased asset is derecognized at the beginning of the lease term and a receivable due from the lessee equivalent to the net investment value is shown under the item loans and advances to customers or Loans and advances to banks. Lease payments received are broken down into an interest component recognized in income and a repayment component. While income is recognized on an accrual basis as interest income and is reported in net interest income, the repayment part reduces the receivables carried on the statement of financial position.

The direct costs incurred by the lessor on the date on which the contract is concluded are assigned to the leasing contract. The internal interest rate underlying the lease term is determined in such a way that the initial direct costs are included automatically in the lease receivables.

The following maturity structure for future lease payments and reconciliation of the gross investment value to the present value of the leasing payments has been prepared for finance lease transactions which are shown under Loans and advances to customers:

EUR million	**31/12/2023**	**31/12/2022**
Future lease payments	*6,849*	*6,058*
Up to 1 year	2,032	2,034
More than 1 year to 2 years	1,503	1,480
More than 2 years to 3 years	1,076	1,098
More than 3 years to 4 years	938	710
More than 4 years to 5 years	816	388
More than 5 years	484	347
= Gross investment value	*6,849*	*6,058*
/ unguaranteed residual values	10	10
./. unrealized financial income	518	372
= Net investment value	*6,320*	*5,676*
Up to 1 year	1,998	1,876

From the standpoint of the lessor, gross investment in the lease is the aggregate of the leasing payments under a finance lease and any unguaranteed residual value accruing to the lessor. The lease payments are the fixed payments or payments linked to an index or (interest) rate (including residual value guarantees) that the lessee is required to pay during the term of the lease in exchange for the right to use an underlying asset over the lease term. The lease payments do not include conditional lease payments or payments for non-leasing components. The net investment value is the present value of the gross investment. The discount is based on the interest rate implicit in the lease from the lessor’s perspective.

The financial income on the net investment value reported under interest income in the reporting year was EUR 304 million (previous year: EUR 238 million).

Other operating income/expenses include selling profit on financing leases of EUR 6 million (previous year: EUR 5 million).

The carrying amounts of assets leased as part of operating lease transactions under property and equipment, which mainly constitute agreements concerning leasing of LBBW’s own properties and buildings, were broken down as follows:

EUR million	Land	Buildings	Technical equipment and machinery	Other leased assets	Total
Cost					
Balance as at 1 January 2023	*34*	*213*	*5*	*92*	*344*
Additions	0	0	26	2	28
Transfers	– 0	1	0	0	1
Disposals	– 0	– 6	– 1	– 2	– 10
Transfers to “Non-current assets and disposal groups held for sale”	– 1	– 2	0	0	– 3
Balance as at 31 December 2023	*33*	*206*	*30*	*91*	*360*
Depreciation and impairment losses/reversals of impairment losses					
Balance as at 1 January 2023	*– 4*	*– 168*	*– 1*	*– 8*	*– 181*
Scheduled depreciation	0	– 3	– 1	– 3	– 7
Reversals of impairment losses	1	0	0	0	1
Transfers	– 0	– 5	0	0	– 5
Disposals	0	6	1	1	7
Transfers to “Non-current assets and disposal groups held for sale”	0	2	0	0	2
Balance as at 31 December 2023	*– 3*	*– 168*	*– 2*	*– 11*	*– 183*
Carrying amounts					
Balance as at 1 January 2023	31	45	4	84	163
Balance as at 31 December 2023	30	38	28	81	177

EUR million	Land	Buildings	Technical equipment and machinery	Other leased assets	Total
Cost					
Balance as at 1 January 2022	*30*	*195*	*4*	*88*	*317*
Additions	0	0	3	4	6
Transfers	5	19	0	0	24
Disposals	0	0	– 2	– 0	– 2
Transfers to “Non-current assets and disposal groups held for sale”	– 0	– 1	0	0	– 1
Balance as at 31 December 2022	*34*	*213*	*5*	*92*	*344*
Depreciation and impairment losses/reversals of impairment losses					
Balance as at 1 January 2022	*– 4*	*– 156*	*– 1*	*– 4*	*– 165*
Scheduled depreciation	0	– 3	– 1	– 4	– 8
Transfers	– 0	– 10	0	0	– 10
Disposals	0	0	1	0	1
Transfers to “Non-current assets and disposal groups held for sale”	0	1	0	0	1
Balance as at 31 December 2022	*– 4*	*– 168*	*– 1*	*– 8*	*– 181*
Carrying amounts					
Balance as at 1 January 2022	26	38	4	84	152
Balance as at 31 December 2022	31	45	4	84	163

The carrying amounts of the investment property that is rented within the scope of operating lease agreements amounted to EUR 761 million (previous year: EUR 771 million). Changes to the carrying amounts are shown in Note 48.

In the year under review, lease income from operating leases was generated from fixed lease payments in the amount of EUR 62 million (previous year: EUR 69 million) and from variable lease payments that are not dependent on an index or (interest) rate in the amount of EUR 7 million (previous year: EUR 4 million).

The general impairment provisions under IAS 36 and IFRS 9 are applied to leases.

The following payments are expected from the leases:

EUR million	31/12/2023	31/12/2022
Up to 1 year	57	52
More than 1 year to 2 years	46	44
More than 2 years to 3 years	34	36
More than 3 years to 4 years	29	30
More than 4 years to 5 years	26	27
More than 5 years	77	119
Future lease payments from operating leases	*269*	*309*

LBBW as the lessee

Under leases concluded by LBBW as the lessee, a right of use measured at cost is recognized on the day the lease begins. The costs comprise the lease liability, advance consideration paid, initial direct costs and expected restoration obligations less leasing incentive payments.

Lease liabilities are recognized on the basis of the present value of the future lease payments. Lease payments are determined from fixed and variable components representing agreed payments that are subject to fluctuation and are virtually fixed (e.g. index-linked payments). The interest rate underlying the lease is used for discounting. If this is not available, an incremental borrowing rate is used. The term of the lease is calculated as the non-terminable basic leasing period, taking into account renewal and termination options. In assessing the likelihood of options being exercised, relevant facts and circumstances are taken into account which may represent an economic incentive for the lessee. This is reassessed in the event of significant events or changes in circumstances.

In subsequent measurement, the right of use is measured using the cost model and adjusted for cumulative write-downs and impairment losses. The period of amortization is calculated according to the useful life of the right of use and is the same as the term of the contract.

In subsequent periods, the lease liability is increased by a constant interest effect through profit or loss and repaid in accordance with the lease payments made through other comprehensive income. In the event of reassessments or contract amendments, rights of use and lease liabilities are adjusted accordingly in subsequent measurement.

The right of use asset is tested for impairment as part of an annual impairment test within the meaning of IAS 36.

Leases with low-value underlying assets are implemented in simplified terms.

Rights-of-use from leases reported under Property and equipment developed as follows in the year under review:

EUR million	Rights-of-use from land and buildings	Rights-of-use from vehicles	Rights-of-use from other operating and office equipment	Total
Cost				
Balance as at 1 January 2023	*280*	*17*	*14*	*311*
Additions	17	5	3	25
Disposals	– 30	– 2	– 0	– 33
Balance as at 31 December 2023	*267*	*19*	*18*	*303*
Depreciation and impairment losses/reversals of impairment losses				
Balance as at 1 January 2023	*– 114*	*– 9*	*– 6*	*– 129*
Scheduled depreciation	– 30	– 4	– 2	– 36
Disposals	28	2	0	30
Balance as at 31 December 2023	*– 116*	*– 11*	*– 8*	*– 135*
Carrying amounts				
Balance as at 1 January 2023	166	7	9	182
Balance as at 31 December 2023	151	8	10	168

EUR million	Rights-of-use from land and buildings	Rights-of-use from vehicles	Rights-of-use from other operating and office equipment	Total
Cost				
Balance as at 1 January 2022	*316*	*14*	*13*	*343*
Additions	23	4	1	28
Disposals	– 65	– 2	– 1	– 67
Other changes	6	1	1	8
Balance as at 31 December 2022	*280*	*17*	*14*	*311*
Depreciation and impairment losses/reversals of impairment losses				
Balance as at 1 January 2022	*– 99*	*– 8*	*– 4*	*– 111*
Scheduled depreciation	– 35	– 4	– 2	– 40
Disposals	19	2	1	21
Balance as at 31 December 2022	*– 114*	*– 9*	*– 6*	*– 129*
Carrying amounts				
Balance as at 1 January 2022	217	6	9	232
Balance as at 31 December 2022	166	7	9	182

Changes to the rights-of-use from investment property are shown in Note 48. These came to EUR 25 million as at the reporting date (previous year: EUR 27 million).

The maturity structure for the future undiscounted lease payments and the lease liabilities included in other liabilities as at the reporting date was as follows:

EUR million	**31/12/2023**	**31/12/2022**
Up to 1 year	38	35
More than 1 year to 5 years	102	112
More than 5 years	79	93
Total undiscounted future lease payments	*220*	*240*
Up to 1 year	34	33
More than 1 year to 5 years	100	106
More than 5 years	75	87
Carrying amount of lease liabilities	*208*	*225*

The lease liabilities did not take into account potential future lease payments from existing leases in the amount of EUR 70 million (previous year: EUR 75 million) from renewal options and EUR 4 million (previous year: EUR 7 million) from termination options.

In the year under review, EUR – 2 million (previous year: EUR – 2 million) was incurred in interest expenses for lease liabilities, essentially due to leases for land and buildings.

Expenses relating to leases of low-value assets came to EUR – 3 million (previous year: EUR – 3 million).

Income from subleasing right-of-use assets totaled EUR 1 million (previous year: EUR 0 million).

51. Income taxes

LBBW operates in several tax jurisdictions. The tax items shown in the financial statements are calculated taking into account the respective taxation laws and the relevant administrative interpretations. Due to their complexity, their interpretation by taxpayers may differ from that of the local tax authorities. As different interpretations of taxation laws as a result of company audits can lead to subsequent tax payments for past years, these are included in the analysis on the basis of the management's assessment.

Current income tax liabilities and assets are calculated at current tax rates and carried at the expected payment or refund amount.

Deferred income tax assets and liabilities are recognized in respect of temporary differences. Taxable and deductible temporary differences are calculated as the difference between the IFRS carrying amount of an asset or liability and its local tax base. The tax base is determined based on the tax regulations of the country in which the taxation occurs. Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply when the asset is realized or the liability is settled. The effect of tax rate changes on deferred taxes is recognized in the tax result during the period in which the changes were approved by legislative bodies.

Current and deferred income tax assets and liabilities are offset under the requirements of IAS 12.71 and IAS 12.74.

Deferred tax liabilities are carried for temporary differences that will result in a tax expense when settled. Deferred tax assets are recognized if tax relief is expected and likely to be utilized when temporary differences are reversed. Deferred tax assets on temporary differences in equity are recognized in total comprehensive income in the subitem Valuation reserve or Retained earnings, depending on the underlying situation.

A deferred tax asset is recognized for tax loss carryforwards and interest carryforwards if it is probable that the carryforward will be used in a future period by reference to budget accounts. The tax planning is derived from current corporate planning approved by the Board of Managing Directors, which regularly covers a planning period of five years. The tax planning takes into account historical insights into profitability and taxable income. Deferred tax assets arising from temporary differences and loss carryforwards are reviewed for impairment at each statement of financial position date.

Income tax assets

EUR million	31/12/2023	31/12/2022
Current income tax assets	63	71
Domestic	43	55
Abroad	20	16
Deferred income tax assets	1,023	967
Total	*1,086*	*1,038*

Of the current income tax assets, EUR 63 million (previous year: EUR 71 million) is due within one year.

Income tax liabilities

EUR million	31/12/2023	31/12/2022
Current income tax liabilities	95	190
of which provisions for income tax	92	188
of which income tax liabilities to tax authorities	3	3
Deferred income tax liabilities	23	22
Total	*118*	*212*

Of the current income tax liabilities, EUR 95 million (previous year: EUR 190 million) is due within one year.

52. Other assets and other liabilities

Other assets include assets which, considered separately, are not significant for the disclosure of statement of financial position assets and cannot be allocated to any other statement of financial position item.

This also includes inventories, which shows activities related to the real estate business of LBBW Immobilien Management GmbH. These include mainly specific land and similar rights with finished and/or unfinished buildings as well as project finance earmarked for sale in the course of ordinary business activities.

CO2 emission rights are also recognized under other assets/liabilities. These are covered by the definition of inventories under IAS 2 and are intangible assets in accordance with IAS 38, not financial assets or financial liabilities under IAS 32. As LBBW does not acquire the CO2 emission rights for own use, instead acting as a broker-trader within the meaning of IAS 2.5, they are measured at fair value less the cost of disposal in accordance with IAS 2.3 (b). The results of these operating activities are recognized under net trading gains/losses. CO2 emission rights reported under other assets are obligations in kind resulting from covered short sales and are also measured at fair value.

In accordance with IAS 2.9, inventories are measured at the lower of costs of inventories and net realizable value. The costs of purchase and production are calculated in accordance with IAS 2.10 et seqq.; the net realizable value is calculated pursuant to IAS 2.28 et seqq. The purchase and production costs of inventories that cannot be exchanged and of goods and products or services created and separated for special projects is calculated through allocation of their individual cost of purchase or production. The acquisition costs include the directly allocable costs of acquisitions and provision, the production costs include all directly allocable costs plus production and material costs. The expected, individually realizable sales proceeds less estimated completion costs and additional costs incurred until the sale are recognized as the net realizable value. The results of these operating activities are recognized under the “Other operating income/expenses” item, which also includes the changes in value.

The capitalization of borrowing costs on the basis of IAS 23 is conditional upon the property being a qualifying asset. These interest costs are largely incurred in connection with commercial project development, which can be attributed to the acquisition of land or the construction of buildings during the production period. Individual interest rates of between 2.17% p.a. and 6.06% p.a. (previous year: 1.04% and 3.61% p.a.) were applied.

Other liabilities include accruals and obligations which, considered separately, are not significant for the disclosure of statement of financial position liabilities and cannot be allocated to any other statement of financial position item.

Assets and liabilities in these items are measured at amortized cost.

Other assets

Scheduled and unscheduled impairments are reported under the item other operating income/expenses.

EUR million	31/12/2023	31/12/2022
Inventories	480	420
Receivables from tax authorities	34	37
Other miscellaneous assets	5,131	3,824
Total	*5,646*	*4,281*

This rise in other miscellaneous assets was due to sales of securities that had not yet been settled (cash received). As a result, the securities from the financial assets measured at fair value through profit or loss item were reclassified to other assets.

Other assets included assets amounting to EUR 646 million (previous year: EUR 439 million) with a remaining useful life of more than twelve months.

Inventories were broken down as follows:

EUR million	31/12/2023	31/12/2022
Land and land rights, with unfinished buildings	149	112
Work in progress and development measures	103	92
Land and land rights, without buildings	177	166
Other inventories	51	50
Total	*480*	*420*

The carrying amount of inventories recognized at fair value less costs to sell was EUR 44 million (previous year: EUR 41 million).

The carrying amount of inventories pledged as collateral for liabilities amounted to EUR 135 million (previous year: EUR 119 million).

Borrowing costs of EUR 9 million (previous year: EUR 5 million) were capitalized.

LBBW recognizes precious metal portfolios, among other things, under other inventories.

Other liabilities

EUR million	31/12/2023	31/12/2022
Liabilities from		
Other taxes	152	44
Employment	13	12
Trade payables	99	75
Non-controlling interests	2	11
Leasing	208	225
Advances received	34	54
Other miscellaneous liabilities	2,266	2,373
Total	*2,773*	*2,794*

Other liabilities with maturities of more than twelve months amounted to EUR 198 million (previous year: EUR 336 million) as at the reporting date.

For a detailed description of leasing business, see Note 50.

53. Provisions

EUR million	31/12/2023	31/12/2022
Provisions for pensions	1,002	870
Provisions for litigation and recourse risk	149	192
Provisions for lending business	285	327
Other personnel-related provisions	237	190
Other provisions	208	245
Total	*1,881*	*1,825*

As at the reporting date, provisions of EUR 1,184 million (previous year: EUR 1,233 million) had a remaining term to maturity of over twelve months.

Provisions for pensions and other post-employment benefits

General information

Provisions for pensions and similar obligations primarily consist of provisions for the obligation to pay company pensions, on the occurrence of biometric risks (old age, invalidity, death) based on pension commitments awarded. The nature and amount of the pension payable to employees and beneficiaries entitled to pension benefits are governed by the applicable pension rules (including total commitments or works or company agreements), which depend largely on the date that employment commenced.

A high number of pension arrangements at LBBW were recognized as defined benefit plans until 31 December 2023. These are closed for new policies. In addition, further entitlements or claims exist against LBBW's supplementary pension fund (Zusatzversorgungskasse – ZVK) and the benevolent fund (Unterstützungskasse LBBW e.V); both facilities are closed for new policies. All the aforementioned pension commitments are defined benefit plans within the meaning of IAS 19.

Furthermore there are pension benefits for employees from predecessor institutions which are recognized as defined contribution plans within the meaning of IAS 19, taken over and continued. These are also closed for new policies. To finance this, the relevant Group company contributes set amounts to external pension funds with individual participation by employees.

For most of LBBW's existing pension obligations, plan assets within the meaning of IAS 19 are created after benefit entitlements are transferred to a non-insurance-based pension fund under German law as a legally independent entity.

This comprises a Basiskonto (retirement account financed by the employer) for employer contributions and an Aufbaukonto (retirement account to which contributions are made by the employee) for contributions from voluntary salary conversion by all employees. The contributions are paid into a contractual trust arrangement (CTA). The obligation vis-à-vis the employees is guided by the performance of the investment. As a minimum, the paid-in amounts are guaranteed (so-called guaranteed minimum performance). These are also defined benefit plans within the meaning of IAS 19.

Some current and former employees are also entitled to aid (medical support). This was entered as defined benefit plans and the corresponding provisions pursuant to IAS 19 were created for employees that are still entitled to aid after entering retirement.

There are no provisioning requirements for the deferred compensation option that is also offered, as this is entered as a defined benefit plan within the meaning of IAS 19.

Commitments outside of Germany

The employees of Landesbank Baden-Württemberg's London Branch were offered a direct final salary pension commitment that is based on the number of years in service, which is closed for new policies and was replaced by a defined contribution plan within the meaning of IAS 19 for new employees. The pension plan's pension obligations are backed by plan assets managed by a pension trust. The pension plan as well as the pension trust are subject to UK regulations, according to which the Bank and the trustees responsible for the trust have to develop a funding strategy and plan contributions to the trust. The Bank bears the risks from the pension plan, including investment and biometric risks (longevity risk, in particular).

The Bank and the trustees review the investment strategy every three years and adjust it if necessary. If there is a shortfall in cover, a contribution plan is agreed to reach the desired degree of cover. Some of the plan assets are covered by the expected payment obligations with matching maturities (asset-liability matching).

For reasons of immateriality, further disclosures are not differentiated for the foreign plans.

Valuation and recognition in the statement of financial position

According to the provisions of IAS 19, the total obligations for the defined benefit plans are calculated annually by an independent actuary. In this process, the present value of the defined benefit obligation is calculated at each reporting date using the projected unit credit method. This calculation takes into consideration not only the pensions and entitlements known at the statement of financial position date, but also the future expected rates of increase of pensionable salaries and pensions, the expected benefit cases (age, invalidity, death), the expected payment arrangements as well as fluctuation rates. In addition to the benefits trend, it is assumed in the measurement of the pension obligations that the active employees' benefit trend will be slightly higher than the average trend up to their 50th year, on account of career development. Earnings and pension trends are based on market inflation. The probabilities of death, invalidity and probabilities of marriage are found in the mortality tables compiled by Prof. Klaus Heubeck. The age used for the start of retirement is 64 years.

