IBB

Annual Report 2023

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Heike Kemmner and Stephan Waib-linger assess the year 2023 and talk about how flexibility and stability are linked.

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This document is a machine translation of the German-language annual report. This can result in inaccuracies. Therefore, the texts of the German version are authoritative.

4 The bank at a glance

The most important figures at a glance

	2023	2022	2021	2020	2019
	m. EUR	m. EUR	m. EUR	m. EUR	m. EUR
Balance sheet total	1.556,6	1.698,9	1.544,1	1.374,5	1.427,0
Volume of receivables acquired and managed	1.298,1	1,460,2	1.251,0	1.269,3	1.321,5
Customer investment volume	653,2	522,6	717,5	660,6	714,8
Net interest and commission income	66,2	54,5	49,3	49,0	51,6
Administrative expenses	28,9	28,5	27,3	26,7	26,6
Operating result before taxes (before fund for general banking risks § 340 g HGB)	9,4	18,0	19,5	15,8	20,0
Net income for the year	1,8	5,2	5,1	5,1	5,1
Balance sheet equity	158,0	156,6	151,4	146,7	142,0
Own funds	246,9	237,8	226,6	217,4	207,2
Company locations (number)	4	4	5	5	6
Employees (number / without Management Board / reporting date 31.12.)	183	178	185	191	181

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2023

The economic environment ...

The economic environment in 2023 is characterised by high energy prices and rising interest rates. Compared to other economies in the eurozone, Germany recorded the lowest growth since the start of the coronavirus pandemic. Gross domestic product fell by 0.3 %. Many sectors of the economy, especially energy-intensive industries such as the chemical and metal industries, suffered significant losses in some cases. In the construction industry, the combination of high construction costs, a shortage of skilled labour and more difficult financing conditions resulted in minimal growth of just 0.2 %

... and the conditions for the banks

In September 2023, the ECB's key interest rates peaked at 4.50% for main refinancing operations. The increased interest rates caused a sharp decline in demand for financing. A reduction in interest rates is expected in the second half of 2024 at the earliest. Developments in the property market are of particular relevance for IBB: especially in the commercial property market, the Uncertainty about economic developments, changes in yield expectations and increased financing costs have led to a marked reluctance to invest.

Good positioning in a difficult environment

IBB's flexible positioning as a niche bank with four business divisions paid off again in 2023. Diversification proves to be a stabilising factor. Commercial property finance, corporate customers, sports finance and private banking can act as a team, with each member using their strengths to step in when things are not going so well for the others. The corona crisis was also a football crisis. When hardly any games were played, there were also fewer transfers and therefore less need to finance them. During this time, IBB was able to rely on property financing. But times have changed. The stadiums are full and the construction sites are empty. In 2023, the bank consequently scored with good figures in sports financing.

Heike Kemmner Board member responsible for the Market division

Growth in Private Banking

The rise in interest rates in turn provided a welcome tailwind for the private customer business. The bank was able to attract many new customers with highly attractive cash products such as notice money.
With a total investment volume of over 650 million euros, IBB manages more customer assets in 2023 than ever before.
Three values play a prominent role in this business:

> Transparent, fair, honest – that's how we want to do our business.

The bank is probably the only one on the market that allows its customers to benefit so directly from rising interest rates. The EURIBOR interest rate was passed on to customers up to the third decimal place. And even when interest rates fall, as has recently been the case, the IBB only with minimal discounts, so that no loss is made over the term. So everyone wins: the customer enjoys an optimised interest yield. And the bank enjoys attractive private customer deposits, which represent a more attractive financing option than institutional investments. In addition, the growing deposits provide additional stability.

Stephan Waiblinger
Management Board
member responsible
for the back office

Flexibility as a principle for success

The last few years have been characterised by events that were considered almost impossible until they occurred: Corona, Ukraine, interest rate reversal, energy price explosion, inflation. In the business world, such events are referred to as "black swans". The fact is: the black swans have remained and have become the new normality that everyone has to deal with. IBB manages to deal with such phenomena because the bank combines two important characteristics: firstly, a pronounced "doer mentality" – people don't moan, they tackle things, work harder and trust that effort and expertise will pay off. Secondly, because the bank lives by a philosophy that recognises opportunity in everything.

> You have to use even negative influences positively – as an opportunity for new ideas!

An agile team

Implementing long-term plans flexibly in a volatile environment. This requires a special breed of people: employees who are always ready to take on new challenges. want to and can change again. "Everyone can get involved, everyone must get involved" is the motto. In order to offer these people a suitable environment, IBB is also organised somewhat differently than other banks. There are heterogeneous teams for many projects, in which the young and unconventional are allowed to push ahead, but the experienced are always involved.

The challenges remain – as does the fundamental solution

There will be no normality in 2024 either. The familiar challenges will be joined by new ones – and IBB will tackle them as usual: it will keep moving, open up new areas and walk through new doors. A few of these are already known: in the corporate customer segment, business financing will play an important role in the context of succession planning and in private banking, the focus is on increasing market presence. In all of this, however, the approach will be optimistic and full of drive.

> We are moving into the future with commitment and courage. And which begins in the present.

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of Internationales Bankhaus Bodensee AG for the period from 1 January until 31 December 2023

1. Business activities

IBB is an entrepreneurial bank that prioritises close personal contact and an individually tailored range of innovative and reputable investment and financing concepts in its customer relationships. Since its foundation in 1996, Internationales Bankhaus Bodensee AG (IBB) has therefore focussed on selected business areas as a niche provider.

Its business model covers the following segments

- Commercial property customers,
- Private Banking,
- Sports financing,
- Corporate customers.

The Sports Financing and Commercial Real Estate Clients segments focus on short- and medium-term lending business. Medium- to long-term credit and loan terms can also be agreed with corporate customers, but predominantly with variable interest rates or short-term fixed interest rates. In the Private Banking segment, IBB is primarily active in wealth advisory services and asset management for wealthy private clients. IBB maintains proprietary investments in its securities account A - but not for trading purposes, but solely to ensure their liquidity.

IBB offers all services of all segments locally at its headquarters in Friedrichshafen. In the branches, all products and services of the Private Banking segment. In addition, an advisor from the Commercial Real Estate Clients segment in the Munich branch.

1.1 Commercial Real Estate Clients

The target clients in the Commercial Real Estate Clients segment are established and successful property investors with corresponding expertise, who are either acquired in-house or brokered by long-standing partners.

The Bank distinguishes between the following subgroups:

- Property developer: Creates residential and commercial properties for commercial sale. Property developers construct the properties with their own or financed money at their own risk. As a rule, property development projects are handled in accordance with the MaBV.
- Portfolio holder: Financing of existing properties for the purpose of medium and long-term letting or owner-occupation.
- Real estate agent: Acquisition of properties with the aim of reselling them in the short term. As a rule, the target-orientated

In addition, rental and space optimisation measures take place prior to resale. Often, a global buyer has already been determined with the purchase or there are at least interested parties.

- Property developer: The property developer fully plans a construction project. As a rule, the land/building to be developed is acquired with the aim of bringing the project to an approvable or authorised state and selling it as such or implementing it itself.
- Subdivision: Acquisition of properties with the aim of dividing them into separate and partial ownership and then selling them on in the short term.

The corresponding financing is provided primarily in the form of short- to medium-term overdraft facilities and loans.

1.2 Private Banking

The Private Banking segment primarily comprises advisory services for wealthy private clients. The products and services are offered at four locations: Friedrichshafen (head office), Constance, Künzelsau-Gaisbach and Munich.

IBB's product portfolio is aimed at wealthy private individuals, institutional investors and digital investors. Private Banking operates independently of providers or product specifications. The focus is on wealth management and asset management. This pursues a portfolio strategy of global and broad diversification of investment solutions. In collaboration with a cooperation partner, the bank offers digitalised asset management ("IBB jiminy"), with the option of savings, for digitally savvy customers.

1.3 Sports financing

In the Sports Financing segment, national and international receivables are purchased. This primarily involves the purchase of receivables from the football sector in the form of transfer agreements, TV marketing agreements (kick-off and TV money) and sponsorship and advertising agreements. A targeted use of risk transfer instruments involving business partners is utilised for the further expansion of the segment.