The present value of the pension obligations is based on a calculatory interest rate derived from the alternative Willis Towers Watson’s RATE:Link methodology. The data basis for determining the interest rate is the AA- rated corporate bonds compiled in Bloomberg for the eurozone by at least half of the rating agencies. Using actuarial methods, a yield curve is derived from this data, and from this a calculatory interest rate of similar maturity to the obligations is established. The premises described above are reviewed annually and adjusted if necessary.

Deviations from the expected development of the pension obligations as well as changes to the calculation parameters (primarily employee turnover rate, salary increase, pension increase or discount rate) lead to so-called actuarial gains or losses. These are recognized directly in Retained earnings or Other comprehensive income in their full amount in the year they arise, resulting in corresponding changes in equity.

The amount to be recorded as an asset or liability is calculated from the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets (if any) at the balance sheet date. The past service cost arises due to changes in the defined benefit plan that impact on the pension entitlements accrued. Interest expense is the share of the increase in the present value of the defined benefit obligation, or the existing plan assets of the pension provisions, that arise because the benefits are closer to settlement. The staff costs equate to the present value of the annual increase in the pension entitlements accrued plus unrecognized past service costs.

The interest income from unwinding the discount on plan assets is offset against the interest expense, so that only net interest expense is recognized. The calculatory interest rate is used for calculating net interest income. Service cost and net interest income are reported under Administrative expenses. Other comprehensive income from plan assets is recognized in other comprehensive income.

Risks and management

In the case of defined benefit plans not transferred to the pension fund under German law, the relevant Group company is obligated to grant benefits pledged to former employees and their dependents. The associated risks are borne by the Group company in question. For the portion of defined benefit plans transferred to the pension fund under German law, beneficiaries are directly entitled to the pension fund. LBBW continues to bear subsidiary liability.

Material risks are statement of financial position, liquidity and investment risks. In accordance with IAS 19, statement of financial position risks arise especially in relation to the impact of pension obligations and pension plan assets on equity, as the difference between expected and actual pension obligations and plan assets is recognized under other comprehensive income and leads to changes in equity. The basis and amount of statement of financial position risk determine the aforementioned actuarial gains or losses. They can therefore provide relief or be a burden. The main factor in relation to statement of financial position risks are the calculatory interest rate, the yield of the plan assets, as well as the other economic and demographic measurement factors. A further risk after transferring the pension obligations is LBBW’s additional funding contribution to the pension fund if the minimum actuarial reserve is not met.

The calculatory interest rate plays a key role in determining the scope of obligations, not least on account of its volatility. The fall in interest rates last year resulted in a lower calculatory interest rate and therefore to a rise in the present value of pension obligations. Furthermore, portfolio and market developments that deviate from the measurement assumptions impact on the obligation amount and therefore on the corresponding statement of financial position items. Actual salary and pension increases that are higher or lower than assumed are reflected accordingly in losses or gains. With the general contribution and limit systems, the performance of the entitlements and claims in the event of external providers, such as BVV or the statutory pension scheme, impact on the level of provision to be made by the Group company, which can have a relatively strong impact on the pension obligations, especially with lasting trend changes. Besides the economic risks stated, so-called biometric risks also exist. Since a large proportion of the pension obligations is attributable to lifelong benefit entitlements, the risk of longevity in particular must be stated. Deviations in the actual mortality rates observed from the mortality tables also result in gains or losses.

Sensitivity analyses were carried out for the material parameters. In addition to the calculatory interest rate, the most influential parameters examined were the impact of the salary, pension and career trend, as well as the staff turnover and probability of annuitization. The mortality, salary and pension trend impact on the obligations arising from the capital accounts (Basiskonto and Aufbaukonto) and the fluctuation have comparatively little impact, since pension entitlements for active employees do not grow dynamically with the salaries retroactively based on the number of years spent working at the company. This will gradually reduce the statement of financial position risk for the Group companies over time. This does not generally impact the obligations from the LBBW VorsorgeFonds Plus due to offsetting.

Meeting pension obligations entails the payment of pensions and therefore a capital outflow. Save for the calculatory interest rate, which does not impact on the amount of benefit payments, the statement of financial position risk factors described above also affect the liquidity requirements. Plan assets that are produced from the pension payments are available for the obligations of LBBW’s pension fund, benevolent fund and supplementary pension fund as well as the obligations of the LBBW VorsorgeFonds Plus. LBBW (Bank) also has plan assets as part of a contractual trust arrangement (CTA). There are no plan assets for additional pension obligations and so the benefit payments must be met from the assets of the Group companies. If sufficient cover is not available, the sponsoring undertakings are required to make additional contributions. The plan assets are subject to investment risk that is countered by careful asset management.

The mandatory protection against the insolvency of LBBW pension obligations applies to commitments given before the elimination of the guarantor’s liability in 2005, via the pension insurance association. All pension commitments dating from before this date are insolvency-protected through the guarantor’s liability and maintenance obligation.

Quantitative detailed disclosures

The LBBW Group has several pension plans but these are not shown separately for reasons of clarity. Some of these plans have notable surpluses of assets over liabilities, which are reported separately under Other assets in the statement of financial position. The present value of the defined benefit obligations is broken down into the following components:

EUR million	2023	2022
Balance as at 1 January	*3,030*	*4,050*
Changes recognized in the income statement[1]	*164*	*116*
Interest expense/income	116	48
Current service cost including the release of pension liabilities	48	67
Past service cost	1	0
Changes recognized in other comprehensive income[1]	*188*	*– 1,200*
Actuarial gains/losses from changes to the demographic assumptions	20	– 6
Actuarial gains/losses from changes to the financial assumptions	175	– 1,189
Experience-based actuarial gains/losses	– 8	– 3
Changes in exchange rates	0	– 2
Other changes	*– 126*	*64*
Pension benefits paid	– 126	– 120
Business combinations/disposals	0	184
Balance as at 31 December	*3,256*	*3,030*

1 Expenses/losses are shown as positive, income/profits as negative.

The present value of the defined pension obligations was classified as follows by the type of beneficiary:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Present value of the pension obligations for active employers	1,221	1,100
Present value of the pension obligations for candidates	435	397
Present value of the pension obligations for retirees	1,601	1,533
Total	*3,256*	*3,030*

This present value was broken down as follows by type of benefit:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Present value of the accrued but non-vested pension obligations	200	236
Present value of the vested pension obligations	3,056	2,794
Total	*3,256*	*3,030*

The present value of the defined benefit plans arose from the following commitments or benefits:

EUR million	01/01 – 31/12/2023	01/01 – 31/12/2022
Present value of the pension obligations based on conditional benefits	192	170
Present value of the pension obligations based on future salary increases	214	250
Present value of the pension obligations based on other benefits	2,850	2,611
Total	*3,256*	*3,030*

Obligations under defined benefit plans were calculated using the following actuarial assumptions:

in %	31/12/2023	31/12/2022
Fluctuation	4.00	4.00
Discount rate	3.33	3.85
Expected change in income	2.65	2.85
Expected change in pensions[1]	2.50	2.70
Career dynamics	0.50	0.50
Retirement probability[2]	75.00 / 35.00	50.00 / 20.00

1 Additional adjustments were made for inflation up to the reporting date based on the CPI.
2 Different retirement probabilities are used for different types of obligations.

Life expectancy, marriage probability and disability were calculated using the current 2018G Heubeck mortality tables. Commencement of retirement is determined using the retirement age in accordance with actuarial assumptions.

The following overview shows the sensitivity of the pension obligation as at the statement of financial position date with regard to each isolated change to important assumptions. A change in the individual parameters of 0.5 percentage points would have had the following impact on the pension obligation at the end of the year under review, if all other assumptions remained constant:

31/12/2023 EUR million	Increase of 0.5 pp	Decrease of 0.5 pp
Defined benefit pensions		
Change in discount rate	– 194	217
Change in expected income development	60	– 54
Change in expected pension growth	67	– 61
Change in career dynamics	3	– 3
Change in fluctuation	– 1	1
Change in probability of annuitization	1	– 1

31/12/2022 EUR million	Increase of 0.5 pp	Decrease of 0.5 pp
Defined benefit pensions		
Change in discount rate	– 190	212
Change in expected income development	60	– 55
Change in expected pension growth	64	– 59
Change in career dynamics	3	– 3

A one-year increase in life expectancy would lead to a EUR 101 million (previous year: EUR 99 million) increase in the defined benefits.

When calculating the sensitivities, each parameter was stressed, all other things remaining equal. A correlation between the valuation assumptions was therefore not taken into account.

The fair value of the plan assets consisted of the following at year-end:

EUR million	31/12/2023	31/12/2022
Time deposits and other cash and cash equivalents	438	326
Level I measurement	436	322
Level II measurement	1	3
Securities	1,570	1,531
Securities – equity instruments	175	242
Equity instruments from financial institutions	29	26
Level I measurement	29	26
Equity instruments from other financial corporations	27	42
Level I measurement	23	32
Level II measurement	3	10
Equity instruments from other non-financial corporations	119	174
Level I measurement	119	174
Securities – debt instruments	1,395	1,289
Public sector debt instruments	298	212
Level I measurement	295	210
Level II measurement	3	2
Debt instruments from financial institutions	134	213
Level I measurement	134	211
Level II measurement	0	1
Debt instruments from other financial corporations	375	344
Level I measurement	363	332
Level II measurement	13	12
Debt instruments from other non-financial corporations	588	521
Level I measurement	554	499
Level II measurement	34	22
Derivatives	– 2	80
Level I measurement	– 2	80
Interest-related derivatives	– 2	80
Investment funds	265	237
Level I measurement	265	237
Plan assets	*2,271*	*2,174*

The plan assets listed above do not include any transferable financial instruments from LBBW or from real estate used by LBBW.

The fair value of the plan assets changed as follows during the financial year:

EUR million	2023	2022
Balance as at 1 January	*2,174*	*2,783*
Changes recognized in the income statement	*82*	*31*
Interest income/expense	82	31
Changes recognized in Other comprehensive income	*107*	*– 721*
Income/expense from the plan assets (less the income included in net interest income)	107	– 719
Changes in exchange rates	0	– 2
Other changes	*– 92*	*81*
Employer contributions	9	180
Pension benefits paid	– 101	– 98
Settlements	0	– 1
Balance as at 31 December	*2,271*	*2,174*

Estimated contributions to plan assets to be paid by LBBW for the coming financial year amount to approximately EUR 9 million (previous year: EUR 8 million).

The present value of defined benefit obligations and the fair value of plan assets can be reconciled with the assets and liabilities as reported in the statement of financial position as follows:

EUR million	31/12/2023	31/12/2022
Present value of defined benefit obligations	3,256	3,030
of which present value of defined benefit obligations from unfunded plans	425	376
of which present value of defined benefit obligations from wholly or partially funded plans	2,831	2,654
Fair value of plan assets	– 2,271	– 2,174
of which other assets from surplus of pension obligations	– 17	– 14
Obligations not covered by plan assets	1,002	870
Total	*1,002*	*870*

This increase was essentially the result of the remeasurement of the pension obligations due to the decrease in the discount rate.

The weighted average maturity of the defined benefit obligation is 14.2 years (previous year: 14.1 years).

The following table shows the maturity analysis of the benefit payments in the current financial year:

EUR million	31/12/2023	31/12/2022
Maturity analysis		
Up to 1 year	134	133
More than 1 year to 5 years	577	577
More than 5 years to 10 years	839	846
More than 10 years to 15 years	902	918
More than 15 years	3,871	3,828

Other provisions

General information

Provisions are recognized for uncertain obligations to third parties and anticipated losses from onerous contracts. The best estimate is the amount that covers all material risks and therefore accurately reflects the amount required to settle the present obligation at the statement of financial position date.

The other personnel-related provisions include provisions for staff anniversaries, provisions for early retirement and partial retirement and performance-related remuneration. According to the provisions governing long service awards, an anniversary bonus is awarded to employees who have been with the Company for 10, 25, 40 and 50 years, the amount of which is guided by company or collective bargaining agreements. The corresponding anniversary provisions are calculated and set aside. Provisions are also created for concluded partial retirement agreements. The legally required capital preservation of accrued benefits in the case of partial retirement is covered by a two-sided trustee agreement. The appropriated assets held in the custodian accounts is mostly invested in the money market and offset against the corresponding provisions. LBBW offers its employees in the Bank and some subsidiaries a long-term account, the so-called LBBW FlexiWertkonto. It offers employees the opportunity to pay in part of their remuneration in the FlexiWertkonto, which they can use again in the form of time (withdrawal time). A two-sided trustee agreement was drawn up to secure these accrued retirement benefits as prescribed by law. Provisions are created for obligations arising from these accounts and offset against the accrued retirement benefits.

Furthermore, there are provisions for off-balance-sheet credit risks and other provisions, which include provisions for restructuring. Provisions for litigation and recourse risks are also included. Please see the risk report for further details of the legal risks.

As a rule, the same risks apply to all other provisions as for the post-retirement obligations, albeit to a much lesser extent owing to the shorter obligation period.

Quantitative detailed disclosures

The following table shows changes in other provisions in the year under review:

EUR million	Other personnel-related provisions	Provisions for litigation and recourse risk	Other provisions	Total
Balance as at 1 January 2023	*190*	*192*	*245*	*628*
Additions	143	46	32	221
Reversals	– 12	– 67	– 17	– 95
Utilization	– 97	– 23	– 44	– 165
Discounting of non-current provisions	– 2	– 0	– 0	– 2
Compounding of non-current provisions	2	0	3	5
Change from basis of consolidation	– 2	0	– 0	– 2
Other changes	14	– 0	– 10	4
Balance as at 31 December 2023	*237*	*149*	*208*	*594*

LBBW was faced with various legal proceedings, court actions and other potential legal risks (for example, resulting from Supreme Court rulings) arising in the ordinary course of business. Provisions were recognized for the risks involved in the management and the Group's legal advisors deem payments to be made by LBBW likely and the amounts involved can be estimated with sufficient reliability. There are other legal disputes where the Board of Managing Directors, after consultation with its legal advisors, holds the view that a payment by the Bank is unlikely (recognition as a contingent liability if necessary) or that the final settlement of these disputes does not affect the present consolidated financial statements in any material way.

In total, other provisions with a term of over twelve months in the amount of EUR 314 million were discounted. Average maturities for other provisions range from one year to 10 years.

Allowances for losses on loans and securities for financial guarantees and off-balance-sheet transactions recognized in accordance with IFRS 9 are included in provisions for or lending business (for information on calculating allowances for losses on loans see Note 21).

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

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Total
Balance as at 1 January 2023	*187*	*62*	*77*	*327*
Changes	– 59	37	– 4	– 26
Transfer to Stage 1	11	– 9	– 2	0
Transfer to Stage 2	– 27	29	– 2	0
Transfer to Stage 3	– 1	– 1	2	– 0
Additions	3	32	13	48
Reversals	– 45	– 14	– 14	– 73
Additions	7	3	8	17
Disposals	– 4	– 2	– 27	– 33
Balance as at 31 December 2023	*131*	*100*	*54*	*285*

EUR million	Stage 1	Stage 2	Stage 3 Impairment after recognition	Total
Balance as at 1 January 2022	*15*	*92*	*141*	*247*
Changes	153	– 30	– 54	70
Transfer to Stage 1	25	– 25	– 0	0
Transfer to Stage 2	– 4	4	– 0	0
Additions	144	13	21	178
Reversals	– 12	– 21	– 74	– 108
Additions	21	3	12	35
Disposals	– 1	– 3	– 22	– 26
Balance as at 31 December 2022	*187*	*62*	*77*	*327*

54. Equity

The share capital is the capital paid in by the owners of Landesbank Baden-Württemberg pursuant to Section 5 of the Landesbank Baden-Württemberg Act (Gesetz über die Landesbank Baden-Württemberg) in conjunction with Section 3 of the articles of association of Landesbank Baden-Württemberg. The following entities are holders of the share capital of LBBW:

- Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg) with 40.53%,
- State of Baden-Württemberg (state) with 24.99%,
- State Capital of Stuttgart (city) with 18.93%,
- Landesbeteiligungen Baden-Württemberg GmbH (Landesbeteiligungen BW) with 15.55%.

The capital reserve includes the amount in excess of the (theoretical) nominal value that is achieved when issuing units (offering premium).

In addition to transfers from the net consolidated profit/loss, retained earnings include the Group's share in the unappropriated profit/loss of the consolidated subsidiaries to the extent that these profits were generated since their affiliation to the Group. In addition, retained earnings include the effects of actuarial gains/losses and the associated deferred taxes in connection with the recognition of provisions for pensions. This item also includes realized gains and losses from its own credit rating (own credit spread), the associated deferred taxes and realized gains and losses from equity instruments voluntarily recognized at fair value through other comprehensive income.

The breakdown of other comprehensive income is shown in the statement of changes in equity and the statement of comprehensive income.

The additional equity components item includes capital issued by LBBW from an AT1 bond recognized as equity in accordance with IAS 32.16.

EUR million	31/12/2023	31/12/2022
Share capital	3,484	3,484
Capital reserve	8,240	8,240
Retained earnings	2,854	1,665
Other comprehensive income	– 276	– 237
Net consolidated profit/loss	999	1,517
Shareholders' equity	*15,302*	*14,669*
Additional equity components	745	745
Equity attributable to non-controlling interests	21	28
Total	*16,067*	*15,442*

Retained earnings included cumulative actuarial gains/losses after tax of EUR – 836 million (previous year: EUR – 780 million). Profit and loss carryforwards from prior periods were also recognized under Retained earnings.

As at the end of the current reporting period, a measurement effect after deferred taxes of 56 million (previous year: EUR 40 million) in connection with the measurement of LBBW's own credit rating was included in other comprehensive income. Spreads on capital markets for financials and, in turn, LBBW's own credit spread (OCS) increased compared to the previous year as a result of geopolitical developments. As a result of market fluctuation provoked by crises, cumulative measurement gains/losses on financial assets measured at fair value through other comprehensive income had a negative impact on equity.

Equity includes taxes recognized in other comprehensive income of EUR 421 million (previous year: EUR 364 million).

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

55. Capital management

The objective of this process is to ensure adequate capital and liquidity, both during normal business operations and under stress conditions, and thus to guarantee the permanent resilience of the LBBW Group. Normal business operations focus on achieving the company targets while making adequate provisions for stress resistance under stress conditions.

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

The planning thus lays the groundwork for monitoring the targets set at all management levels. Within the management areas and dimensions, deviations from targets are subsequently analyzed, forecasts and target/actual deviations reported and, where necessary, measures to achieve the targets are agreed, implemented and monitored throughout the year. This is carried out by those responsible/the committees within the steering groups.

In addition, compliance with the internal targets and thus with minimum regulatory requirements is also ensured in the case of adverse economic developments. Both the time horizon of medium-term planning and a shock occurrence of stress events are considered here. The members of the Group's Board of Managing Directors with responsibility for managing risks are supported in their decision-making by corporate bodies and a comprehensive risk and subject-specific reporting system. The overall risk report and the report to the Asset Liability Committee (ALCo) thus form the reporting system relevant to risk within the context of the requirements of MaRisk.

The monitoring body, the Risk Committee, comprises the board members with responsibility for real estate and project finance, capital markets business and asset management/international business, risk management, compliance and finance and operations, as well as divisional managers from Risk Control, Group Compliance, Finance Controlling, Treasury and Risk Management and key Front Office areas. As an advisory committee, it prepares decisions for the Board of Managing Directors and supports it in risk monitoring, risk methodology and risk strategy for the Group as a whole. The monthly overall risk report and other reports prepared on specific issues as required form the basis for this.

The managing body, ALCo, also has an advisory role and works on preparing decisions for the Group's Board of Managing Directors. The focus of the ALCo is on strategic resource management for the Group as a whole. It supports the Board of Managing Directors, among other things in structuring the balance sheet, managing capital and liquidity as well as in funding and managing market price risks. The committee comprises the board members with responsibility for capital markets business and asset management/international business, risk management, compliance and finance and operations, as well as the divisional managers from Risk Control, Financial Controlling and Treasury.

The Regulatory/Accounting Committee evaluates at an early stage the requirements of the large number of provisions of banking supervisory law and accounting that are relevant for management purposes and takes the measures required. The committee comprises, among other areas, the board members with responsibility for capital markets business and asset management/international business, risk management and compliance as finance and operations, the head of information technology and divisional managers from the Legal division, Risk Control, Group Compliance, Finance, Finance Controlling, Group Auditing, Treasury and Risk Management.

Economic capital

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).

The internal monitoring of this risk-bearing capacity (RBC) using binding targets and tolerance levels ensures LBBW Group has adequate economic capital both in times of normal business operations as well as under stress conditions. The current focus here is on potential systematic and geopolitical risks, especially regarding monetary policy at the major central banks, as well as other plausible scenarios. Risks within the framework of the LBBW Group's risk-bearing capacity are described before possible measures to limit risks (so-called gross presentation).

See the risk report in the combined management report for details.

Regulatory capital

LBBW Group's capital ratios are calculated according to the provisions of Article 92 CRR in conjunction with Article 11 CRR. Accordingly, the ratios to be fulfilled at all times are:

- Common equity Tier 1 capital ratio (basis: CET 1 capital) of 4.5%, plus relevant capital buffer
- Tier 1 ratio (basis: common equity Tier 1 capital and additional Tier 1 capital) of 6.0%
- Total capital ratio (basis: common equity Tier 1 and additional Tier 1 capital, as well as supplementary capital) of 8.0%

The ECB is conducting the Supervisory Review and Evaluation Process (SREP). Based on this process, the ECB determined that, beyond the minimum requirements under Article 92 CRR, LBBW is again required to maintain a SREP premium of 1.83% in 2023. The practical expedient that states that AT1 and T2 capital can be used in some cases to meet this requirement still applies. In addition to this, the Bank has to meet the requirements of the Pillar II Capital Guidance (P2G) as additional capital guidance. Furthermore, a bank-specific countercyclical capital buffer must be held. This capital buffer can be imposed by countries in the European Economic Area and by third-party states for the major risk exposures in their country. For example, a countercyclical capital buffer of 0.75% has applied in Germany since 1 February 2023. Since 1 February 2023, a sector systemic risk buffer of 2% has also been mandatory for risk exposures or shares of risk exposures to natural persons or legal entities for which real estate liens on residential properties in Germany are taken into account when determining capital requirements. As regards the reciprocal application of a capital buffer for systemic risks of 4.5% introduced in Norway as at 31 December 2023, LBBW is below the materiality threshold of NOK 5 billion.

The ratios in accordance with Article 92 CRR result from the relevant capital components in relation to the total exposure amount, expressed in percent. The total exposure amount is calculated as the risk weighted exposure amounts for the credit and dilution risk, the counterparty risk from the trading book business, market price risk (position, foreign currency and commodity position risks), the risks of credit valuation adjustments for OTC derivatives and operational risk. These ratios required by the supervisory authorities were maintained at all times during the 2023 financial year.

The own funds derive from the sum of Tier 1 and Tier 2 capital.

Tier 1 capital consists of common equity Tier 1 capital and additional Tier 1 capital, whereby the common equity Tier 1 capital comprises the paid-in capital, associated premiums (capital reserves), retained earnings and cumulative other comprehensive income.

The additional Tier 1 capital comprises the AT 1 bond issued in 2019.

Supplementary capital comprises long-term securitized subordinated liabilities and long-term subordinated loans that meet the requirements of Article 63 CRR. Silent partners’ contributions that meet the conditions for consideration as supplementary capital are also counted as part of supplementary capital. The supplementary capital instruments are subject to a day specific reduction in the last five years of their term. In addition, the value adjustment surplus resulting from the reconciliation of expected losses and impairment losses on receivables categorized in accordance with IRB may also be taken into account.

Intangible assets, deferred tax claims from loss carryforwards dependent on future profitability, assets from defined benefit pension funds and the value adjustment deficit for receivables that were calculated pursuant to the IRB approach, must be deducted from the common equity Tier 1 capital. In addition, the gains or losses from own liabilities measured at fair value due to changes in the credit ratings of LBBW Group, gains and losses from derivative liabilities recognized at fair value resulting from the Bank’s own credit risk, as well as value adjustments due to the requirements for a prudent valuation must be deducted when calculating the own funds. Securitization exposures that could be allocated to risk weighted assets at the risk weighting of 1250% and non-performing risk exposures not offset by corresponding allowances for losses on loans and securities are also deductible. Additional deductible items include irrevocable payment obligations towards the deposit guarantee system of the German Savings Bank Association (Deutscher Sparkassen- and Giroverband – DSGV) and towards the Single Resolution Board’s (SRB) resolution fund.

As part of market-smoothing operations, supplementary capital components securitized in securities may be repurchased within the applicable limits. Some directly or indirectly held supplementary capital instruments that have been repurchased must be deducted from the supplementary capital. The fixed ceiling was complied with at all times in 2023.

LBBW applies the internal ratings-based approach (basic IRB approach) approved by the German Federal Financial Supervisory Authority (BaFin) for calculating capital backing for counterparty risks arising from the main exposure classes. Equity requirements for receivables for which permission has not been received to use a rating procedure are calculated in accordance with the credit risk standardized approach (CRSA).

The own funds in accordance with CRR are calculated based on the IFRS financial statements of the entities included in the regulatory scope of consolidation.

The following table shows the structure of the LBBW Group’s own funds and the total amount of risk under current supervisory law (phase-in) as at the reporting date 31 December 2023:

EUR million	31/12/2023	31/12/2022
Own funds	*18,535*	*18,754*
Tier 1 capital	14,412	14,272
of which common equity Tier 1 capital (CET 1)	13,669	13,528
of which additional Tier 1 capital (AT 1)	744	744
Supplementary capital (Tier 2)	4,123	4,482
Total amount at risk	91,840	93,157
Total capital ratio (in %)	20.2	20.1
Tier 1 capital ratio (in %)	15.7	15.3
Common equity Tier 1 (CET 1) capital ratio (in %)	14.9	14.5

EUR million	31/12/2023	31/12/2022
Tier 1 capital	*14,412*	*14,272*
Paid-in capital instruments	3,484	3,484
Premium	8,240	8,240
Additional Tier 1 capital (AT 1)	744	744
Retained profits, cumulative result and other reserves	2,817	2,493
Deductibles from CET 1 capital in accordance with CRR, taking into account transitional provisions	– 873	– 689

Explanation of the changes in 2023 versus 2022

The common equity Tier I (CET 1) of the LBBW Group increased as against the previous year. This is essentially due to including the annual profit from 2022 and doing so in advance for 2023. Actuarial losses had the opposite effect on CET 1. Revaluation reserves for securities and equity investments declined. The deductible item due to securitization exposures increased as a result of a synthetic securitization transaction.

Supplementary capital (T2) declined on account of the amortization of Tier 2 capital components. Other factors included the development of USD and AUD exchange rates and the effects of first-time adoption per IFRS 9 to be deducted from supplementary capital as.

The changes impacting on CET 1 capital have an effect on all capital ratios. A change in supplementary capital is reflected only in the total capital ratio.

The total amount at risk benefited from methodological changes and the removal of the regulatory multiplication factor for the internal risk model. A synthetic securitization transaction also reduced the total amount at risk. Market price risks also declined thanks to lower volatility on interest rate and stock markets.

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".

56. Off-balance-sheet transactions

Contingent liabilities

EUR million	31/12/2023	31/12/2022
Sureties and guarantee agreements	9,902	9,549
Other contingent liabilities	305	230
Total	*10,207*	*9,779*

Contingent liabilities are dominated by sureties and guarantee agreements.

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

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

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

In connection with the European bank levy, the LBBW Group also entered into irrevocable payment obligations of EUR 32 million in the 2023 financial year (cumulative amount since 2015: EUR 151 million). These are recognized as contingent liabilities. Receivables for cash collateral provided were capitalized in the same amount.

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

In connection with the bank-related guarantee system of the Sparkassen-Finanzgruppe, the LBBW Group also entered into irrevocable payment obligations of EUR 31 million in the 2023 financial year (cumulative amount since 2015: EUR 124 million). These are recognized as contingent liabilities. Collateral in the same amount was pledged for these payment obligations in the form of low-risk securities at the Bundesbank.

The following liability relationships exist in addition to the contingent liabilities shown in the above table:

- Pursuant to Section 5 (10) of the bylaws of the German Deposit Protection Fund, LBBW undertook to indemnify Bundesverband Deutscher Banken e.V., Berlin, against any and all losses incurred by the latter as a result of assistance provided to credit institutions that are majority-owned by Landesbank Baden-Württemberg.
- For letters of comfort issued please see the list of shareholdings (Note 58).
- Liabilities from the guarantee obligation: LBBW (Bank) is liable indefinitely for the liabilities of DekaBank Deutsche Girozentrale, Berlin and Frankfurt am Main, and of former LBS Landesbausparkassen Baden-Württemberg, Stuttgart and Karlsruhe created up to 18 July 2001. This also applies externally to the liabilities of the former Landesbank Schleswig-Holstein Girozentrale, Kiel that arose during the period in which it held an interest in the former Landesbank Schleswig-Holstein Girozentrale, Kiel, until 18 July 2001.

Other obligations

EUR million	31/12/2023	31/12/2022
Irrevocable loan commitments	36,409	41,416
Total	*36,409*	*41,416*

The item consists exclusively of the unutilized amount of the commitment granted that the Bank cannot revoke. If a guarantee is drawn on, there is a risk for LBBW that its claim (for recourse) against the guarantee holder or borrower less the collateral is not valuable (see Note 21 for information on allowances for losses on loans and securities).

Further transactions not included in the statement of financial position and other financial obligations

EUR million	31/12/2023	31/12/2022
Payment obligations and joint liability	1,000	457
Obligations from investment projects started	51	59
Revocable loan commitments	24,849	24,447
Miscellaneous	176	139
Total	*26,076*	*25,102*

The following liability relationships exist in addition to the other financial obligations shown in the above table:

Payment obligations and joint liability consist of additional funding obligations to central counterparties in the amount of EUR 997 million (previous year: EUR 453 million). In addition to the items shown in the table, obligations of EUR 215 million (previous year: EUR 218 million) arise each year from rental and lease agreements.

Contingent claims

EUR million	31/12/2023	31/12/2022
Legal disputes	7	0
Total	*7*	*0*

Fiduciary transactions

The trust activities which are not carried in the statement of financial position involve the following types of assets and liabilities and break down as follows:

EUR million	31/12/2023	31/12/2022
Loans and advances to banks	794	798
Loans and advances to customers	49	120
Other assets	13	15
Total trust assets[1]	*857*	*933*
Deposits from banks	856	932
Other liabilities	1	1
Total trust liabilities[1]	*857*	*933*

1 Including receivables and liabilities on behalf of others for the account of a third party (administrative loans).

57. Related party disclosures

Related party transactions are concluded by LBBW in the ordinary course of business.

These include the shareholders of LBBW (see Note 54), controlled subsidiaries that are however not consolidated for reasons of materiality, non-consolidated structured entities, associates, joint ventures, persons in key positions and their relatives, as well as companies controlled by these individuals. Persons in key positions include the members of the Board of Managing Directors and of the Supervisory Board of LBBW (Bank), including relatives. Other related parties/companies also include equity investments by the shareholders and companies on which persons in key positions and their families can exert a dominant or material influence.

Information on the compensation of and transactions with individuals in key positions is shown in Note 60.

The related party transactions were concluded at arm’s length terms in the ordinary course of business. These included loans, overnight and term money, derivatives and securities transactions, among others.

The following table shows the extent of the related party transactions:

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

31/12/2022 EUR million	Shareholders	Members of the Board of Managing Directors and Supervisory Board	Non-consolidated subsidiaries	Associates	Joint ventures	Other related parties
Financial assets measured at amortized cost	529	4	1	60	1	847
Financial assets measured at fair value through other comprehensive income	517	0	23	175	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	469	0	23	186	0	226
Total assets	*1,532*	*4*	*46*	*422*	*1*	*1,074*
Financial liabilities measured at amortized cost	522	7	32	161	6	14,246
Financial liabilities mandatorily measured at fair value through profit or loss	119	0	0	37	0	212
Provisions	0	0	0	0	3	0
Other liabilities	0	0	0	33	0	0
Total equity and liabilities	*641*	*7*	*33*	*230*	*9*	*14,459*
Off-balance-sheet transactions	*330*	*1*	*10*	*72*	*3*	*1,355*

Related party transactions resulted in material effects in net interest income of EUR – 444 million (previous year: EUR 246 million).

LBBW did not exercise the exemption in accordance with IAS 24.25.

58. List of shareholdings and information on subsidiaries, associates and joint ventures

The share of the associates and joint ventures in the aggregate assets and liabilities, as well as revenues and profits/losses for the period are presented in Note 9.

These consolidated financial statements apply the exemption pursuant to Section 264 (3) HGB and Section 264b HGB for the annual financial statements as at 31 December 2023 of the following fully consolidated companies.

- Berlin Lützowstraße GmbH & Co. KG, Stuttgart
- Dritte Industriehof Objekt-GmbH, Stuttgart
- Eberhardstraße Stuttgart GmbH & Co. KG, Stuttgart
- Employrion Immobilien GmbH & Co. KG, Weil
- Entwicklungsgesellschaft Grunewaldstraße 61 – 62 mbH & Co. KG, Stuttgart
- Entwicklungsgesellschaft Uhlandstraße 187 GmbH & Co. KG, Stuttgart
- Erste Industriehof Objekt-GmbH, Stuttgart
- EuroCityCenterWest GmbH & Co. KG, Stuttgart
- FOM/LEG Generalübernehmer GmbH & Co. KG, Stuttgart
- Fünfte Industriehof Objekt-GmbH, Stuttgart
- Grundstücksgesellschaft Einkaufszentrum Kröpeliner-Tor-Center Rostock mbH & Co. KG, Berlin
- IMBW Capital & Consulting GmbH, Stuttgart
- KI Campus 1 GmbH & Co. KG, Stuttgart
- KI Campus 2 GmbH & Co. KG, Stuttgart
- LBBW Immobilien Asset Management GmbH, Stuttgart
- LBBW Immobilien Capital Fischertor GmbH & Co. KG, Munich
- LBBW Immobilien Development GmbH, Stuttgart
- LBBW Immobilien Holding GmbH, Stuttgart
- LBBW Immobilien Management Gewerbe GmbH, Stuttgart
- LBBW Immobilien Süd GmbH & Co. KG, Munich
- LBBW Service GmbH, Stuttgart
- LEG Projektgesellschaft 2 GmbH & Co. KG, Stuttgart
- Mainz Marina A + B GmbH & Co. KG, Stuttgart
- Nymphenburger Straße München GmbH & Co. KG, Stuttgart
- Schlossgartenbau Objekt-GmbH, Stuttgart
- Turtle Portfolio GmbH & Co. KG, Stuttgart
- Turtle Vermögensverwaltungs-GmbH & Co. KG, Stuttgart
- Ungererstraße München GmbH & Co. KG, Stuttgart
- Vierte Industriehof Objekt-GmbH, Stuttgart
- Zweite Industriehof Objekt-GmbH, Stuttgart

The following overview shows the full list of shareholdings of LBBW in accordance with Section 313 (2) HGB in the consolidated financial statements and Section 285 (11) HGB in the annual financial statements of Landesbank Baden-Württemberg including the statements pursuant to Section 285 (11a) HGB as at the reporting date. The list of shareholdings shows the companies for which a letter of comfort has been issued.

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
I. Companies included in the consolidated financial statements							
1. Subsidiaries							
a. Fully-consolidated subsidiaries (authority over the voting rights)							
1	Acteum Investment GmbH[1,6,25]	Dusseldorf	100.0		EUR	1,469.76	1,438.76
2	ALVG Anlagenvermietung GmbH[1,6,7,25]	Stuttgart	100.0		EUR	19,000.00	0.00
3	Austria Beteiligungsgesellschaft mbH[25]	Stuttgart	66.7		EUR	36,970.57	472.18
4	Berlin Hyp AG[5,7,27]	Berlin	100.0		EUR	976,916.47	41,013.32
5	Berlin Lützowstraße GmbH & Co. KG[1,25]	Stuttgart	60.0		EUR	9,000.25	8,961.10
6	Centro Alemán de Industria y Comercio de México S.de R.L.de C.V.[2,25]	Mexico City, Mexico	100.0		MXN	– 10,217.39	1,291.99
7	Dritte Industriehof Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	701.91	0.00
8	Eberhardstraße Stuttgart GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 4,612.95	– 350.14
9	Employrion Komplementär GmbH[1,9,25]	Weil	100.0		EUR	35.23	0.34
10	Entwicklungsgesellschaft Grunewaldstraße 61 - 62 mbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 3,373.13	– 4.65
11	Entwicklungsgesellschaft Uhlandstraße 187 GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 2,214.47	– 5.64
12	Erste Industriehof Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	474.96	0.00
13	EuroCityCenterWest GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	2,765.64	1,830.91
14	EuroCityCenterWest Verwaltungs GmbH[1,25]	Stuttgart	100.0		EUR	33.78	– 0.13
15	FOM / LEG Generalübernehmer GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 8,264.17	1,618.74
16	Fünfte Industriehof Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	575.02	0.00
17	German Centre for Industry and Trade GmbH, Beteiligungsgesellschaft[5,25]	Stuttgart	100.0		EUR	7,720.60	0.00
18	German Centre for Industry and Trade Pte. Ltd.[1,25]	Singapore, Singapore	100.0		SGD	19,900.83	1,676.89
19	IMBW Capital & Consulting GmbH[1,6,25]	Stuttgart	100.0		EUR	250.00	0.00
20	Immobilienvermittlung BW GmbH[25]	Stuttgart	100.0		EUR	3,475.01	707.44
21	Industriehof-Aktiengesellschaft[1,6,25]	Stuttgart	93.6		EUR	23,281.64	0.00
22	KI Campus 1 GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 73.34	– 47.20
23	KI Campus 2 GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 68.42	– 42.31
24	Kiesel Finance Management GmbH[1,25]	Baienfurt	90.0		EUR	50.55	2.10
25	Kommunalbau Rheinland-Pfalz GmbH[1,25]	Stuttgart	100.0		EUR	2,435.37	1.81
26	LBBW Asset Management Investmentgesellschaft mbH[3,7,25]	Stuttgart	100.0		EUR	54,057.87	22,180.53
27	LBBW Corporate Real Estate Management GmbH[25]	Stuttgart	100.0		EUR	3,206.59	592.31
28	LBBW Immobilien Asset Management GmbH[1,6,25]	Stuttgart	100.0		EUR	1,305.03	0.00
29	LBBW Immobilien Capital Fischertor GmbH & Co. KG[1,25]	Munich	100.0		EUR	– 5,250.69	– 18.44
30	LBBW Immobilien Capital GmbH[1,25]	Stuttgart	100.0		EUR	– 4,923.46	– 2,747.47
31	LBBW Immobilien Development GmbH[1,4,6,25]	Stuttgart	94.9		EUR	15,394.95	0.00
32	LBBW Immobilien Development Komplementär GmbH[1,25]	Stuttgart	100.0		EUR	– 745.50	– 4.14
33	LBBW Immobilien Investment Management GmbH[1,25]	Stuttgart	100.0		EUR	– 206.79	– 204.02
34	LBBW Immobilien Kommunalentwicklung GmbH[1,4,6,7,25]	Stuttgart	81.6		EUR	2,016.51	0.00
35	LBBW Immobilien Management Gewerbe GmbH[1,6,25]	Stuttgart	94.9		EUR	3,303.97	0.00
36	LBBW Immobilien Management GmbH[1,6,25]	Stuttgart	100.0		EUR	375,715.71	0.00
37	LBBW Immobilien Romania S.R.L.[1,25]	Bucharest, Romania	100.0		RON	70.22	237.67
38	LBBW Immobilien Süd GmbH & Co. KG[1,25]	Munich	100.0		EUR	– 12,514.60	16,945.86
39	LBBW Immobilien-Holding GmbH[5,25]	Stuttgart	100.0		EUR	402,050.54	0.00
40	LBBW Leasing GmbH i.L.[25]	Mannheim	100.0		EUR	25,012.26	54.08
41	LBBW México[2,25]	Mexico City, Mexico	100.0		USD	3,413.95	988.57
42	LBBW Service GmbH[5,25]	Stuttgart	100.0		EUR	224.67	0.00
43	LBBW US Real Estate Investment LLC[24]	Wilmington, USA	100.0		USD	41,816.47	5,162.70
44	LBBW Venture Capital Gesellschaft mit beschränkter Haftung[25]	Stuttgart	100.0		EUR	40,288.25	– 3,714.81
45	LEG Projektgesellschaft 2 GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	3,708.22	761.08