1.4 Corporate customers

In the Corporate Clients segment, IBB is a solution provider in clearly defined niches. The product range comprises primarily variable-rate and secondarily fixed-rate loans with medium to long-term maturities. Business activities are focussed on the two sub-segments Corporate Clients and Investments. In the corporate client business, the focus is on equity financing. Other types of financing in this sub-segment include project financing and the refinancing of financial service providers. The target customers here are primarily medium-sized companies (preferably family-owned) headquartered in Germany. In the capital investments sub-segment, the focus is on the mortgage lending business.

2. Economic environment

2.1 General economic conditions

In 2023, the economic environment was characterised in particular by the after-effects of the coronavirus pandemic and the energy crisis. Compared to other economies in the eurozone, Germany recorded The lowest growth since the start of the coronavirus pandemic. Economic output even shrank in the current year and is expected to grow only slowly in the coming year. The challenges have been exacerbated by the sharp rise in energy prices and the high proportion of energy-intensive industries. Despite Despite extensive economic policy measures to convert the energy supply and mitigate the economic consequences of the energy crisis, there are signs of a long-term slowdown in growth.[1]

The German economy recorded a slight decline in gross domestic product (GDP) in 2023. According to initial calculations by the Federal Statistical Office (Destatis), priceadjusted GDP fell compared to the previous year by 0,3 %. Adjusted for calendar effects the economic performance by 0,1 %. This decline is attributed to the ongoing global crises and their impact on the German economy.

Overall economic development in Germany was characterised by high prices in all areas of the economy and unfavourable financing conditions due to rising interest rates. Lower demand from Germany and abroad also contributed to the decline. Compared to 2019, the year before the coronavirus pandemic, GDP was 0.7% higher in 2023. The annual average inflation rate, which has halved since the beginning of 2023, was + 5.9 % compared to 2022.[2]

In the context of Germany's economic development in 2023, differentiated trends are emerging in the individual sectors. The manufacturing industry, excluding construction, is recording a significant decline of 2.0 %, This was primarily due to a decline in production in the energy supply sector. The manufacturing industry also suffered a slight decline of 0.4%, although the automotive industry and other vehicle construction recorded growth. In contrast, energy-intensive sectors such as the chemical and metal industries recorded significant losses. On the other hand, the service sector developed positively, with most areas expanding their economic activity. The information and communication sector is particularly noteworthy with an increase of 2.6%. This indicates a sustained Digitalisation and technology which is also likely to play an important role in the future.

In the construction industry, the continuing high construction costs and in addition to the shortage of skilled labour, the increasingly poor financing conditions were particularly noticeable. Building construction was particularly affected by this. In contrast, production in civil engineering and the finishing trade increased. Overall, the construction industry achieved a small price-adjusted increase of 0.2 % in 2023. Private consumer spending fell by 0.8 %, which is primarily due to the rise in consumer prices. This could indicate a more cautious willingness to spend on the part of consumers. Government consumer spending fell by 1.7%, which is primarily due to the expiry of the state-financed coronavirus measures.[3]

Sentiment in the German economy deteriorated at the end of 2023, as shown by the decline in the ifo Business Climate Index to 86.4 points in December. This decline reflects companies' general dissatisfaction with their current business and increasing scepticism regarding the business outlook for the first half of 2024. A significant decline in the business climate index was observed in the manufacturing industry in particular, which is primarily due to a poorer assessment of the current business situation and more pessimistic expectations. The energyintensive sectors were particularly affected here. In the services sector, on the other hand, the business climate improved slightly as current business was assessed as more satisfactory and future prospects less sceptical. In trade, on the other hand, the business climate deteriorated due to a significantly worse assessment of the current situation and gloomier expectations, particularly against the backdrop of disappointing Christmas business. In the main construction sector, the business climate indicator fell to its lowest level since September 2005, indicating a poorer assessment of the current situation and the expectation of a further deterioration in business in the coming months. Overall, these developments point to a tense and uncertain economic situation in Germany at the end of 2023.[4]

[1] Annual Report of the German Council of Economic Experts 2023/2024, Executive Summary
[2] Federal Statistical Office (Destatis), press release no. 019/24 of 15 January 2024
[3] Federal Statistical Office (Destatis), press release no. 019/24 of 15 January 2024
[4] Results of the ifo Business Surveys in December 2023, ifo Institute, Leibniz Institute for Economic Research at the University of Munich e.V.