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
46	LEG Verwaltungsgesellschaft 2 mbH[1,25]	Stuttgart	100.0		EUR	26.28	– 0.14
47	LIAM Horizont Stuttgart GmbH[1,25]	Stuttgart	100.0		EUR	30.30	0.06
48	LOOP GmbH[1,25]	Stuttgart	100.0		EUR	196.56	– 1.64
49	Löwentor Stuttgart Komplementär GmbH[1,25]	Stuttgart	100.0		EUR	30.49	0.69
50	Löwentor Stuttgart Projekt GmbH & Co. KG[1,25]	Stuttgart	70.0		EUR	25,662.48	21,193.60
51	LRP Capital GmbH[1,25]	Stuttgart	100.0		EUR	3,157.78	– 82.50
52	Mainz Marina A + B GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 166.56	– 97.97
53	MMV Bank GmbH[7,25]	Koblenz	100.0		EUR	60,434.36	19,094.54
54	MMV Leasing Gesellschaft mit beschränkter Haftung[1,6,7,25]	Koblenz	100.0		EUR	21,000.00	0.00
55	MMV Versicherungsdienst GmbH[1,6,25]	Koblenz	100.0		EUR	27.05	0.00
56	MMV-Mobilien Verwaltungs- und Vermietungsgesellschaft mbH[1,6,7,25]	Koblenz	100.0		EUR	26.00	0.00
57	Nymphenburger Straße München GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	913.85	112.91
58	Nymphenburger Straße München Komplementär GmbH[1,25]	Stuttgart	100.0		EUR	17.11	– 0.85
59	Projekt 20 Verwaltungs GmbH[1,25]	Munich	100.0		EUR	46.49	1.06
60	Projektgesellschaft SMK 69 mbH[1,25]	Eschborn	60.0		EUR	– 3,672.72	– 642.36
61	Revaler Straße Grundbesitz GmbH[1,25]	Stuttgart	100.0		EUR	– 702.68	56.54
62	Schlossgartenbau Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	18,560.61	0.00
63	Schlossgartenbau-Aktiengesellschaft[1,6,25]	Stuttgart	92.7		EUR	6,592.42	0.00
64	SG Management GmbH[1,25]	Stuttgart	100.0		EUR	11,977.42	– 477.36
65	Signaris GmbH[1,25]	Stuttgart	94.9		EUR	4,370.42	2,166.38
66	SLN Maschinen-Leasing Verwaltungs-GmbH[1,25]	Stuttgart	100.0		EUR	2,222.26	313.72
67	SLP Mobilien-Leasing Verwaltungs GmbH[1,25]	Mannheim	100.0		EUR	417.09	27.64
68	Süd Beteiligungen GmbH[25]	Stuttgart	100.0		EUR	140,089.41	1,859.50
69	Süd KB Sachsen GmbH[1,25]	Leipzig	100.0		EUR	12,218.92	2,517.72
70	Süd KB Unternehmensbeteiligungsgesellschaft mbH[1,25]	Stuttgart	100.0		EUR	39,737.09	– 3,977.51
71	Süd-Kapitalbeteiligungs-Gesellschaft mbH[1,6,25]	Stuttgart	100.0		EUR	61,181.87	0.00
72	SüdFactoring GmbH[3,5,7,25]	Stuttgart	100.0		EUR	70,000.00	0.00
73	SüdLeasing Agrar GmbH[1,7,25]	Mannheim	100.0		EUR	4,211.58	545.09
74	SüdLeasing GmbH[5,7,25]	Stuttgart	100.0		EUR	33,130.86	– 707.02
75	Turtle 1. Verwaltungs-GmbH[1,25]	Frankfurt am Main	100.0		EUR	– 25.30	0.68
76	Turtle Portfolio GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 23,848.12	– 0.97
77	Turtle Vermögensverwaltungs-GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 20,731.22	– 993.41
78	Ungererstraße München GmbH & Co. KG[1,25]	Stuttgart	100.0		EUR	– 1,265.68	– 715.07
79	Vierte Industriehof Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	1,176.78	0.00
80	zob Esslingen Grundbesitz GmbH[1,4,25]	Stuttgart	100.0		EUR	2,251.66	286.31
81	Zweite Industriehof Objekt GmbH[1,6,25]	Stuttgart	100.0		EUR	19,825.72	0.00
82	Zweite LBBW US Real Estate GmbH[25]	Leipzig	100.0		EUR	51,305.81	– 5,233.68
	b. Fully consolidated subsidiaries (authority over contractual agreements)						
83	Employrion Immobilien GmbH & Co. KG[1,25]	Stuttgart	35.0	50.0	EUR	8.00	0.00
84	Grundstücksgesellschaft Einkaufszentrum Kröpeliner-Tor-Center Rostock mbH & Co. KG[1,23]	Berlin	39.9	50.0	EUR	– 9,072.24	– 146.55
85	Weinberg Capital Designated Activity Company[9,23]	Dublin, Ireland			EUR	39.00	– 10.00
86	Weinberg Funding Ltd.[9,25]	St. Helier, Jersey, United Kingdom			EUR	3.55	0.00
	2. Joint ventures accounted for using the equity method						
87	ARGE ParkQuartier Berg[1,25]	Stuttgart	50.0		EUR	– 1,223.21	– 28.56
88	Bad Kreuznacher Entwicklungsgesellschaft mbH i. L. (BKEG)[1,25]	Bad Kreuznach	50.0		EUR	335.89	– 41.63
89	GIZS GmbH & Co. KG[25]	Stuttgart	33.3		EUR	2,828.01	– 13,742.90
90	OVG MK6 Komplementär GmbH i. L.[1,25]	Berlin	50.0		EUR	111.00	– 0.92
91	Parcul Banatului SRL[1,25]	Bucharest, Romania	50.0		RON	17.97	3.54
	3. Associates accounted for using the equity method						
92	Altstadt-Palais Immobilien GmbH & Co. KG[1,25]	Höchstädt an der Donau	40.0	50.0	EUR	– 71.04	– 4.79

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
93	BWK GmbH Unternehmensbeteiligungsgesellschaft [25]	Stuttgart	40.0		EUR	256,222.32	43,821.61
94	BWK Holding GmbH Unternehmensbeteiligungsgesellschaft[25]	Stuttgart	40.0		EUR	14,225.04	– 26.94
95	EGH Entwicklungsgesellschaft Heidelberg GmbH & Co. KG[1,25]	Heidelberg	33.3		EUR	5,682.09	– 781.50
96	Hypo Vorarlberg Bank AG[1,7,25]	Bregenz, Austria	23.1		EUR	1,263,226.86	50,331.97

II. Companies not included in the consolidated financial statements due to being of minor influence

1. Subsidiaries

a. Subsidiaries not included (authority over the voting rights)

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
97	Berlin Hyp Immobilien GmbH[1,25]	Berlin	100.0		EUR	102.83	– 19.45
98	Berlin Lützowstraße Komplementär GmbH[1,25]	Stuttgart	100.0		EUR	5.93	– 4.76
99	DEBTVISION GmbH[1,25]	Stuttgart	100.0		EUR	3,546.56	– 705.10
100	German Centre for Industry and Trade Beijing Co.Ltd.[25]	Beijing, China	100.0		CNY	5,330.68	405.06
101	Heurika Mobilien-Leasing GmbH[1,25]	Mannheim	100.0		EUR	244.03	– 3.28
102	Karin Mobilien-Leasing GmbH i.L.[1,25]	Mannheim	100.0		EUR	884.31	0.00
103	Kröpeliner-Tor-Center Rostock Verwaltungsgesellschaft mbH[1,9,23]	Berlin	100.0		EUR	33.20	1.47
104	Laurus Grundstücksverwaltungsgesellschaft mbH i.L.[25]	Stuttgart	100.0		EUR	1,288.59	– 5.22
105	LBBW (Schweiz) AG i.L.[25]	Zurich, Switzerland	100.0		CHF	8,682.56	– 392.41
106	LBBW Gastro Event GmbH[5,25]	Stuttgart	100.0		EUR	130.00	0.00
107	LBBW Pensionsmanagement GmbH[5,25]	Stuttgart	100.0		EUR	25.00	0.00
108	LBBW REPRESENTAÇÃO LTDA.[2,25]	Sao Paulo, Brazil	100.0		BRL	189.33	– 6.20
109	LEG Osiris 4 GmbH[1,25]	Stuttgart	100.0		EUR	23.13	– 1.24
110	LGZ-Anlagen-Gesellschaft mit beschränkter Haftung i.L.[25]	Mainz	100.0		EUR	2,830.18	– 5.90
111	LLC German Centre for Industry and Trade[25]	Moscow, Russia	100.0		RUB	1,282.52	– 234.04
112	m+m Gebäudetechnik GmbH[1,25]	Berlin	100.0		EUR	3,220.96	2,136.88
113	m+m Gebäudetechnik Holding GmbH[1]	Berlin	70.0		n/s	n/s	n/s
114	MLP Verwaltungs GmbH i.L.[1,25]	Mannheim	100.0		EUR	106.31	0.00
115	MMV-Mittelrheinische Leasing Gesellschaft mit beschränkter Haftung[1,6,25]	Koblenz	100.0		EUR	26.00	0.00
116	Pollux Vierte Beteiligungsgesellschaft mbH[25]	Stuttgart	100.0		EUR	2,268.68	– 26.24
117	SL Bayern Verwaltungs GmbH i.L.[1,25]	Mannheim	100.0		EUR	65.00	0.00
118	SL Bremen Verwaltungs GmbH[1,25]	Mannheim	100.0		EUR	1,382.91	134.91
119	SL BW Verwaltungs GmbH i.L.[1,25]	Mannheim	100.0		EUR	39.64	0.00
120	SL Düsseldorf Verwaltungs GmbH[1,25]	Mannheim	100.0		EUR	593.49	– 1.38
121	SL Operating Services GmbH i.L.[1,25]	Mannheim	100.0		EUR	80.41	0.00
122	SL RheinMainSaar Verwaltungs GmbH[1,25]	Mannheim	100.0		EUR	55.63	– 0.62
123	SL Schleswig-Holstein Verwaltungs GmbH i.L.[1,25]	Mannheim	100.0		EUR	91.56	0.00
124	SL Ventus GmbH & Co. KG i.L.[1,25]	Mannheim	100.0		EUR	458.37	– 3.70
125	Städtische Pfandleihe Stuttgart GmbH[25]	Stuttgart	100.0		EUR	5,057.50	5,078.71
126	Süd Mobilien-Leasing GmbH i.L.[1,25]	Stuttgart	100.0		EUR	28.28	0.00
127	SüdLeasing Finance GmbH[1,25]	Stuttgart	100.0		EUR	22.33	– 0.62
128	SüdLeasing Finance-Holding GmbH i.L.[1,25]	Stuttgart	100.0		EUR	174.58	0.00
129	Yankee Properties II LLC[9]	Wilmington, USA		100.0	n/s	n/s	n/s
130	Yankee Properties LLC[18]	New York, USA	100.0		USD	588.42	– 23.89
131	Zenon Mobilien-Leasing GmbH i.L.[1,25]	Mannheim	100.0		EUR	36.61	0.00
132	Zorilla Mobilien-Leasing GmbH i.L.[1,25]	Mannheim	100.0		EUR	33.79	0.00
133	Zweite Karl-Scharnagl-Ring Immobilien Verwaltung GmbH[1,25]	Munich	100.0		EUR	48.61	1.57

b. Subsidiaries not included (authority over contractual agreements)

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
134	Humboldt Multi Invest B SICAV-FIS Sachsen LB Depot A i.L.[15]	Luxembourg, Luxembourg	100.0		EUR	5,897.89	– 248.71
135	LBBW AM-Start[9]	Stuttgart			n/s	n/s	n/s
136	Weinberg Capital LLC[9]	Wilmington, USA			n/s	n/s	n/s

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
2. Joint ventures not accounted for using the equity method							
137	German Centre for Industry and Trade India Holding-GmbH i.L.[1,25]	Munich	50.0		EUR	422.48	411.01
138	GIZS Verwaltungs-GmbH[25]	Stuttgart	33.3		EUR	59.67	10.74
139	Projektgesellschaft Hangweide GbR[1,9]	Stuttgart		33.3	n/s	n/s	n/s
140	SHS Gesellschaft für Beteiligungen mbH & Co. Mittelstand KG[1,25]	Tübingen	75.0		EUR	1,343.40	– 719.14
141	SWIAT GmbH	Frankfurt am Main	30.0		n/s	n/s	n/s
3. Associates not accounted for using the equity method							
142	21st Real Estate GmbH[1,23]	Berlin	24.5		EUR	775.17	– 1,870.92
143	AGVS Holding GmbH[1,25]	Villingen-Schwenningen	45.0		EUR	22,555.40	2,279.65
144	Deharde GmbH[1,7,25]	Varel	48.9		EUR	– 2,446.34	– 3,424.84
145	EURAMCO Immobilien GmbH[1,25]	Aschheim-Dornach	49.0		EUR	– 3.85	– 9.76
146	Fischer Panda GmbH[1,25]	Paderborn	49.0		EUR	14,459.03	939.41
147	Grundstücks- Vermögens- und Verwaltungs-GbR Stuttgart/Leinfelden-Echterdingen[1,25]	Stuttgart	29.1		EUR	200.57	– 11.57
148	Grundstücks-, Vermögens- und Verwaltungs-GbR Wolfstor 2, Esslingen i.L.[1,25]	Stuttgart	31.0		EUR	112.82	– 0.84
149	Grundstücks-, Vermögens- und Verwaltungs-GbR Ludwigsburg “Am Schloßpark” i.L.[1,25]	Stuttgart	44.6		EUR	141.44	– 0.67
150	Grundstücks-, Vermögens- und Verwaltungs-GbR Stuttgart/Fellbach i.L.[1,25]	Stuttgart	42.6		EUR	120.66	– 1.18
151	Janoschka AG[1,25]	Kippenheim	39.8		EUR	32,417.09	3,532.59
152	Kiesel Finance GmbH & Co. KG[1,9,25]	Baienfurt		75.0	EUR	1,031.65	996.65
153	KKL Holding GmbH[1,25]	Dusseldorf	48.3	47.2	EUR	24,415.34	2,331.76
154	Kreditgarantiegemeinschaft in Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	20.0		EUR	1,022.58	0.00
155	Mittelständische Beteiligungsgesellschaft Sachsen mbH[25]	Dresden	25.3		EUR	49,636.40	189.34
156	OnSite ImmoAgent GmbH[1,25]	Berlin	49.0		EUR	605.49	– 250.97
157	Siedlungswerk GmbH Wohnungs- und Städtebau[7,25]	Stuttgart	25.0	25.0	EUR	314,681.06	21,855.43
158	SL Mobilien-Leasing GmbH & Co. ENERCON KG[1,9,25]	Mannheim		80.0	EUR	18,125.37	111.93
159	SLN Maschinen Leasing GmbH & Co. OHG[1,9,25]	Stuttgart		75.0	EUR	– 2,099.61	984.52
160	SLP Mobilien-Leasing GmbH & Co. OHG in Liquidation[1,9,25]	Mannheim		75.0	EUR	230.08	23.30
161	Sovereign Speed Holding GmbH[1,25]	Hamburg	35.0		EUR	22,469.42	1,335.40
162	Xavin GmbH[1,23]	Stuttgart	29.3		EUR	– 512.46	– 368.44
III. Equity investments within the meaning of Section 271 (1) HGB[8]							
163	3YOURMIND GmbH[1,25]	Berlin	6.4		EUR	3,158.61	– 2,474.70
164	ABE Clearing S.A.S. à capital variable[25]	Paris, France	2.1		EUR	46,639.23	3,997.82
165	Abingworth Bioventures III L. P.[1,25]	London, Great Britain	0.4		USD	1,217.00	0.00
166	Achte Real Estate Poolgesellschaft mbH & Co. Wohnungs-KG i.L.[1,23]	Berlin	0.4		EUR	10,180.31	575.81
167	Acousia Therapeutics GmbH[1,25]	Tübingen	12.3		EUR	– 5,381.29	– 4,365.06
168	ActiTrexx GmbH[1,25]	Mainz	19.4		EUR	947.99	– 801.93
169	ADLATUS Robotics GmbH[1,25]	Ulm	0.6		EUR	– 1,444.15	– 1,284.49
170	African Export-Import Bank[24]	Cairo, Egypt	0.0		USD	4,722,956.06	411,975.38
171	AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung[25]	Frankfurt am Main	3.3		EUR	283,796.10	10,195.00
172	ALPHA CEE II L.P. i.L.[1,25]	Grand Cayman, Cayman Islands	2.4		EUR	24,188.00	– 18,822.00
173	amcure GmbH i.L.[1,25]	Stutensee	18.3		EUR	– 4,366.71	– 988.53
174	Biametrics GmbH i.I.[1,19]	Tübingen	17.5		EUR	– 508.59	– 1,218.76
175	Bluu GmbH[1,25]	Berlin	4.5		EUR	– 4,779.46	– 3,159.07
176	Bürgschaftsbank Sachsen GmbH[25]	Dresden	28.0	18.4	EUR	44,936.44	499.89
177	CCP Systems AG i.I.[1,17]	Stuttgart	1.0		EUR	9,182.77	– 10,654.37

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
178	Cedalo GmbH[1,25]	Freiburg im Breisgau	14.1		EUR	2,675.32	– 860.28
179	CME Group Inc.[26]	Wilmington, USA	0.0		USD	24,327,917.82	2,435,624.75
180	Code Intelligence GmbH[1,25]	Bonn	15.5		EUR	7,773.13	– 3,383.41
181	Computomics GmbH[1,25]	Tübingen	0.9		EUR	344.28	– 1,022.39
182	CorTec GmbH[1,25]	Freiburg	5.7		EUR	– 6,101.95	– 6,173.51
183	crealytics GmbH[1,25]	Passau	9.9		EUR	8,932.24	– 1,085.75
184	CVC European Equity Partners IV (A . L. P.)[1,25]	Grand Cayman, Cayman Islands	0.3		EUR	1,246.35	– 205.96
185	Depository Trust & Clearing Corporation[26]	New York, USA	0.0	0.0	USD	3,093,588.27	301,025.48
186	Deutscher Sparkassen Verlag GmbH[7,25]	Stuttgart	8.1		EUR	239,397.52	24,935.66
187	Dritte SHS Technologiefonds GmbH & Co. KG i.L.[1,25]	Tübingen	4.9		EUR	23,019.53	54,526.04
188	Erste IFD geschlossener Immobilienfonds für Deutschland GmbH & Co. KG i.L.[1,22]	Hamburg	0.2		EUR	1,550.77	0.00
189	EXCIVA GmbH[1,25]	Heidelberg	15.8		EUR	876.39	– 2,839.26
190	FL FINANZ-LEASING GmbH[25]	Wiesbaden	17.0		EUR	– 705.92	– 108.76
191	Fludicon GmbH i.I.[1,17]	Darmstadt	7.9		EUR	516.90	– 2,184.41
192	GbR VÖB-ImmobilienAnalyse[11]	Bonn	25.0	20.0	n/s	n/s	n/s
193	GLB GmbH & Co. OHG[10,23]	Frankfurt am Main	30.1		EUR	2,846.56	– 59.02
194	GLB-Verwaltungs-GmbH[10,23]	Frankfurt am Main	30.0		EUR	61.61	1.99
195	Grundstücks- Vermögens- und Verwaltungs-GbR Leonberg/ Ditzingen i.L.[1,25]	Stuttgart	0.4		EUR	188.91	– 1.08
196	Grundstücks-, Vermögens- und Verwaltungs-GbR Esslingen-Stuttgart i.L.[1,25]	Stuttgart	13.6		EUR	159.11	– 0.92
197	Grundstücks-, Vermögens- und Verwaltungs-GbR Sillenbucher Markt i.L.[1,25]	Stuttgart	0.0		EUR	254.81	– 0.84
198	Grundstücks-Vermögens- und Verwaltungs-GbR, Leinfelden-Echterdingen/Stuttgart-Möhringen i.L.[1,25]	Stuttgart	0.1		EUR	135.44	8.28
199	HANSA TREUHAND Dritter Beteiligungsfonds GmbH & Co. KG i.L.[1,23]	Hamburg	0.0		EUR	645.54	– 1.35
200	HANSA TREUHAND Zweiter Beteiligungsfonds GmbH & Co. KG i.I.[1,12]	Hamburg	0.2		EUR	– 1,784.66	– 528.00
201	Kreditgarantiegemeinschaft der Freien Berufe Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	4.8		EUR	153.39	0.00
202	Kreditgarantiegemeinschaft der Industrie, des Verkehrsgewerbes und des Gastgewerbes Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	15.3		EUR	1,299.87	0.00
203	Kreditgarantiegemeinschaft des Gartenbaues Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	4.5		EUR	138.31	0.00
204	Kreditgarantiegemeinschaft des Handels Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	9.1		EUR	1,021.91	0.00
205	Kreditgarantiegemeinschaft des Handwerks Baden-Württemberg Verwaltungs-GmbH[25]	Stuttgart	9.8		EUR	1,001.05	0.00
206	Kunststiftung Baden-Württemberg gGmbH[25]	Stuttgart	2.1	0.6	EUR	10,028.65	– 1,344.89
207	Marco Polo Network Operations (Ireland) Limited i.I.[1,23]	Cork, Ireland	1.7		USD	5,056.49	– 26,827.93
208	MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg Gesellschaft mit beschränkter Haftung[25]	Stuttgart	9.9	8.3	EUR	99,597.76	7,387.29
209	MFP Munich Film Partners New Century GmbH & Co. HAM Productions KG i.L.[1,21]	Grünwald	0.5		EUR	3,779.73	141.17
210	Oska Health GmbH[1]	Bad Homburg v.d. Höhe	10.8		n/s	n/s	n/s
211	PARAMOUNT GROUP, INC.[1,25]	Lutherville, USA	3.3	3.6	USD	3,992,185.36	– 32,948.36
212	Phenex Pharmaceuticals AG in liquidation[1,25]	Heidelberg	8.9		EUR	1,794.36	1,908.38
213	Poldergesellschaft Neumühlen-Westkai mbH[1,25]	Hamburg	16.7		EUR	178.56	0.00
214	PropTech1 Fund I GmbH & Co. KG[1,25]	Berlin	7.0		EUR	30,336.79	– 3,008.57
215	Reha-Klinik Aukammtal GmbH & Co Betriebs-KG i.I.[1]	Wiesbaden	5.5		n/s	n/s	n/s
216	RSU GmbH & Co. KG[25]	Munich	18.8		EUR	10,919.52	241.08
217	RWSO-Grundstücksgesellschaft TBS der Württembergischen Sparkassenorganisation[25]	Stuttgart	10.0	8.5	EUR	5,758.51	367.34
218	Schiffahrts-Gesellschaft “HS ALCINA” mbH & Co. KG i.L.[1,14]	Hamburg	0.0		EUR	351.16	– 3,497.00

No.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity in EUR th.	Result in EUR th.
219	Schiffahrts-Gesellschaft "HS MEDEA" mbH & Co. KG i.L.[1,20]	Hamburg	0.2		EUR	648.43	– 9.50
220	Schiffahrts-Gesellschaft "HS MOZART" mbH & Co. KG i.I.[1,18]	Hamburg	0.2		EUR	– 7,619.62	0.00
221	Schiffahrts-Gesellschaft "HS ONORE" mbH & Co. KG i.I.[1,18]	Hamburg	0.0		EUR	16,149.92	– 2,644.00
222	SE.M.LABS GmbH i.I.[1,19]	Stuttgart	0.8		EUR	– 474.89	– 331.64
223	SI-BW Beteiligungsgesellschaft mbH & Co. KG[25]	Stuttgart	4.0	4.0	EUR	42,514.92	– 17.31
224	Specter Automation GmbH[1,25]	Cologne	4.6		EUR	– 581.35	– 572.55
225	stimOS GmbH[1,25]	Constance	1.0		EUR	– 923.47	– 422.49
226	Synapticon GmbH[1,23]	Schönaich	0.4		EUR	3,794.57	– 5,032.09
227	tado GmbH[1,25]	Munich	1.1		EUR	31,257.47	– 23,405.94
228	Technologiegründerfonds Sachsen Plus GmbH & Co. KG[1,25]	Leipzig	7.1	7.1	EUR	27,965.44	0.00
229	Technologiegründerfonds Sachsen Seed GmbH & Co. KG[1,25]	Leipzig	3.3		EUR	3,918.67	0.00
230	Technologiegründerfonds Sachsen Start up GmbH & Co. KG[1,25]	Leipzig	10.8		EUR	6,796.08	0.00
231	Teralytics Holding AG[1]	Zurich, Switzerland	6.1		n/s	n/s	n/s
232	Visa Inc.[13]	San Francisco, USA	0.0		USD	32,204,371.63	13,537,584.29
233	VRP Venture Capital Rheinland-Pfalz GmbH & Co. KG i.L.[1,25]	Mainz	16.7		EUR	892.19	1,198.82
234	VRP Venture Capital Rheinland-Pfalz Nr. 2 GmbH & Co. KG i.L.[1,25]	Mainz	16.7		EUR	626.32	320.20
235	Wachstumsfonds Mittelstand Sachsen Plus GmbH & Co. KG[1,25]	Leipzig	12.7	13.7	EUR	11,798.71	0.00
236	Wirtschaftsförderung Region Stuttgart GmbH[1,25]	Stuttgart	16.1		EUR	3,289.22	– 4,165.32
237	Zweiundfünfzigste IFH geschlossener Immobilienfonds für Holland GmbH & Co. KG i.I.[1,16]	Hamburg	1.1		EUR	25,654.00	– 14,921.34

1 Held indirectly.
2 Including shares held indirectly.
3 A letter of comfort exists.
4 A letter of comfort exists on the part of a Group subsidiary.
5 A profit transfer and/or control agreement has been concluded with the company.
6 A profit transfer and/or control agreement has been concluded with another company.
7 Equity investment in a large corporation (Kapitalgesellschaft) with a share of over 5% in voting rights (Section 340a (4) no. 2 HGB).
8 Financial instruments pursuant to IFRS.
9 No shareholdings within the meaning of section 285 no. 11 HGB.
10 Classification as equity investment, as no relevant decisions are made any longer and liquidation is expected.
11 Classification as equity investment, as the company does not generate any commercial activities.
12 The information is based on the last available annual financial statements as at 25/07/2017.
13 The information is based on the last available annual financial statements as at 30/09/2022. Consolidated financial statements.
14 The information is based on the last available annual financial statements as at 30/11/2018.
15 The information is based on the last available annual financial statements as at 31/07/2014.
16 The information is based on the last available annual financial statements as at 31/12/2012.
17 The information is based on the last available annual financial statements as at 31/12/2014.
18 The information is based on the last available annual financial statements as at 31/12/2015.
19 The information is based on the last available annual financial statements as at 31/12/2017.
20 The information is based on the last available annual financial statements as at 31/12/2018. Short financial year from 01/12/2018 to 31/12/2018.
21 The information is based on the last available annual financial statements as at 31/12/2019.
22 The information is based on the last available annual financial statements as at 31/12/2020.
23 The information is based on the last available annual financial statements as at 31/12/2021.
24 The information is based on the last available annual financial statements as at 31/12/2022 in accordance with IFRS.
25 The information is based on the last available annual financial statements as at 31/12/2022.
26 The information is based on the last available annual financial statements as at 31/12/2022. Consolidated financial statements.
27 The information is based on the last available annual financial statements as at 31/12/2022. Short financial year from 01/07/2022 to 31/12/2022.

59. Employees

On average, the number of employees (heads) is as follows:

	2023			2022		
	Male	Female	Total	Male	Female	Total
Full-time	4,674	2,682	7,355	4,617	2,535	7,152
Part-time	334	2,552	2,886	348	2,577	2,925
Trainees[1]	156	107	263	144	117	261
Total[2]	*5,163*	*5,341*	*10,504*	*5,109*	*5,229*	*10,338*

1 Including students at universities of cooperative education.
2 Berlin Hyp's employee headcount is not included in the average calculation for the 2022 financial year until 1 July 2022.

60. Executive and supervisory bodies and positions held

Members of the executive and supervisory bodies

Board of Managing Directors

Chairman

Rainer Neske

Central Divisions

Members

Anastasios Agathagelidis

Risk Management and Compliance

Joachim Erdle (from 01/01/2024)

Corporate Customers

Andreas Götz

Private and Business Customers/Savings Banks

Karl Manfred Lochner (until 31/12/2023)

Corporate Customers

Stefanie Münz

Finance and Operations

Dr Christian Ricken

Capital Markets Business and Asset Management/International Business

Thorsten Schönenberger

Real Estate and Project Finance

Supervisory Board

Chairman

Christian Brand

Former chairman of the Board of Management of L-Bank

Deputy Chairman

Dr Danyal Bayaz

Minister of Finance of the State of Baden-Wurttemberg

Members

Jörg Armborst

Employee Representative of Landesbank Baden-Württemberg

Jens Baumgarten

Employee Representative of Landesbank Baden-Württemberg

Wolfgang Dietz

Lord Mayor of the town of Weil am Rhein

Christian Hirsch (from 22/02/2023)

Employee Representative of Landesbank Baden-Württemberg

Bernhard Ilg

Lord Mayor (retired)

Gabriele Kellermann

Deputy Chairman of the Board of Managing Directors at BBBank eG

Marc Oliver Kiefer (from 22/02/2023)

Employee Representative of Landesbank Baden-Württemberg

Bettina Kies-Hartmann

Employee Representative of Landesbank Baden-Württemberg

Dr Frank Nopper

Lord Mayor of the state capital of Stuttgart

Dr Fritz Oesterle

Attorney at law

Martin Peters

Managing Partner; Chairman of the Executive Board Eberspächer Group GmbH & Co. KG

B. Jutta Schneider

Shareholder of Schneider & Peters Consulting GbR

Peter Schneider

President of the Sparkassenverband Baden-Württemberg (Savings Bank Association of Baden-Württemberg)

Wiebke Sommer

Employee Representative of Landesbank Baden-Württemberg

Dr Florian Stegmann

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

Thomas Strobl

Minister of the Interior, Digitalisation and Local Government for the State of Baden-Wurttemberg

Dr Jutta Stuible-Treder

Attorney at law, German Public Auditor

Burkhard Wittmacher

Chairman of the Board of Managing Directors of Kreissparkasse Esslingen-Nürtingen

Norbert Zipf

Employee Representative of Landesbank Baden-Württemberg

Remuneration of and defined benefit pension commitments to members of the committees

	Board of Managing Directors		Supervisory Board	
EUR million	2023	2022	2023	2022
Remuneration				
Salaries, remuneration and short-term benefits[1]	7.8	6.9	1.1	1.0
Post-employment benefits (total obligations from defined benefit obligations)[2]	12.6	9.8	0.0	0.0
Remuneration for former members and their dependents				
Salaries, remuneration and short-term benefits	12.0	12.8	0.0	0.0
Post-employment benefits (total obligations from defined benefit obligations)[2]	136.6	137.8	0.0	0.0

1 Including attendance allowance.
2 Provisions for pensions including assistance provisions.

As at 31 December 2023, loans granted to and contingent liabilities assumed in favor of members of the Board of Managing Directors and members of the Supervisory Board came to EUR 4 million (previous year: EUR 4 million) of which EUR 3 million (previous year: EUR 3 million) were accounted for by members of the Board of Managing Directors and EUR 1 million (previous year: EUR 1 million) by members of the Supervisory Board.

The loans were extended with an interest rate of between 1.23% and 14.55% and have a remaining term extending from 4 to 36 years. The banking transaction were concluded with all of the cited persons at arm’s length terms and collateral requirements.

As in the previous year, no advances were made to the Board of Managing Directors or the Supervisory Board in the 2023 financial year.

Positions held

Offices held by legal representatives of LBBW and members of the AidA[1] Board of Managing Directors on statutory supervisory boards and similar supervisory bodies of large companies and banks, as well as offices held by employees of LBBW on statutory supervisory boards of large companies and banks are listed below:

1 Institution within the institution.

Company	Position	Incumbent
AVAG Holding SE, Augsburg	Supervisory Board	Karl Manfred Lochner 31/12/2023
Berlin Hyp AG, Berlin	Chairman of the Supervisory Board	Thorsten Schönenberger
	Deputy Chairwoman of the Supervisory Board	Andrea Schlenzig
	Supervisory Board	Dr Christian Ricken
	Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Stefanie Münz
	Supervisory Board	Thomas Weiß
	Supervisory Board	Jana Papst
	Supervisory Board	Thomas Meister
Deutscher Sparkassenverlag GmbH, Stuttgart	Supervisory Board	Andreas Götz
Eurex Clearing Aktiengesellschaft, Frankfurt am Main	Supervisory Board	Dr Thilo Roßberg
EUWAX AG, Stuttgart	Chairman of the Supervisory Board	Dr Christian Ricken
HAMBORNER REIT AG, Duisburg	Supervisory Board	Maria Teresa Dreo-Tempsch
HERRENKNECHT AKTIENGESELLSCHAFT, Schwanau	Supervisory Board	Karl Manfred Lochner 31/12/2023
Hypo Vorarlberg Bank AG, Bregenz, Austria	Supervisory Board	Karl Manfred Lochner 31/05/2023 to 31/12/2023
KIC InnoEnergy SE, Eindhoven	Supervisory Board	Axel Weisheit
Kreditanstalt für Wiederaufbau, Frankfurt am Main	Administrative Board	Rainer Neske
Landeskreditbank Baden-Württemberg – development bank –, Karlsruhe	Administrative Board	Claudia Diem until 31/03/2023
LBBW Asset Management Investmentgesellschaft mbH, Stuttgart	Chairman of the Supervisory Board	Dr Christian Ricken
	Supervisory Board	Cara Friederike Schulze until 11/09/2023
	Supervisory Board	Andreas Götz
LRI Invest S.A., Munsbach, Luxembourg	Supervisory Board	Dr Dirk Franz
	Supervisory Board	Karen Armenakyan from 01/09/2023
Mainzer Stadtwerke AG, Mainz	Supervisory Board	Hannsgeorg Schönig
MMV Bank GmbH, Koblenz	Chairman of the Supervisory Board	Karl Manfred Lochner 31/12/2023
	Deputy Chairman of the Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Peter Hähner
MMV Leasing GmbH, Koblenz	Chairman of the Advisory Board	Karl Manfred Lochner 31/12/2023
	Deputy Chairman of the Advisory Board	Anastasios Agathagelidis
	Advisory Board	Peter Hähner
Siedlungswerk GmbH Wohnungs- und Städtebau, Stuttgart	Deputy Chairman of the Supervisory Board	Thorsten Schönenberger
	Supervisory Board	Andreas Götz
	Supervisory Board	Thomas Christian Schulz
SüdFactoring GmbH, Stuttgart	Chairman of the Supervisory Board	Karl Manfred Lochner 31/12/2023
	Deputy Chairman of the Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Dr Jürgen Harengel from 22/05/2023
	Supervisory Board	Norwin Graf Leutrum von Ertingen
SüdLeasing GmbH, Stuttgart	Chairman of the Supervisory Board	Karl Manfred Lochner 31/12/2023
	Deputy Chairman of the Supervisory Board	Anastasios Agathagelidis
	Supervisory Board	Dr Jürgen Harengel from 22/05/2023
	Supervisory Board	Norwin Graf Leutrum von Ertingen
VPV Lebensversicherungs-Aktiengesellschaft, Stuttgart	Supervisory Board	Claudia Diem until 31/03/2023
Württembergische Versicherung Aktiengesellschaft, Stuttgart	Supervisory Board	Claudia Diem until 31/03/2023

04

Further Information

Responsibility statement

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

Stuttgart, Karlsruhe, Mannheim and Mainz, 27 February 2024

The Board of Managing Directors

Rainer Neske
Chairman

Anastasios Agathagelidis

Joachim Erdle

Andreas Götz

Stefanie Münz

Dr Christian Ricken

Thorsten Schönenberger

Independent auditor's report

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

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions

We have audited the consolidated financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, and its subsidiaries (the Group) which comprise the statement of financial posi-tion as at 31 December 2023, the income statement and the statement of comprehensive income, the state-ment of changes in equity and the cash flow statement and the segment information for the financial year from 1 January to 31 December 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, for the financial year from 1 January to 31 December 2023. In accordance with the German legal requirements, we have not audited the content of the combined non-financial statement contained in the "Combined non-financial statement" section of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the combined non-financial statement contained in the "Combined non-financial statement" section of the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and profes-sional law, and we have fulfilled our other German professional responsibilities in accordance with these re-quirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1. Determination of the fair values of trading transactions and loans using measurement models and techniques (IFRS 13 measurement hierarchy level 2 and level 3).
2. Determination of allowances for credit losses.

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)

b) Auditor's response

1. Determination of the fair values of trading transactions and loans using measurement models and techniques (IFRS 13 measurement hierarchy level 2 and level 3)

a) For some of the trading transactions and loans measured at fair value pursuant to IFRS 13 by Landesbank Baden-Württemberg and recognized under the items of the statement of financial position "Financial assets measured at fair value through other comprehensive income" (EUR 37.0 billion), "Financial assets designated at fair value" (EUR 0.9 billion), "Financial assets mandatorily measured at fair value through profit or loss" (EUR 36.3 billion), "Financial liabilities designated at fair value" (EUR 3.2 billion) and "Financial liabilities mandatorily measured at fair value through profit or loss" (EUR 23.8 billion), no quoted prices are observable on the main market determined by Landesbank Baden-Württemberg. If prices quoted in active markets are not available, measurement methods, prices for similar assets or liabilities on active markets, prices for identical or similar assets or liabilities on non-active markets are used. Input parameters used for measurement models are based on inputs observable on the markets, if available.