2.2 Sector-specific framework conditions

In 2023, the European Central Bank (ECB) pursued an active interest rate policy to control inflation in the eurozone and achieve its medium-term target of 2 %. This policy included several increases in key interest rates and adjustments to the monetary policy programmes. In September 2023, the ECB's key interest rates reached their highest level. After this adjustment, the interest rate for the main refinancing operations was 4.50 %, for the marginal lending facility 4.75 % and for the deposit facility 4.00 %. These interest rates were left unchanged at the December meeting of the ECB Governing Council. The ECB's interest rate hikes in 2023 had a strong impact on the economy. More restrictive financial conditions are dampening demand and contributing to a decline in inflation. Subdued growth is expected in the short term, followed by a recovery due to rising real incomes and increasing foreign demand.[5] The Federal Reserve (Fed) in the US also attempted to respond to the economic challenges, particularly high inflation, with its monetary policy strategy. In December 2023, the Fed decided to leave the key interest rate unchanged in its restrictive range of 5.25 % to 5.5 %. This decision reflected the need to strike a delicate balance: On the one hand, inflation should not exceed the 2 per cent target; on the other hand, the economy should not suffer from the pressure of higher interest rates and potentially significant job losses. A potential reduction in interest rates is expected in the second half of 2024 at the earliest.[6]

In general, banks faced a variety of challenges in 2023, including both regulatory aspects and general market trends. The implementation of regulatory requirements such as the 7th MaRisk amendment, CRR III, CSRD and DORA is crucial to ensure financial stability and digital resilience. At the same time, digitalisation is a key trend that will require new skills. in the areas of data integration and process automation. Banks must also respond to increased competition from FinTechs, for example.

The property market in Germany shows clear signs of cooling in the fourth quarter of 2023. Prices fell by 7.2% compared to the same quarter of the previous year and by 2.2% compared to the third quarter of 2023, which indicates continued uncertainty regarding the economic outlook. The decline in residential property prices was also significant compared to the fourth quarter of 2022 with a drop of 6.1% and compared to the previous quarter with a drop of 1.6%. Prices for owner-occupied residential property and for apartment blocks developed similarly. In Germany's top 7 cities, the price trend for residential property was also negative. The overall index for residential property fell by 5.1% year-on-year and by 1.4% quarteron-quarter. In the individual cities, the rates of change varied between - 4.4 % in Cologne and - 6.3 % in Munich. It is interesting to note that in the top 7 cities, demand exceeded supply on the regional letting markets, which is reflected in rising new contract rents. The corresponding index rose by an average of 5.4 % year-on-year. The price correction on the commercial property market was even more pronounced. Here, a year-on-year decline of 12.1 % and 4.9 % in the quarter-on-quarter comparison. The reluctance to invest is due to uncertainty about economic developments and changes in return expectations in the market and underlines the greater volatility in this segment compared to the residential property sector.[7]

The economic development of the European football market in the 2022 / 2023 season shows a strong growth. Commercial revenue has increased for almost all clubs, reflecting their continued attractiveness to sponsors and fans. Revenue of around EUR 6.6 billion is forecast for the top five European leagues for the 2022 / 2023 season (2021 / 2022: around EUR 6.4 billion). This enabled top European clubs such as Manchester City and FC Bayern Munich increased their total revenue by 13% each to around EUR 826 million and around EUR 434.5 million respectively increase. Matchday revenue was a key factor in the financial upturn of Europe's top clubs, contributing over EUR 660 million to total operating income. The market value of the squad remains an important indicator of a football club's financial strength and potential. Manchester City still has the highest market value (EUR 1.4 billion), followed by Paris Saint-Germain and FC Bayern Munich. In addition, transfer policy, in particular the sale of key players and the development of young talent, plays a decisive role in the financial performance of clubs.[8]

In this environment, IBB continued to operate as a niche bank with its business model in 2023, focussing on the four segments described above. Thanks to this business model, the bank continues to be able to hold its own in the individual segments and thus partially the strong competition with crowding-out effects. Furthermore, diversification into four segments with niche products has proven to be a stabilising factor in times of geopolitical uncertainty and a very challenging economic environment.