In the case of model-based measurements, there are increased risks from valuation uncertainties (e.g., due to the use of inappropriate measurement models or inappropriate characteristics of input factors) and from larger acceptable ranges of the judgments and assumptions needed in measuring these trading transactions and loans. For this reason, we identified the determination of fair values using measurement models to be a key audit matter.

The statements on accounting and measurement of trading transactions and loans is contained in the notes to the consolidated financial statements in sections 22 "Determining fair value", 42 "Fair value and carrying amounts of financial instruments" and 43 "Fair value hierarchy".

b) As part of our audit, we analyzed the trading transactions and loans measured at fair value using models. For this purpose, we assessed the appropriateness and effectiveness of the internal controls relevant for measuring these trading transactions and loans, especially by convincing ourselves of the appropriateness and effectiveness of the audit-relevant controls relating to the Independent Price Verification (IPV) and the model validation. By calling in our internal valuation specialists, who are part of the audit team, we assessed the suitability of the measurement models used in compliance with the requirements of IFRS 13 for products selected according to risk-based criteria.

As at the reporting date, on a sample basis, our internal valuation specialists performed an additional separate, independent remeasurement and/or plausibility check of the trading transactions and loans categorized into level 2 and level 3 of the IFRS 13 measurement hierarchy and recognized at fair value and compared them with the measurement carried out by Landesbank Baden-Württemberg.

2. Determination of allowances for credit losses

a) As at 31 December 2023, in its consolidated financial statements under “Financial assets measured at amortized cost”, Landesbank Baden-Württemberg reported loans and advances to banks and customers totaling EUR 235.1 billion, corresponding to 70.5% of total assets. Of these loans and advances, existing allowances for credit losses totaling EUR 1,675.5 million have already been deducted. The allowances for credit losses contain both stage 3 specific allowances for credit losses of EUR 677.7 million and stage 1 and stage 2 allowances for credit losses calculated on a parameter basis of EUR 997.8 million. There are also contingent liabilities and other obligations of EUR 46.6 billion as well as revocable loan commitments of EUR 24.8 billion for which credit business-related provisions of EUR 284.6 million have been set up. In 2023, the allowances for credit losses (including credit business-related provisions) include net additions to loss allowance adjustments totaling EUR 107.5 million.

For impaired financial instruments (stage 3), the allowances for credit losses are calculated using the method stipulated by the Bank from the difference of the current carrying amount of the loan or advance and the expected future incoming payments derived from at least two scenarios which are discounted on the basis of the original effective interest rate of the loan or advance. For assets that are not significant, the estimate for the allowances for credit losses is the same as for stage 2 allowances for credit losses based on parameters. Relevant provisions may need to be set up for transactions not shown on the face of the statement of financial position that are either subject to the risk of utilization by doubtful debtors (guarantees, warranties) or that are expected to be impaired due to payment obligations.

In addition, for risk allowances for stage 1 and stage 2 financial instruments the Bank determines the expected credit losses using statistically calculated default probabilities and loss given default as well as the expected exposure at default.

Landesbank Baden-Württemberg considers loss allowance adjustments in allowances for credit losses and in credit business-related provisions in order to take appropriate account of its expectations in relation to the economic development.

The lending business is a core business activity at Landesbank Baden-Württemberg. For both the individual and the model-based measurement of loans and advances as well as the calculation of the probable settlement amount of provisions, there is an increased risk that the level of potentially necessary allowances for credit losses is not appropriate. Judgments of the executive directors of the Bank are made, for example, with regard to modeling the measurement models, to the estimates of assumptions and input factors such as expected future incoming payments and with regard to the valuation of collateral or of expected defaults. As the recoverability of financial assets measured at amortized cost and, correspondingly, the appropriate calculation of allowances for credit losses is subject to uncertainty, this matter was particularly important in our audit.

The statements on the determination of allowances for credit losses are contained in the notes to the consolidated financial statements in section 21 “Allowances for losses on loans and securities”.

b) In the context of our risk-based audit approach, we audited the relevant internal control system and also performed substantive audit procedures based on our risk assessment. The tests of design and implementation and of operating effectiveness covered the processes of identifying indications of an impairment (risk early recognition), of assessing customer credit ratings, of measuring collateral and of determining impairments based on cash flows (calculation of stage 3 specific value adjustment). In addition, we implemented a test of design and implementation and of operating effectiveness of the processes for calculating the allowances for credit losses for stage 1 and stage 2 financial instruments and the allowances for credit losses for stage 3 financial instruments calculated on a parameter basis.

On the basis of risk-based perspectives and representatively selected samples, we also examined and assessed the appropriate identification of indications of an impairment and the measurement of loans and advances that needed to be tested for impairment according to an evaluation of Landesbank Baden-Württemberg, including the appropriateness of the estimated values. For measuring loans and advances, we inspected the underlying assumptions, particularly the amount and time of the expected future payments, including the returns from existing collateral and the discounting of the payments in the respective scenarios, including the scenario weighting.

In addition, we verified both the calculated allowances for credit losses for stage 1 and stage 2 financial instruments and the parameter-based calculation of allowance for credit losses for stage 3 financial instruments on the basis of a randomly selected sample and assessed the derivation of the adjustments to allowances for credit losses and the appropriateness of the amount of allowances on the basis of evidence.

In addition, we checked the disclosures in the notes to the consolidated financial statements for completeness and accuracy.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the combined non-financial statement pursuant to Sections 289b to 289e in conjunction with 315b and 315c HGB contained in the "Combined non-financial statement" section of the combined management report,
- the executive directors' confirmation regarding the consolidated financial statements and the combined management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- the annex to the non-financial statement pursuant to Sections 289b to 289e in conjunction with 315b and 315c HGB, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 6d26e787e7cc3dd9716207c8b3707561a6edbda81be8e4c943b9d302810a056e, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Parent are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 21 April 2023. We were engaged by the supervisory board on 16 May 2023. We have been the group auditor of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz/Germany, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Stefan Trenzinger.

Stuttgart/Germany, 4 March 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

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

TRANSLATION

– German version prevails –

Annex to the non-financial statement

Further disclosures in accordance with Article 8 of the EU Taxonomy Regulation

The following tables complete the disclosures of the non-financial statement in the combined management report and satisfy the disclosure requirements in accordance with Article 8 of the EU Taxonomy Regulation.

Taxonomy Regulation templates for the KPIs of credit institutions:

Template 1 (Turnover): Assets for the calculation of GAR

Template 1 (Turnover): Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
EUR million		Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	69,100	24,532	792	254	200	166	2	0	0	0	0	0	0	0
2	Financial undertakings	50,412	15,148	35	0	2	0	0	0	0	0	0	0	0	0
3	Credit Institutions	44,089	9,929	0	0	0	0	0	0	0	0	0	0	0	0
4	Loans and advances	34,104	7,009	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	9,985	2,920	0	0	0	0	0	0	0	0	0	0	0	0
6	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
7	Other financial corporations	6,324	5,219	35	0	2	0	0	0	0	0	0	0	0	0
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
16	of which insurance undertakings	49	21	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	1	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	48	21	0	0	0	0	0	0	0	0	0	0	0	0
19	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
20	Non-financial undertakings	6,803	2,070	503	0	198	166	0	0	0	0	0	0	0	0
21	Loans and advances	6,761	2,056	495	0	196	165	0	0	0	0	0	0	0	0
22	Debt securities, including UoP	42	13	9	0	2	0	0	0	0	0	0	0	0	0
23	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
24	Households	11,877	7,314	254	254	0	0	0	0	0	0				

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Template 1 (Turnover): Assets for the calculation of GAR													
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
	EUR million	Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
25	of which loans collateralised by residential immovable property	7,527	7,044	254	254	0	0	0	0	0	0				
26	of which building renovation loans	172	154	0	0	0	0	0	0	0	0				
27	of which motor vehicle loans	413	19	0	0	0	0								
28	Local governments financing	8	0	0	0	0	0	2	0	0	0	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local government financing	8	0	0	0	0	0	2	0	0	0	0	0	0	0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	172,285													
33	Financial and Non-financial undertakings	160,549													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	117,022													
35	Loans and advances	109,007													
36	of which loans collateralised by commercial immovable property	16,582													
37	of which building renovation loans	45													
38	Debt securities	7,864													
39	Equity instruments	151													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	43,526													
41	Loans and advances	30,268													
42	Debt securities	13,254													
43	Equity instruments	4													
44	Derivatives	1,291													
45	On demand interbank loans	2,293													
46	Cash and cash-related assets	153													
47	Other categories of assets (e.g. goodwill, commodities etc.)	7,999													
48	Total GAR assets	241,385	24,532	792	254	200	166	2	0	0	0	0	0	0	0
49	Assets not covered for GAR calculation	90,906													
50	Central governments and Supranational issuers	15,528													

Template 1 (Turnover): Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
EUR million		Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
51	Central banks exposure	40,029													
52	Trading book	35,349													
53	Total assets	332,291	24,532	792	254	200	166	2	0	0	0	0	0	0	0
Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	4,165	108	11	0	1	8	0	0	0	0	0	0	0	0
55	Assets under management	63,565	1,904	624	0	48	360	27	0	0	0	0	0	0	0
56	of which debt securities	43,927	821	365	0	31	185	15	0	0	0	0	0	0	0
57	of which equity instruments	19,638	1,083	259	0	17	174	12	0	0	0	0	0	0	0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 1 (Turnover): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
EUR million				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
GAR – Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	0	0	24,534	792	254	200	166
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	15,148	35	0	2	0
3	Credit Institutions	0	0	0	0	0	0	0	0	0	0	0	0	9,929	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	7,009	0	0	0	0
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	2,920	0	0	0	0
6	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	5,219	35	0	2	0
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
16	of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	21	0	0	0	0

Template 1 (Turnover): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
EUR million				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
19	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	2,070	504	0	198	166
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	2,056	495	0	196	165
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	13	9	0	2	0
23	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
24	Households	0	0	0	0									7,314	254	254	0	0
25	of which loans collateralised by residential immovable property	0	0	0	0									7,044	254	254	0	0
26	of which building renovation loans	0	0	0	0									154	0	0	0	0
27	of which motor vehicle loans													19	0	0	0	0
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)																	
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	

Template 1 (Turnover): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	EUR million			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
36	of which loans collateralised by commercial immovable property																	
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. goodwill, commodities etc.)																	
48	Total GAR assets	0	0	0	0	0	0	0	0	0	0	0	0	24,534	792	254	200	166
49	Assets not covered for GAR calculation																	
50	Central governments and Supranational issuers																	
51	Central banks exposures																	
52	Trading book																	
53	Total assets	0	0	0	0	0	0	0	0	0	0	0	0	24,534	792	254	200	166
	Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations																	
54	Financial guarantees	0	0	0	0	0	0	0	0	0	0	0	0	109	12	0	1	8
55	Assets under management	0	0	0	0	0	0	0	0	0	0	0	0	1,931	624	0	48	360

Template 1 (Turnover): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
EUR million				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
56	of which debt securities	0	0	0	0	0	0	0	0	0	0	0	0	836	365	0	31	186
57	of which equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	1,095	259	0	17	175

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 2 (Turnover): GAR sector information

Template 2 (Turnover): GAR sector information

			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
88	C	SECTION C — MANUFACTURING	262	58	0	0	0	0	0	0	0	0	0	0	262	58
89	10	Manufacture of food products	1	1	0	0	0	0	0	0	0	0	0	0	1	1
113	108	Manufacture of other food products	1	1	0	0	0	0	0	0	0	0	0	0	1	1
120	1089	Manufacture of other food products n.e.c.	1	1	0	0	0	0	0	0	0	0	0	0	1	1
201	20	Manufacture of chemical products	18	0	0	0	0	0	0	0	0	0	0	0	18	0
202	201	Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics in primary forms and synthetic rubber in primary forms	18	0	0	0	0	0	0	0	0	0	0	0	18	0
205	2013	Manufacture of other inorganic basic chemicals and chemicals	18	0	0	0	0	0	0	0	0	0	0	0	18	0
238	23	Manufacture of glass and glassware, ceramics, finishing of stone	29	0	0	0	0	0	0	0	0	0	0	0	29	0
256	235	Manufacture of cement, lime and plaster	29	0	0	0	0	0	0	0	0	0	0	0	29	0
257	2351	Manufacture of cement	29	0	0	0	0	0	0	0	0	0	0	0	29	0
271	24	Metals production and processing	1	0	0	0	0	0	0	0	0	0	0	0	1	0
281	244	Non-ferrous metal production	1	0	0	0	0	0	0	0	0	0	0	0	1	0
285	2444	Copper production	1	0	0	0	0	0	0	0	0	0	0	0	1	0
293	25	Casting of metals	9	0	0	0	0	0	0	0	0	0	0	0	9	0
294	251	Manufacture of structural metal products	9	0	0	0	0	0	0	0	0	0	0	0	9	0
295	2511	Manufacture of metal structures and parts of structures	9	0	0	0	0	0	0	0	0	0	0	0	9	0
319	26	Manufacture of computer, electronic and optical products	11	1	0	0	0	0	0	0	0	0	0	0	11	1

Template 2 (Turnover): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
320	261	Manufacture of electronic components and boards	11	1	0	0	0	0	0	0	0	0	0	0	11	1
321	2611	Manufacture of electronic components	11	1	0	0	0	0	0	0	0	0	0	0	11	1
355	28	Manufacture of machinery and equipment	27	19	0	0	0	0	0	0	0	0	0	0	27	19
362	282	Manufacture of other general-purpose machinery	20	17	0	0	0	0	0	0	0	0	0	0	20	17
364	2822	Manufacture of lifting and handling equipment	3	1	0	0	0	0	0	0	0	0	0	0	3	1
368	2829	Manufacture of other general-purpose machinery n.e.c.	17	17	0	0	0	0	0	0	0	0	0	0	17	17
374	289	Manufacture of other special-purpose machinery	8	2	0	0	0	0	0	0	0	0	0	0	8	2
381	2899	Manufacture of other special-purpose machinery n.e.c.	8	2	0	0	0	0	0	0	0	0	0	0	8	2
382	29	Manufacture of motor vehicles, trailers and semi-trailers	128	14	0	0	0	0	0	0	0	0	0	0	128	14
383	291	Manufacture of motor vehicles	102	10	0	0	0	0	0	0	0	0	0	0	102	10
384	2910	Manufacture of motor vehicles	102	10	0	0	0	0	0	0	0	0	0	0	102	10
387	293	Manufacture of parts and accessories for motor vehicles	26	3	0	0	0	0	0	0	0	0	0	0	26	3
389	2932	Manufacture of other parts and accessories for motor vehicles	26	3	0	0	0	0	0	0	0	0	0	0	26	3
390	30	Manufacture of other transport equipment	37	22	0	0	0	0	0	0	0	0	0	0	37	22
394	302	Manufacture of railway locomotives and rolling stock	34	22	0	0	0	0	0	0	0	0	0	0	34	22
395	3020	Manufacture of railway locomotives and rolling stock	34	22	0	0	0	0	0	0	0	0	0	0	34	22
396	303	Manufacture of air and spacecraft and related machinery	3	0	0	0	0	0	0	0	0	0	0	0	3	0
397	3030	Manufacture of air and spacecraft and related machinery	3	0	0	0	0	0	0	0	0	0	0	0	3	0

Template 2 (Turnover): GAR sector information

			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
438	D	SECTION D — ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	24	19	0	0	0	0	0	0	0	0	0	0	24	19
439	35	Electricity, gas, steam and air conditioning supply	24	19	0	0	0	0	0	0	0	0	0	0	24	19
440	351	Production of electricity	24	19	0	0	0	0	0	0	0	0	0	0	24	19
441	3511	Transmission of electricity	7	5	0	0	0	0	0	0	0	0	0	0	7	5
443	3513	Distribution of electricity	17	14	0	0	0	0	0	0	0	0	0	0	17	14
506	G	SECTION G — WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	14	9	0	0	0	0	0	0	0	0	0	0	14	9
518	46	Wholesale trade, except of motor vehicles and motorcycles	14	9	0	0	0	0	0	0	0	0	0	0	14	9
519	461	Wholesale on a fee or contract basis	1	1	0	0	0	0	0	0	0	0	0	0	1	1
520	4611	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	1	1	0	0	0	0	0	0	0	0	0	0	1	1
529	462	Wholesale of agricultural raw materials and live animals	13	9	0	0	0	0	0	0	0	0	0	0	13	9
530	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	13	9	0	0	0	0	0	0	0	0	0	0	13	9
622	H	SECTION H — TRANSPORTING AND STORAGE	433	244	0	0	0	0	0	0	0	0	0	0	433	244
623	49	Land transport and transport via pipelines	224	165	0	0	0	0	0	0	0	0	0	0	224	165
624	491	Passenger interurban rail transport	224	165	0	0	0	0	0	0	0	0	0	0	224	165
625	4910	Passenger interurban rail transport	224	165	0	0	0	0	0	0	0	0	0	0	224	165

Template 2 (Turnover): GAR sector information

			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
652	52	Warehousing and support activities for transportation	201	77	0	0	0	0	0	0	0	0	0	0	201	77
655	522	Support activities for transportation	201	77	0	0	0	0	0	0	0	0	0	0	201	77
657	5222	Service activities incidental to water transportation	86	72	0	0	0	0	0	0	0	0	0	0	86	72
658	5223	Service activities incidental to air transportation	115	5	0	0	0	0	0	0	0	0	0	0	115	5
661	53	Postal and courier activities	8	2	0	0	0	0	0	0	0	0	0	0	8	2
662	531	Postal activities under universal service obligation	8	2	0	0	0	0	0	0	0	0	0	0	8	2
663	5310	Postal activities under universal service obligation	8	2	0	0	0	0	0	0	0	0	0	0	8	2
684	J	SECTION J — INFORMATION AND COMMUNICATION	59	1	0	0	0	0	0	0	0	0	0	0	59	1
708	61	Telecommunications	45	1	0	0	0	0	0	0	0	0	0	0	45	1
709	611	Wired telecommunications activities	4	1	0	0	0	0	0	0	0	0	0	0	4	1
710	6110	Wired telecommunications activities	4	1	0	0	0	0	0	0	0	0	0	0	4	1
715	619	Other telecommunications activities	41	0	0	0	0	0	0	0	0	0	0	0	41	0
716	6190	Other telecommunications activities	41	0	0	0	0	0	0	0	0	0	0	0	41	0
717	62	Computer programming, consultancy and related activities	14	0	0	0	0	0	0	0	0	0	0	0	14	0
718	620	Computer programming, consultancy and related activities	14	0	0	0	0	0	0	0	0	0	0	0	14	0
719	6201	Computer programming activities	14	0	0	0	0	0	0	0	0	0	0	0	14	0
762	L	SECTION L — REAL ESTATE ACTIVITIES	1,108	138	0	0	0	0	0	0	0	0	0	0	1,108	138
763	68	Real estate activities	1,108	138	0	0	0	0	0	0	0	0	0	0	1,108	138

Template 2 (Turnover): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
766	682	Renting and operating of own or leased real estate	1,108	138	0	0	0	0	0	0	0	0	0	0	1,108	138
767	6820	Renting and operating of own or leased real estate	1,108	138	0	0	0	0	0	0	0	0	0	0	1,108	138
771	M	SECTION M — PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	157	34	0	0	0	0	0	0	0	0	0	0	157	35
777	70	Activities of head offices; management consultancy activities	157	34	0	0	0	0	0	0	0	0	0	0	157	34
778	701	Activities of head offices	157	34	0	0	0	0	0	0	0	0	0	0	157	34
779	7010	Activities of head offices	157	34	0	0	0	0	0	0	0	0	0	0	157	34
813	N	SECTION N — ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	12	0	0	0	0	0	0	0	0	0	0	0	12	0
838	79	Travel agency, tour operator and other reservation service and related activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0
839	791	Travel agency and tour operator activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0
841	7912	Tour operator activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0
860	82	Business support service activities n.e.c.	7	0	0	0	0	0	0	0	0	0	0	0	7	0
868	829	Other business support service activities	7	0	0	0	0	0	0	0	0	0	0	0	7	0
871	8299	Other business support service activities n.e.c.	7	0	0	0	0	0	0	0	0	0	0	0	7	0

*Proportion of gross carrying amount in Taxonomy relevant sectors (Taxonomy-eligible).

Template 3 (Turnover): GAR KPI stock

Template 3 (Turnover): GAR KPI stock

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	35.5	1.1	0.4	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Financial undertakings	30.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Credit Institutions	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	20.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP	29.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
7	Other financial corporations	82.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
16	of which insurance undertakings	42.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	18.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	43.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
20	Non-financial undertakings	30.4	7.4	0.0	2.9	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Loans and advances	30.4	7.3	0.0	2.9	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Debt securities, including UoP	31.8	20.9	0.0	5.6	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
24	Households	61.6	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0				
25	of which loans collateralised by residential immovable property	93.6	3.4	3.4	0.0	0.0	0.0	0.0	0.0	0.0				
26	of which building renovation loans	89.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
27	of which motor vehicle loans	4.7	0.0	0.0	0.0	0.0								
28	Local governments financing	3.4	0.0	0.0	0.0	0.0	26.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Template 3 (Turnover): GAR KPI stock

% (compared to total covered assets in the denominator)		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	3.4	0.0	0.0	0.0	0.0	26.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	10.2	0.3	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 3 (Turnover): GAR KPI stock

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total assets covered
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.5	1.1	0.4	0.3	0.2	20.8
2	Financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	0.1	0.0	0.0	0.0	15.2
3	Credit Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5	0.0	0.0	0.0	0.0	13.3
4	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	0.0	0.0	0.0	0.0	10.3
5	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.2	0.0	0.0	0.0	0.0	3.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
7	Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.5	0.5	0.0	0.0	0.0	1.9
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.3	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.8	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
20	Non-financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.4	7.4	0.0	2.9	2.4	2.0
21	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.4	7.3	0.0	2.9	2.4	2.0
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.8	20.9	0.0	5.6	1.0	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
24	Households	0.0	0.0	0.0	0.0									61.6	2.1	2.1	0.0	0.0	3.6
25	of which loans collateralised by residential immovable property	0.0	0.0	0.0	0.0									93.6	3.4	3.4	0.0	0.0	2.3
26	of which building renovation loans	0.0	0.0	0.0	0.0									89.1	0.0	0.0	0.0	0.0	0.1
27	of which motor vehicle loans																		

Template 3 (Turnover): GAR KPI stock

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	Proportion of total assets covered
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.2	0.3	0.1	0.1	0.1	72.6

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 4 (Turnover): GAR KPI flow

Template 4 (Turnover): GAR KPI flow

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	23.3	2.2	1.3	1.3	2.0	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0
2	Financial undertakings	20.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Credit Institutions	18.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	16.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP	26.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
7	Other financial corporations	61.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
16	of which insurance undertakings	42.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	42.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
20	Non-financial undertakings	44.4	10.0	0.0	0.1	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Loans and advances	44.4	10.0	0.0	0.1	7.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
24	Households	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8				
25	of which loans collateralised by residential immovable property	67.4	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
26	of which building renovation loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
27	of which motor vehicle loans	0.0	0.0	0.0	0.0	0.0								

Template 4 (Turnover): GAR KPI flow

% (compared to flow of total eligible assets)		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	7.3	0.7	0.4	0.4	0.6	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 4 (Turnover): GAR KPI flow

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to flow of total eligible assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.6	3.5	2.7	2.7	2.0	20.8
2	Financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.7	0.0	0.0	0.0	0.0	18.2
3	Credit Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.1	0.0	0.0	0.0	0.0	17.1
4	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.9	0.0	0.0	0.0	0.0	14.8
5	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.4	0.0	0.0	0.0	0.0	2.3
6	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
7	Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.4	0.0	0.0	0.0	0.0	1.1
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.2	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.2	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
20	Non-financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.4	10.1	0.0	0.1	7.2	1.8
21	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.4	10.1	0.0	0.1	7.2	1.8
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Template 4 (Turnover): GAR KPI flow

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total new assets covered
% (compared to flow of total eligible assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	
23	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
24	Households	0.0	0.0	0.0	0.0									69.7	69.7	69.7	69.7	34.8	0.8
25	of which loans collateralised by residential immovable property	0.0	0.0	0.0	0.0									67.4	1.0	0.0	0.0	0.0	0.4
26	of which building renovation loans	0.0	0.0	0.0	0.0									0.0	0.0	0.0	0.0	0.0	0.0
27	of which motor vehicle loans													0.0	0.0	0.0	0.0	0.0	0.0
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.7	1.1	0.8	0.8	0.6	66.1

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (Turnover): KPI off-balance-sheet exposures (stock)

Template 5 (Turnover): KPI off-balance-sheet exposures (stock)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
1	Financial guarantees (FinGar KPI)	2.6	0.3	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Assets under management (AuM KPI)	3.0	1.0	0.0	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (Turnover): KPI off-balance-sheet exposures (stock)

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
1	Financial guarantees (FinGar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	0.3	0.0	0.0	0.2
2	Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	1.0	0.0	0.1	0.6

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (Turnover): KPI off-balance-sheet exposures (flow)

Template 5 (Turnover): KPI off-balance-sheet exposures (flow)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
1	Financial guarantees (FinGar KPI)	5.4	1.4	0.0	0.1	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Assets under management (AuM KPI)	3.0	1.0	0.0	0.1	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (Turnover): KPI off-balance-sheet exposures (flow)

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
1	Financial guarantees (FinGar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.4	1.4	0.0	0.1	1.1
2	Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	1.0	0.0	0.1	0.6

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 1 (CapEx): Assets for the calculation of GAR

		Template 1 (CapEx): Assets for the calculation of GAR													
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
EUR million		Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	69,100	15,414	980	254	164	240	158	117	0	0	0	0	0	0
2	Financial undertakings	50,412	6,170	100	0	3	17	0	0	0	0	0	0	0	0
3	Credit Institutions	44,089	984	0	0	0	0	0	0	0	0	0	0	0	0
4	Loans and advances	34,104	29	0	0	0	0	0	0	0	0	0	0	0	0
5	Debt securities, including UoP	9,985	955	0	0	0	0	0	0	0	0	0	0	0	0
6	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
7	Other financial corporations	6,324	5,186	100	0	3	17	0	0	0	0	0	0	0	0
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
16	of which insurance undertakings	49	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	1	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	48	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
20	Non-financial undertakings	6,803	1,929	626	0	161	223	156	117	0	0	0	0	0	0
21	Loans and advances	6,761	1,912	619	0	160	222	156	117	0	0	0	0	0	0
22	Debt securities, including UoP	42	17	7	0	1	1	0	0	0	0	0	0	0	0
23	Equity instruments	0	0	0		0	0	0	0		0	0	0		0
24	Households	11,877	7,314	254	254	0	0	0	0	0	0				
25	of which loans collateralised by residential immovable property	7,527	7,044	254	254	0	0	0	0	0	0				
26	of which building renovation loans	172	154	0	0	0	0	0	0	0	0				

Template 1 (CapEx): Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
EUR million		Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
27	of which motor vehicle loans	413	19	0	0	0	0								
28	Local governments financing	8	0	0	0	0	0	2	0	0	0	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local government financing	8	0	0	0	0	0	2	0	0	0	0	0	0	0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)	172,285													
33	Financial and Non-financial undertakings	160,549													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	117,022													
35	Loans and advances	109,007													
36	of which loans collateralised by commercial immovable property	16,582													
37	of which building renovation loans	45													
38	Debt securities	7,864													
39	Equity instruments	151													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	43,526													
41	Loans and advances	30,268													
42	Debt securities	13,254													
43	Equity instruments	4													
44	Derivatives	1,291													
45	On demand interbank loans	2,293													
46	Cash and cash-related assets	153													
47	Other categories of assets (e.g. goodwill, commodities etc.)	7,999													
48	Total GAR assets	241,385	15,414	980	254	164	240	158	117	0	0	0	0	0	0
49	Assets not covered for GAR calculation	90,906													
50	Central governments and Supranational issuers	15,528													
51	Central banks exposure	40,029													
52	Trading book	35,349													
53	Total assets	332,291	15,414	980	254	164	240	158	117	0	0	0	0	0	0

Template 1 (CapEx): Assets for the calculation of GAR

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
		Disclosure reference date 31/12/2023													
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)		
EUR million		Total [gross] carrying amount			Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	4,165	71	35	0	1	28	0	0	0	0	0	0	0	0
55	Assets under management	63,565	3,011	1,319	0	100	585	3,022	2	0	1	0	0	0	0
56	of which debt securities	43,927	1,273	719	0	62	295	1,284	2	0	0	0	0	0	0
57	of which equity instruments	19,638	1,737	600	0	38	290	1,738	0	0	0	0	0	0	0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 1 (CapEx): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	EUR million			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
	GAR – Covered assets in both numerator and denominator																	
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0	0	0	0	0	0	0	0	0	0	0	0	15,572	1,097	254	164	240
2	Financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	6,170	100	0	3	17
3	Credit Institutions	0	0	0	0	0	0	0	0	0	0	0	0	984	0	0	0	0
4	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	29	0	0	0	0
5	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	955	0	0	0	0
6	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
7	Other financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	5,186	100	0	3	17
8	of which investment firms	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
12	of which management companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
16	of which insurance undertakings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0

Template 1 (CapEx): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
	EUR million			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
20	Non-financial undertakings	0	0	0	0	0	0	0	0	0	0	0	0	2,085	743	0	161	223
21	Loans and advances	0	0	0	0	0	0	0	0	0	0	0	0	2,068	736	0	160	222
22	Debt securities, including UoP	0	0	0	0	0	0	0	0	0	0	0	0	17	7	0	1	1
23	Equity instruments	0	0		0	0	0		0	0	0		0	0	0		0	0
24	Households	0	0	0	0									7,314	254	254	0	0
25	of which loans collateralised by residential immovable property	0	0	0	0									7,044	254	254	0	0
26	of which building renovation loans	0	0	0	0									154	0	0	0	0
27	of which motor vehicle loans													19	0	0	0	0
28	Local governments financing	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
29	Housing financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30	Other local government financing	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	0	0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Assets excluded from the numerator for GAR calculation (covered in the denominator)																	
33	Financial and Non-financial undertakings																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations																	
35	Loans and advances																	
36	of which loans collateralised by commercial immovable property																	

Template 1 (CapEx): Assets for the calculation of GAR

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
EUR million				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
37	of which building renovation loans																	
38	Debt securities																	
39	Equity instruments																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations																	
41	Loans and advances																	
42	Debt securities																	
43	Equity instruments																	
44	Derivatives																	
45	On demand interbank loans																	
46	Cash and cash-related assets																	
47	Other categories of assets (e.g. goodwill, commodities etc.)																	
48	Total GAR assets	0	0	0	0	0	0	0	0	0	0	0	0	15,572	1,097	254	164	240
49	Assets not covered for GAR calculation																	
50	Central governments and Supranational issuers																	
51	Central banks exposures																	
52	Trading book																	
53	Total assets	0	0	0	0	0	0	0	0	0	0	0	0	15,572	1,097	254	164	240

Off-balance sheet exposures – undertakings subject to NFRD disclosure obligations

		o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
54	Financial guarantees	0	0	0	0	0	0	0	0	0	0	0	0	71	35	0	1	28
55	Assets under management	0	0	0	0	0	0	0	0	0	0	0	0	6,032	1,321	0	100	586
56	of which debt securities	0	0	0	0	0	0	0	0	0	0	0	0	2,557	721	0	62	295
57	of which equity instruments	0	0	0	0	0	0	0	0	0	0	0	0	3,475	600	0	38	290

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 2 (CapEx): GAR sector information

Template 2 (CapEx): GAR sector information

			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
88	C	SECTION C — MANUFACTURING	288	87	0	0	0	0	0	0	0	0	0	0	288	87
89	10	Manufacture of food products	1	1	0	0	0	0	0	0	0	0	0	0	1	1
113	108	Manufacture of other food products	1	1	0	0	0	0	0	0	0	0	0	0	1	1
201	20	Manufacture of chemical products	18	0	0	0	0	0	0	0	0	0	0	0	18	0
202	201	Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics in primary forms and synthetic rubber in primary forms	18	0	0	0	0	0	0	0	0	0	0	0	18	0
205	2013	Manufacture of other inorganic basic chemicals and chemicals	18	0	0	0	0	0	0	0	0	0	0	0	18	0
224	21	Manufacture of basic pharmaceutical products and pharmaceutical preparations	1	0	0	0	0	0	0	0	0	0	0	0	1	0
227	212	Manufacture of pharmaceutical preparations	1	0	0	0	0	0	0	0	0	0	0	0	1	0
228	2120	Manufacture of pharmaceutical preparations	1	0	0	0	0	0	0	0	0	0	0	0	1	0
238	23	Manufacture of glass and glassware, ceramics, finishing of stone	29	0	0	0	0	0	0	0	0	0	0	0	29	0
256	235	Manufacture of cement, lime and plaster	29	0	0	0	0	0	0	0	0	0	0	0	29	0
257	2351	Manufacture of cement	29	0	0	0	0	0	0	0	0	0	0	0	29	0
293	25	Casting of metals	9	2	0	0	0	0	0	0	0	0	0	0	9	2
294	251	Manufacture of structural metal products	9	2	0	0	0	0	0	0	0	0	0	0	9	2
295	2511	Manufacture of metal structures and parts of structures	9	2	0	0	0	0	0	0	0	0	0	0	9	2

Template 2 (CapEx): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
319	26	Manufacture of computer, electronic and optical products	11	1	0	0	0	0	0	0	0	0	0	0	11	1
320	261	Manufacture of electronic components and boards	11	1	0	0	0	0	0	0	0	0	0	0	11	1
321	2611	Manufacture of electronic components	11	1	0	0	0	0	0	0	0	0	0	0	11	1
355	28	Manufacture of machinery and equipment	28	19	0	0	0	0	0	0	0	0	0	0	28	19
362	282	Manufacture of other general-purpose machinery	20	17	0	0	0	0	0	0	0	0	0	0	20	17
364	2822	Manufacture of lifting and handling equipment	3	1	0	0	0	0	0	0	0	0	0	0	3	1
368	2829	Manufacture of other general-purpose machinery n.e.c.	17	17	0	0	0	0	0	0	0	0	0	0	17	17
374	289	Manufacture of other special-purpose machinery	8	2	0	0	0	0	0	0	0	0	0	0	8	2
381	2899	Manufacture of other special-purpose machinery n.e.c.	8	2	0	0	0	0	0	0	0	0	0	0	8	2
382	29	Manufacture of motor vehicles, trailers and semi-trailers	146	41	0	0	0	0	0	0	0	0	0	0	146	41
383	291	Manufacture of motor vehicles	118	30	0	0	0	0	0	0	0	0	0	0	118	30
384	2910	Manufacture of motor vehicles	118	30	0	0	0	0	0	0	0	0	0	0	118	30
387	293	Manufacture of parts and accessories for motor vehicles	28	11	0	0	0	0	0	0	0	0	0	0	28	11
389	2932	Manufacture of other parts and accessories for motor vehicles	28	11	0	0	0	0	0	0	0	0	0	0	28	11
390	30	Manufacture of other transport equipment	44	22	0	0	0	0	0	0	0	0	0	0	44	22
394	302	Manufacture of railway locomotives and rolling stock	34	22	0	0	0	0	0	0	0	0	0	0	34	22
395	3020	Manufacture of railway locomotives and rolling stock	34	22	0	0	0	0	0	0	0	0	0	0	34	22
396	303	Manufacture of air and spacecraft and related machinery	10	0	0	0	0	0	0	0	0	0	0	0	10	0

Template 2 (CapEx): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
397	3030	Manufacture of air and spacecraft and related machinery	10	0	0	0	0	0	0	0	0	0	0	0	10	0
438	D	SECTION D — ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	25	20	0	0	0	0	0	0	0	0	0	0	25	20
439	35	Electricity, gas, steam and air conditioning supply	25	20	0	0	0	0	0	0	0	0	0	0	25	20
440	351	Production of electricity	25	20	0	0	0	0	0	0	0	0	0	0	25	20
441	3511	Transmission of electricity	8	6	0	0	0	0	0	0	0	0	0	0	8	6
443	3513	Distribution of electricity	17	14	0	0	0	0	0	0	0	0	0	0	17	14
506	G	SECTION G — WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	26	11	0	0	0	0	0	0	0	0	0	0	26	11
518	46	Wholesale trade, except of motor vehicles and motorcycles	20	11	0	0	0	0	0	0	0	0	0	0	20	11
519	461	Wholesale on a fee or contract basis	3	1	0	0	0	0	0	0	0	0	0	0	3	1
520	4611	Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods	3	1	0	0	0	0	0	0	0	0	0	0	3	1
529	462	Wholesale of agricultural raw materials and live animals	14	10	0	0	0	0	0	0	0	0	0	0	14	10
530	4621	Wholesale of grain, unmanufactured tobacco, seeds and animal feeds	14	10	0	0	0	0	0	0	0	0	0	0	14	10
557	466	Wholesale of other machinery, equipment and supplies	2	0	0	0	0	0	0	0	0	0	0	0	2	0
564	4669	Wholesale of other machinery and equipment	2	0	0	0	0	0	0	0	0	0	0	0	2	0
575	47	Retail trade, except of motor vehicles and motorcycles	7	0	0	0	0	0	0	0	0	0	0	0	7	0

Template 2 (CapEx): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
576	471	Retail sale in non-specialized stores	7	0	0	0	0	0	0	0	0	0	0	0	7	0
577	4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating	7	0	0	0	0	0	0	0	0	0	0	0	7	0
622	H	SECTION H — TRANSPORTING AND STORAGE	437	242	0	0	0	0	0	0	0	0	0	0	437	242
623	49	Land transport and transport via pipelines	226	162	0	0	0	0	0	0	0	0	0	0	226	162
624	491	Passenger interurban rail transport	226	162	0	0	0	0	0	0	0	0	0	0	226	162
625	4910	Passenger interurban rail transport	226	162	0	0	0	0	0	0	0	0	0	0	226	162
652	52	Warehousing and support activities for transportation	203	77	0	0	0	0	0	0	0	0	0	0	203	77
655	522	Support activities for transportation	203	77	0	0	0	0	0	0	0	0	0	0	203	77
657	5222	Service activities incidental to water transportation	86	72	0	0	0	0	0	0	0	0	0	0	86	72
658	5223	Service activities incidental to air transportation	117	5	0	0	0	0	0	0	0	0	0	0	117	5
661	53	Postal and courier activities	8	2	0	0	0	0	0	0	0	0	0	0	8	2
662	531	Postal activities under universal service obligation	8	2	0	0	0	0	0	0	0	0	0	0	8	2
663	5310	Postal activities under universal service obligation	8	2	0	0	0	0	0	0	0	0	0	0	8	2
684	J	SECTION J — INFORMATION AND COMMUNICATION	63	3	0	0	0	0	0	0	0	0	0	0	63	3
708	61	Telecommunications	45	1	0	0	0	0	0	0	0	0	0	0	45	1
709	611	Wired telecommunications activities	4	1	0	0	0	0	0	0	0	0	0	0	4	1
710	6110	Wired telecommunications activities	4	1	0	0	0	0	0	0	0	0	0	0	4	1
715	619	Other telecommunications activities	41	0	0	0	0	0	0	0	0	0	0	0	41	0

Template 2 (CapEx): GAR sector information

			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector – NACE 4 digits level (code and label)			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
716	6190	Other telecommunications activities	41	0	0	0	0	0	0	0	0	0	0	0	41	0
717	62	Computer programming, consultancy and related activities	17	1	0	0	0	0	0	0	0	0	0	0	17	1
718	620	Computer programming, consultancy and related activities	17	1	0	0	0	0	0	0	0	0	0	0	17	1
719	6201	Computer programming activities	14	0	0	0	0	0	0	0	0	0	0	0	14	0
720	6202	Computer consultancy activities	3	1	0	0	0	0	0	0	0	0	0	0	3	1
762	L	SECTION L — REAL ESTATE ACTIVITIES	917	224	156	117	0	0	0	0	0	0	0	0	1,073	341
763	68	Real estate activities	917	224	156	117	0	0	0	0	0	0	0	0	1,073	341
766	682	Renting and operating of own or leased real estate	917	224	156	117	0	0	0	0	0	0	0	0	1,073	341
767	6820	Renting and operating of own or leased real estate	917	224	156	117	0	0	0	0	0	0	0	0	1,073	341
771	M	SECTION M — PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	159	40	0	0	0	0	0	0	0	0	0	0	159	40
777	70	Activities of head offices; management consultancy activities	158	40	0	0	0	0	0	0	0	0	0	0	158	40
778	701	Activities of head offices	158	40	0	0	0	0	0	0	0	0	0	0	158	40
779	7010	Activities of head offices	158	40	0	0	0	0	0	0	0	0	0	0	158	40
813	N	SECTION N — ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	15	0	0	0	0	0	0	0	0	0	0	0	15	0
838	79	Travel agency, tour operator and other reservation service and related activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0
839	791	Travel agency and tour operator activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0

Template 2 (CapEx): GAR sector information

Breakdown by sector – NACE 4 digits level (code and label)			a	b	e	f	i	j	m	n	q	r	u	v	y	z
			Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		Water and marine resources (WTR)		Circular economy (CE)		Pollution (PPC)		Biodiversity and ecosystems (BIO)		TOTAL (CCM+CCA+WMR+CE+P+BE)	
			[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
			EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)	EUR million*	Of which environmentally sustainable (Taxonomy-aligned)
841	7912	Tour operator activities	5	0	0	0	0	0	0	0	0	0	0	0	5	0
860	82	Business support service activities n.e.c.	10	0	0	0	0	0	0	0	0	0	0	0	10	0
868	829	Other business support activities	10	0	0	0	0	0	0	0	0	0	0	0	10	0
871	8299	Other business support service activities n.e.c.	10	0	0	0	0	0	0	0	0	0	0	0	10	0

*Proportion of gross carrying amount in Taxonomy relevant sectors (Taxonomy-eligible).