[5] Press release ECB monetary policy decisions December 2023

[6] www.federalreserve.gov

[7] Vdp property price index Q4 2023

[8] Deloitte Football Money League 2023

3.1 Earnings situation

IBB was able to close the 2023 financial year with a positive result despite the challenging economic environment. Net interest and commission income increased significantly by 11.8% in total, in particular due to developments on the interest and capital markets. Due to the significant increase in net risk provisioning, the operating result before taxes fell by EUR 8.6 million to EUR 9.4 million compared to the 2022 financial year.

3.1.1 Net interest income

In the 2023 financial year, the Bank generated net interest income that was significantly above the previous year's level (+ EUR 10.6 million). Both interest income and interest expenses increased sharply by EUR 39.8 million and EUR 29.2 million respectively. The rising interest income The increase in interest and interest expenses reflects the rise in interest rates in the past financial year. The volume-related decline in both positions was thus significantly overcompensated.

3.1.2 Net commission income and securities portfolios

At EUR 4.2 million, net profit for the past financial year increased significantly compared to the previous year (EUR 3.1 million).

	2023	2022	Changes	
	m. EUR	m. EUR	m. EUR	%
Net interest and commission income	**66,2**	**54,5**	**11,8**	**21,6**
Net interest income	62,0	51,4	10,6	20,6
Net commission income	4,2	3,1	1,2	37,7
Administrative expenses (incl. depreciation)	**28,9**	**28,5**	**0,4**	**1,4**
Personnel costs	17,7	17,5	0,2	1,3
Material costs	10,9	10,7	0,2	2,0
Other operating result	**0,9**	**1,0**	**–0,1**	**–10,0**
Net risk provisioning	**28,8**	**8,9**	**19,8**	**221,8**
Operating result before taxes (before fund for general banking risks in accordance with Section 340g HGB and profit transfer)	**9,4**	**18,0**	**–8,6**	**–47,5**
Profit transferred on the basis of a profit pooling agreement, a profit transfer agreement or a partial profit transfer agreement winnings	**3,6**	**3,6**	**–**	**–**
Allocation to the fund for general Banking risks according to § 340g HGB	**1,0**	**4,3**	**–3,3**	**–77,3**
Net income for the year	**1,8**	**5,2**	**–3,4**	**–66,2**

Commission income decreased by EUR 1.3 million to EUR 6.7 million, while the decline in commission expenses was almost twice as high (- EUR 2.4 million). Most of the decline in commission income resulted from the Corporate Clients segment (EUR - 1.3 million). The decline in commission expenses is primarily due to lower expenses in the Sports Finance (EUR - 1.2 million) and Corporate Clients (EUR - 1.2 million) segments.

The total investment volume in the Private Banking segment amounted to 31 December 2023 to EUR 653.2 million, a significant increase compared to the previous year (EUR 522.6 million). Asset management accounts for EUR 91.0 million, which represents an increase of EUR 17.8 million over the course of the year. The securities account volume increased year-on-year from EUR 434.9 million to EUR 451.2 million (+ 3.7 %). In the same period, the liability share of the total investment volume increased from EUR 87.7 million to EUR 202.0 million (+ 130.3 %).

3.1.3 Financial and investment result

In addition to the provisions of the German Banking Act (KWG), the provisions of the CRR - Capital Requirements Regulation (Regulation (EU) No. 575/2013) - which constitute directly applicable EU law. Article 94 of the CRR provides a simplification rule for the capital requirements of institutions that only conduct a small amount of trading book activities.

As in the previous year, the 2023 financial year also saw no trading book activities in the Bank's securities account A. There were no items in the trading portfolio on the balance sheet date; Consequently, there is no net result from trading portfolio. Accordingly, IBB utilises the exemptions under Article 94 CRR.

Depot A exclusively contains bonds with a balance sheet volume totalling EUR 127.4 million (previous year: EUR 117.7 million), of which EUR 108.7 million (previous year: EUR 85.0 million) are at fixed interest rates and EUR 18.7 million (previous year: EUR 32.5 million) at variable interest rates.

The issuers are German federal states, national and European development banks, public-law institutions, co-operative banks and mortgage banks.

A slightly higher partial amount of EUR 15.2 million (previous year: EUR 15.0 million) is allocated to the liquidity reserve and EUR 112.2 million (previous year: EUR 102.6 million) to the banking book. The entire securities portfolio is deposited in the pledged securities account of the Deutsche Bundesbank.

3.1.4 Administrative expenses

Administrative expenses consist of personnel expenses and other administrative expenses (incl. depreciation). This overall item totalled EUR 28.9 million and was therefore EUR 0.4 million higher than in the previous year. In detail, there was a marginal increase of EUR 0.2 million in both operating and personnel expenses.

The higher gross profit of EUR 66.2 million (previous year: EUR 54.5 million) and administrative expenses (including depreciation) of EUR 28.9 million (previous year: EUR 28.5 million) led to a significant improvement in the cost/income ratio (CIR) from 0.52 to 0.43.

			Change	
	31.12.2023	31.12.2022	absolute	%
CIR[9]	0,43	0,52	−0,09	−17,1

3.1.5 Risk provisioning

In the past financial year, there was a sharp increase in the valuation result in an economic environment characterised by uncertainty, despite consistent risk-oriented management of the loan portfolio.

The negative valuation result increased by EUR 19.9 million compared to the previous year to EUR 28.8 million. Additions to specific valuation allowances on receivables increased significantly from EUR 10.4 million in the previous year to EUR 28.0 million. The additions are primarily due to necessary individual value adjustments in the Commercial Real Estate Clients segment (EUR 17.7 million). The difficult situation on the property market had a negative impact on the development individual exposures in this segment. Further additions result from the Corporate Customers segment. 7.1 million is attributable to an individual exposure. Expenses for credit insurance increased from EUR 1.6 million in the previous year to EUR 1.8 million. This is due to an increasing volume of receivables in the Sports Financing segment.

The calculation of risk provisioning for foreseeable counterparty default risks that have not yet been individually specified (general loan loss provision) is carried out in accordance with a procedure pursuant to IAS 39. IDW RS BFA 7. Due to the continuing challenging economic conditions and uncertainties, particularly in the commercial property clients segment, a management adjustment was made to the consolidated financial statements in the form of a management adjustment, as in the previous year. the taxed PWB in the amount of EUR 2.5 million was retained. The previous share was reclassified in full for the Corporate Clients segment (EUR 0.7 million) to the Commercial Real Estate Clients segment. General value adjustments and provisions increased by a total of EUR 3.4 million and amounted to EUR 14.7 million as at 31 December 2023.

3.1.6 Operating result and net profit for the year

At EUR 38.2 million, the operating result before risk assessment is above the previous year's level (EUR 26.9 million) with a rising earnings situation. Risk provisions, which were significantly higher than in the previous year, led to a reduced operating result after risk of EUR 9.4 million (previous year: EUR 18.0 million). This includes additions to the fund for general banking risks in accordance with Section 340g HGB in the amount of EUR 1.0 million as well as a partial profit transfer of EUR 3.6 million. The net profit for the year, or profit after tax, amounted to EUR 1.8 million (previous year: EUR 5.2 million).

[9] Administrative expenses (incl. depreciation) ÷ (gross profit + other operating result)

3.2 Financial position and net assets

3.2.1 Principles and objectives of financial management

The aim of financial management is to provide IBB with the necessary financial resources in a risk- and cost-optimized manner.

with the necessary financial resources. In particular, solvency must be guaranteed at all times. As a niche institution, IBB's business focus is on lending business in the corporate and real estate customer business, in the sports financing segment and in asset investment and management. This business model enables the bank to manage its assets and liabilities with largely matching maturities. The refinancing risk is reduced through a broad diversification of financing sources, particularly capital collection agencies. In addition, the increasing volume of deposits at notice ensures greater stability in refinancing.

Capital structure	31.12.2023 m. EUR	31.12.2022 m. EUR
Customer business	**1.166,5**	**1.280,1**
Demand deposits	307,6	221,2
Term deposits	858,8	1.058,9
up to 1 year	722,4	842,8
2 to 3 years	120,6	181,1
3 to 5 years	15,8	35,0
longer than 5 years	0	0
Credit institutions	**88,4**	**132,9**
variable	77,8	79,3
firm	10,7	53,6
up to 1 year	1,1	40,1
2 to 3 years	5,9	6,2
3 to 5 years	1,0	3,1
longer than 5 years	2,6	4,2
Own funds in accordance with CRR	**246,9**	**237,8**
Common equity tier 1 capital	205,3	196,1
Additional core capital	19,5	19,5
Supplementary capital	22,2	22,2
Other liabilities	**85,3**	**62,4**
Total	**1.587,1**	**1.713,1**

The figures shown above are gross volumes (excluding accrued interest and meta-portions, etc.). There are therefore differences compared to the balance sheet under commercial law.