Template 3 (CapEx): GAR KPI stock

Template 3 (CapEx): GAR KPI stock

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	22.3	1.4	0.4	0.2	0.3	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
2	Financial undertakings	12.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Credit Institutions	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP	9.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
7	Other financial corporations	82.0	1.6	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
16	of which insurance undertakings	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
20	Non-financial undertakings	28.4	9.2	0.0	2.4	3.3	2.3	1.7	0.0	0.0	0.0	0.0	0.0	0.0
21	Loans and advances	28.3	9.2	0.0	2.4	3.3	2.3	1.7	0.0	0.0	0.0	0.0	0.0	0.0
22	Debt securities, including UoP	41.1	17.4	0.0	1.4	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
24	Households	61.6	2.1	2.1	0.0	0.0	0.0	0.0	0.0	0.0				
25	of which loans collateralised by residential immovable property	93.6	3.4	3.4	0.0	0.0	0.0	0.0	0.0	0.0				
26	of which building renovation loans	89.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
27	of which motor vehicle loans	4.7	0.0	0.0	0.0	0.0								

Template 3 (CapEx): GAR KPI stock

% (compared to total covered assets in the denominator)		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
28	Local governments financing	3.4	0.0	0.0	0.0	0.0	26.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	3.4	0.0	0.0	0.0	0.0	26.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	6.4	0.4	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 3 (CapEx): GAR KPI stock

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total assets covered
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	
GAR – Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	22.5	1.6	0.4	0.2	0.3	20.8
2	Financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.2	0.2	0.0	0.0	0.0	15.2
3	Credit Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0	13.3
4	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	10.3
5	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.6	0.0	0.0	0.0	0.0	3.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
7	Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	82.0	1.6	0.0	0.0	0.3	1.9
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
20	Non-financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.6	10.9	0.0	2.4	3.3	2.0
21	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.6	10.9	0.0	2.4	3.3	2.0
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	41.1	17.4	0.0	1.4	3.1	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
24	Households	0.0	0.0	0.0	0.0									61.6	2.1	2.1	0.0	0.0	3.6
25	of which loans collateralised by residential immovable property	0.0	0.0	0.0	0.0									93.6	3.4	3.4	0.0	0.0	2.3
26	of which building renovation loans	0.0	0.0	0.0	0.0									89.1	0.0	0.0	0.0	0.0	0.1
27	of which motor vehicle loans																		

Template 3 (CapEx): GAR KPI stock

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total assets covered
% (compared to total covered assets in the denominator)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling	
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.1	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5	0.5	0.1	0.1	0.1	72.6

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 4 (CapEx): GAR KPI flow

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
GAR – Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	10.4	5.3	1.3	1.4	2.8	1.3	1.3	1.3	1.3	0.0	0.0	0.0	0.0
2	Financial undertakings	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Credit Institutions	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Loans and advances	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Debt securities, including UoP	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
7	Other financial corporations	61.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
16	of which insurance undertakings	26.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	26.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
20	Non-financial undertakings	52.5	46.0	0.2	1.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Loans and advances	52.5	46.0	0.2	1.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
23	Equity instruments	0.0	0.0		0.0	0.0	0.0	0.0		0.0	0.0	0.0		0.0
24	Households	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8	34.8				
25	of which loans collateralised by residential immovable property	67.4	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
26	of which building renovation loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
27	of which motor vehicle loans	0.0	0.0	0.0	0.0	0.0								

Template 4 (CapEx): GAR KPI flow

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to flow of total eligible assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	3.3	1.7	0.4	0.5	0.9	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 4 (CapEx): GAR KPI flow

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
% (compared to flow of total eligible assets)				of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which transitional activities	of which enabling activities	Proportion of total assets covered
GAR – Covered assets in both numerator and denominator																			
1	Loans and advances, debt securities and equity instrument not HfT eligible for GAR calculation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.7	6.6	2.7	2.7	2.8	20.8
2	Financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.2	0.0	0.0	0.0	0.0	18.2
3	Credit Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	17.1
4	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	14.8
5	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	0.0	0.0	2.3
6	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
7	Other financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	61.4	0.0	0.0	0.0	0.0	1.1
8	of which investment firms	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
12	of which management companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
16	of which insurance undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.9	0.0	0.0	0.0	0.0	0.0
17	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	26.9	0.0	0.0	0.0	0.0	0.0
18	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
19	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
20	Non-financial undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.5	46.0	0.2	1.0	17.0	1.8
21	Loans and advances	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	52.5	46.0	0.2	1.0	17.0	1.8
22	Debt securities, including UoP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Template 4 (CapEx): GAR KPI flow

	% (compared to flow of total eligible assets)	n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae	af
		Disclosure reference date 31/12/2023																	
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which enabling activities			of which use of proceeds*	of which transitional activities	of which enabling activities	Proportion of total assets covered
23	Equity instruments	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0
24	Households	0.0	0.0	0.0	0.0									69.7	69.7	69.7	69.7	34.8	0.8
25	of which loans collateralised by residential immovable property	0.0	0.0	0.0	0.0									67.4	1.0	0.0	0.0	0.0	0.4
26	of which building renovation loans	0.0	0.0	0.0	0.0									0.0	0.0	0.0	0.0	0.0	0.0
27	of which motor vehicle loans													0.0	0.0	0.0	0.0	0.0	0.0
28	Local governments financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
29	Housing financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
30	Other local government financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
31	Collateral obtained by taking possession: Residential and commercial immovable properties	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
32	Total GAR assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	2.1	0.8	0.9	0.9	66.1

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (CapEx): KPI off-balance-sheet exposures (stock)

Template 5 (CapEx): KPI off-balance-sheet exposures (stock)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
1	Financial guarantees (FinGar KPI)	1.7	0.8	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Assets under management (AuM KPI)	4.7	2.1	0.0	0.2	0.9	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (CapEx): KPI off-balance-sheet exposures (stock)

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
1	Financial guarantees (FinGar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	0.8	0.0	0.0	0.7
2	Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	2.1	0.0	0.2	0.9

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (CapEx): KPI off-balance-sheet exposures (flow)

Template 5 (CapEx): KPI off-balance-sheet exposures (flow)

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Disclosure reference date 31/12/2023												
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which transitional	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling
1	Financial guarantees (FinGar KPI)	9.1	7.5	0.0	0.2	5.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Assets under management (AuM KPI)	4.7	2.1	0.0	0.2	0.9	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Template 5 (CapEx): KPI off-balance-sheet exposures (flow)

		n	o	p	q	r	s	t	u	v	w	x	z	aa	ab	ac	ad	ae
		Disclosure reference date 31/12/2023																
		Circular economy (CE)				Pollution (PPC)				Biodiversity and ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance-sheet assets)				Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which enabling			Of which Use of Proceeds*	Of which transitional	Of which enabling
1	Financial guarantees (FinGar KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.2	7.5	0.0	0.2	5.2
2	Assets under management (AuM KPI)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.5	2.1	0.0	0.2	0.9

*Proportion of Taxonomy-aligned assets for which Use of Proceeds is known.

Taxonomy Regulation templates for nuclear and fossil gas related activities

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

Template 2 (Turnover) Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount [EUR million]	%	Amount [EUR million]	%	Amount [EUR million]	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	0.0	2	0.0	0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	789	0.3	789	0.3	0	0.0
8.	Total applicable KPI	241,385					

Template 3 (Turnover) Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA) Amount [EUR million]	%	Climate change mitigation Amount [EUR million]	%	Climate change adaptation Amount [EUR million]	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	5	0.6	5	0.6	0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	787	99.3	786	99.3	0	100.0
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	792	100.0	792		0	

Template 4 (Turnover) Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA) Amount [EUR million]	%	Climate change mitigation Amount [EUR million]	%	Climate change adaptation Amount [EUR million]	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	14	0.1	14	0.1	0	0.0
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	49	0.2	49	0.2	0	0.0
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	22	0.1	22	0.1	0	0.0
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	23,658	99.6	23,656	99.6	2	100.0
8.	Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	23,742	100.0	23,740		2	

Template 5 (Turnover): Taxonomy non-eligible economic activities

Row	Economic activities	Amount [EUR million]	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	13	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	39	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	22	0.0
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	216,775	100.0
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI’	216,851	100.0

Template 2 (CapEx) Taxonomy-aligned economic activities (denominator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount [EUR million]	%	Amount [EUR million]	%	Amount [EUR million]	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0	0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0	0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0	1	0.0	0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7	0.0	7	0.0	0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,088	0.5	971	0.4	117	0.0
8.	Total applicable KPI	241,385					

Template 3 (CapEx) Taxonomy-aligned economic activities (numerator)

Row	Economic activities	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA) Amount [EUR million]	%	Climate change mitigation Amount [EUR million]	%	Climate change adaptation Amount [EUR million]	%
1.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.1	1	0.1	0	0.0
4.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.1	1	0.1	0	0.0
5.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.1	1	0.1	0	0.0
6.	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	9	0.9	9	1.0	0	0.0
7.	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	1,085	98.9	968	98.7	117	100.0
8.	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	1,097	100.0	980		117	

Template 4 (CapEx) Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM + CCA) Amount [EUR million]	%	Climate change mitigation Amount [EUR million]	%	Climate change adaptation Amount [EUR million]	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.0	3	0.0	0	0.0
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	71	0.5	71	0.5	0	0.0
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0	0	0.0	0	0.0
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	14,400	99.5	14,359	99.5	41	100.0
8.	Total amount and proportion of taxonomy eligible but not taxonomy- aligned economic activities in the denominator of the applicable KPI	14,474	100.0	14,434		41	

Template 5 (CapEx): Taxonomy non-eligible economic activities

Row	Economic activities	Amount [EUR million]	Percentage
1.	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
2.	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
3.	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0
4.	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	0.0
5.	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	71	0.0
6.	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	0	0.0
7.	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	225,738	100.0
8.	Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI’	225,813	100.0

Limited assurance report of the independent practitioner regarding the non-financial reporting

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

Our Engagement

We have performed a limited assurance engagement on the consolidated non-financial statement of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim, Mainz/Germany, (hereafter referred to as “the Company”) for the financial year from January 1 to December 31, 2023 (hereafter referred to as “non-financial reporting”), which is included in the combined management report on the parent and the group and which is combined with the non-financial statement of the Company.

Our assurance engagement does not cover the external sources of documentation or expert opinions stated in the non-financial reporting:

- Website of Landesbank Baden-Württemberg www.LBBW.de (incl. all subpages),
- Website of Berlin Hyp AG www.berlinhyp.de (incl. all subpages),
- “Non-financial statement” of Berlin Hyp AG,
- “LBBW Sustainability Report 2022”,
- Disclosure on ESG risks pursuant to Part 8 CRR II as at December 31, 2022 in the disclosure report,
- “Sustainability Practices at Landesbank Baden-Württemberg”,
- Expert opinion of the consulting firm MACS Energy & Water GmbH, Frankfurt/Germany, on the determination of scope 1, scope 2 and scope 3 emissions,
- Industry data from EUROSTAT,
- Circular 05/2023 (BA) on Minimum Requirements for Risk Management (MaRisk) of the German Federal Financial Supervisory Authority,
- “Data protection information” of Landesbank Baden-Württemberg and BW-Bank,
- “Guidelines for retail and corporate customer advice at BW-Bank”,
- ISS ESG’s Second Party Opinion on the Green Bond Framework, Social Bond Framework and Sustainability Linked Bond Framework,
- ISS ESG’s Second Party Opinion on the issue of a bond with taxonomy-aligned assets,
- “Sustainable transformation. Our path to net zero”,
- “Decarbonization project” of Berlin Hyp AG,
- Extracts from the database of RepRisk AG / Ratings of RepRisk AG,
- Policy Statement of Landesbank Baden-Württemberg on the German Supply Chain Act,
- Certified environmental system in accordance with ESMA and ISO 14001.

In addition, our audit does not cover the CSRD materiality analysis 2023 and the further steps for the CSRD reporting 2024.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the non-financial reporting in accordance with Sections 340a (1a) in conjunction with 289c to 289e German Commercial Code (HGB), Sections 315c in conjunction with 340i (5) in conjunction with 289c to 289e HGB and Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereafter referred to as the “EU Taxonomy Regulation”) and the delegated acts adopted thereon, as well as with the executive directors’ interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon presented in section “Extended disclosures in accordance with Article 8 of the EU Taxonomy Regulation” of the non-financial reporting.

These responsibilities of the executive directors of the Company include the selection and application of appropriate methods regarding the non-financial reporting and the use of assumptions and estimates for individual non-financial disclosures which are reasonable under the given circumstances. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of a non-financial reporting that is free from material misstatement due to fraud (i.e., fraudulent non-financial reporting) or error.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section “Extended disclosures in accordance with Article 8 of the EU Taxonomy Regulation” of the non-financial reporting. They are responsible for the reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation is prone to uncertainty.

The preciseness and completeness of environmental data of the non-financial reporting is subject to inherent restrictions resulting from the manner in which the data was collected and calculated and from assumptions made.

Independence and Quality Assurance of the Independent Practitioner

We have complied with the German professional requirements on independence and other professional rules of conduct.

Our firm applies the national statutory rules and professional announcements – particularly of the “Professional Charter for German Public Auditors and German Sworn Auditors” (BS WP/vBP) and of the quality assurance standards promulgated by the Institut der Wirtschaftsprüfer (IDW) – and therefore maintains a quality management system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

Responsibilities of the Independent Practitioner

Our responsibility is to express a conclusion on the non-financial reporting based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) “Assurance Engagements Other than Audits or Reviews of Historical Financial Information”, adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial reporting, with the exception of the external sources of documentation or expert opinions stated therein, has not been prepared, in all material respects, in accordance with Sections 340a (1a) in conjunction with 289c to 289e HGB, Sections 315c in conjunction with 340i (5) in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the executive directors’ interpretation presented in section “Extended disclosures in accordance with Article 8 of the EU Taxonomy Regulation” of the non-financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner’s professional judgment.

Within the scope of our limited assurance engagement, which we performed between November 2023 and February 2024, we performed, among others, the following procedures and other work:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the process of preparation of the combined non-financial reporting about the process of preparation including the arrangements and measures taken to prepare the combined non-financial reporting, as well as about the disclosures contained in the combined non-financial reporting,
- Identification of risks of material misstatements in the combined non-financial reporting,
- Analytical evaluation of the disclosures contained in the combined non-financial reporting,
- Comparison of the disclosures with the corresponding data in the consolidated financial statements and combined management report,
- Evaluation of the presentation of the disclosure on sustainability performance,
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the non-financial reporting.

The determination of the disclosures pursuant to Article 8 of the EU Taxonomy Regulation requires the executive directors to make interpretations of indefinite legal concepts. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, the legal conformity of the interpretation, and hence our related examination, is prone to uncertainty.

Practitioner's Conclusion

Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the combined non-financial reporting for the financial year from January 1 to December 31, 2023 as a whole has not been prepared, in all material respects, in accordance with Sections 340a (1a) in conjunction with 289c to 289e HGB, Sections 315c in conjunction with 340i (5) in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the executive directors' interpretation presented in section "Extended disclosures in accordance with Article 8 of the EU Taxonomy Regulation" of the non-financial reporting.

We do not express a conclusion on the external sources of documentation or expert opinions stated in the combined non-financial reporting.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" as of January 1, 2017 promulgated by the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was performed for the purposes of the Company and the re-port is solely designed for informing the Company about the findings of the assurance engagement. Therefore, it may not be suitable for another than the aforementioned purpose. Hence, this report should not be used by third parties as a basis for any (asset) decision.

We are liable solely to the Company. However, we do not accept or assume liability to third parties. Our conclusion was not modified in this respect.

Stuttgart/Germany, March 1, 2024

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

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

Note regarding forward-looking statements

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

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

FURTHER INFORMATION ON LANDESBANK BADEN-WÜRTTEMBERG

www.LBBW.de

kontakt@LBBW.de

PUBLISHER'S INFORMATION

Published by:

Landesbank Baden-Württemberg

Am Hauptbahnhof 2

70173 Stuttgart, Germany

www.LBBW.de

kontakt@LBBW.de

Concept & Realization:

Landesbank Baden-Württemberg

The Annual Report is also available in German. The German version of this Annual Report is the authoritative version and only the German version of the Combined Management Report and the Consolidated Financial Statements was audited by the auditors.

LBBW

Breaking new ground

Landesbank Baden-Württemberg
www.LBBW.de
kontakt@LBBW.de

Headquarters

Stuttgart
Am Hauptbahnhof 2
70173 Stuttgart, Germany
Phone + 49 (0) 711 127-0

Karlsruhe
Ludwig-Erhard-Allee 4
76131 Karlsruhe, Germany
Phone + 49 (0) 721 142-0

Mannheim
Augustaanlage 33
68165 Mannheim, Germany
Phone + 49 (0) 621 428-0

Mainz
Rheinallee 86
55120 Mainz, Germany
Phone + 49 (0) 6131 64-0