3.2.2 Balance sheet and profitability ratios

	31.12.2023	31.12.2022	Changes absolute	Changes %
Balance sheet total (EUR million)	1.556,6	1.698,9	–142,3	–8,4
Business volume[10] (EUR million)	1.647,2	1.849,0	–201,8	–10,9
Total capital ratio[11] (%)	16,5	14,9	1,6	11,0
Return on equity before taxes[12] (before funds for general banking risks in accordance with section 340g HGB) (%)	9,3	18,7	–9,4	–50,1
Return on equity after taxes[13] (%)	1,7	5,4	–3,7	–67,8
Return on investment after taxes[14] (%)	0,1	0,3	–0,2	–63,1
Operating result before risk assessment (EUR million)/ Average balance sheet total (EUR million)	2,3	1,7	0,6	38,7

In the 2023 financial year, the key balance sheet figures for the IBB's balance sheet is satisfactory. Total assets were reduced by EUR 142.3 million to EUR 1,556.6 million in the past year. The volume of business was also reduced and, at EUR 1,647.2 million at the end of the year, totalled EUR 201.8 million less than in the same period of the previous year.

On the assets side, the reduction in total assets is due to the lower volume of receivables from customers in the amount of of EUR 1,207.0 million (previous year: EUR 1,338.9 million). The main reason for the sharp decline is the lower volume of receivables in the Commercial Real Estate Clients segment, which fell by EUR 125.9 million compared to the previous year. This decline occurred as planned due to conservative and cautious market development in this segment. In addition, the volume of receivables from banks fell by EUR 8.3 million to EUR 29.5 million.

On the liabilities side, liabilities to customers fell significantly by EUR 105.0 million to EUR 1,179.6 million. The decline is attributable to refinancing transactions with institutional investors. In the original customer business, on the other hand, a significant increase in volumes was achieved as a result of deposits at notice.

Liabilities to banks also decreased compared to the previous year, falling from EUR 132.8 million to EUR 91.3 million.

The profitability ratios and the total capital ratio for the 2023 financial year are also characterised by this. The sharp decline in the return on equity before and after taxes is due to the significant reduction in the operating result before taxes and net income for the year.

IBB is managed exclusively on the basis of financial performance indicators. This involves managing absolute income and costs. This system is used to plan the balance sheet and income statement based on the business strategy.

[10] Balance sheet total + contingent liabilities + other obligations

[11] Own funds ÷ total receivables (total capital ratio in accordance with Section 10 KWG in conjunction with Art. 92 (1) CRR)

[12] Operating result before taxes (before partial profit transfer and before fund for general banking risks in accordance with Section 340g HGB) ÷ Equity (excluding silent partnership contribution and net retained profits)

[13] Net profit for the year ÷ equity (excluding silent partnership contribution and retained earnings)

[14] Net profit for the year ÷ balance sheet total (disclosure pursuant to Section 26a (1) sentence 4 KWG)

3.2.3 Credit volume

	31.12.2023 m. EUR	31.12.2022 m. EUR	Changes m. EUR	Changes %
Loans and advances to banks	29,5	37,9	–8,3	–22,0
Receivables from customers (customer loan volumes)	1.207,0	1.338,9	–131,9	–9,9
Recognised volume of receivables	1.236,5	1.376,8	–140,3	–10,2
Volume of receivables acquired and managed (customers)	1.298,1	1.460,2	–162,1	–11,1
Volume of receivables not recognised in the balance sheet	91,1	121,2	–30,1	–24,9

Receivables from banks decreased by EUR 8.3 million. The decline is due to the lower liquidity held by commercial banks as a liquidity reserve compared to the reporting date.

The largest share of the volume of receivables recognised in the balance sheet continues to be receivables from customers. customers totalling EUR 1,207.0 million, which was reduced by EUR 131.9 million compared to the previous year. The largest share of this is attributable to the Commercial Real Estate Clients segment at EUR 612.4 million, which corresponds to a decrease of EUR 125.9 million compared to the previous year. In the Corporate Clients incl. Investors segment At EUR 311.2 million, the volume of receivables also declined noticeably (previous year: EUR 358.0 million). As in the previous year, the Sports Financing segment was able to increase its receivables volume after two years of declining receivables volumes due to the Covid-19 pandemic once again significantly increase the volume of receivables. The volume of receivables increased by EUR 43.4 million to EUR 290.3 million as at the reporting date.

The volume of receivables from customers acquired and managed decreased by EUR 162.1 million compared to the previous year and amounted to EUR 1,298.1 million as at 31 December 2023. This development is primarily characterised by the reduced receivables from customers. The reduction in the volume of receivables is also accompanied by a decline in the volume of receivables not recognised in the balance sheet.

3.2.4 Capitalisation, liquidity and refinancing

The Bank continued to have a good capital base in the 2023 financial year. The Bank was also able to strengthen its equity this year due to the positive earnings situation. Against the backdrop of the strong shareholder base, the Bank's capital situation can be described as stable overall.

IBB is currently subject to an SREP15 surcharge of 0.0% (previous year: 1.0%). The reduction of the SREP surcharge to 0.0% can be seen as a strong vote of confidence in IBB on the part of the banking supervisory authorities.

The liquidity coverage ratio (LCR) to be met since 1 October 2015 is 767.13% as at 31 December 2023. The LCR for the 12-month average was 454.35%.

2023	01	02	03	04	05	06	07	08	09	10	11	12
Total capital ratio incl. Art. 128 CRR (in %)	14,65	14,24	15,14	15,33	15,40	15,44	15,78	16,4	16,79	16,62	16,46	16,50

[15] Supervisory Review and Evaluation Process (supervisory review and evaluation process)

2022	01	02	03	04	05	06	07	08	09	10	11	12
Liquidity ratio LCR (in %)	472,24	351,66	289,47	301,26	556,42	478,51	307,64	353,95	375,77	496,40	701,69	767,13
Liquidity ratio sNSFR (in %)	111,31	111,02	113,56	113,15	111,08	112,85	110,56	110,94	114,19	110,07	112,68	111,40

In accordance with CRR II, a further liquidity ratio, the net stable funding ratio (NSFR), has had to be complied with since June 2021. The simplified form of the NSFR (sNSFR) is to be applied to IBB with the authorisation of BaFin. This was 111.40% as at 31 December 2023. The 12-month average NSFR was 111.90%. At no time did either ratio fall below the required minimum ratio of 100% for 2023.

IBB's refinancing structure remained stable in the past financial year. Liabilities to customers continue to represent by far the largest source of refinancing. Within this item, significant portions of the funds come from capital collection centres, such as insurance companies or municipalities. The increasing volume of deposits at notice is leading to greater stability in refinancing and therefore have a positive effect on the refinancing structure.

Interest rate maturity transformation is not actively pursued. IBB is exposed to an extremely low interest rate risk due to the fact that its assets are refinanced with virtually matching maturities.

There are money trading lines with various partner banks that can be utilised on a case-by-case basis as part of the planning process. Any peak liquidity requirements can primarily be covered by refinancing options at the Deutsche Bundesbank. For this purpose, securities are deposited in the pledged securities account.

3.2.5 Shareholdings

In the past financial year, the following closed-end fund, which is a rescue acquisition, was held as at the reporting date. This investment has been written down to a value of EUR 0.00.

- "CityCenter Chemnitz KG" (2.60 % of the share capital) Another investment was wound up in the past financial year.

IBB received a partial payment for this from the liquidation proceeds.

- "Sachwert Rendite-Fonds Indien GmbH & Co. KG" (0.06% of the share capital)

3.2.6 Overall statement on the company's business performance and position

Overall, the 2023 financial year closed with a positive operating result from ordinary business activities (HGB) (before taxes, before partial profit transfer and before additions to the fund for general banking risks in accordance with Section 340g HGB) o f EUR 9.4 million (previous year: EUR 18.0 million). The original forecast of EUR 19.8 million was therefore not achieved.

The earnings situation remained stable. Compared to the previous year, net interest income increased by EUR 10.6 million to EUR 62.0 million. Both interest income totalling EUR 98.6 million (previous year: EUR 58.8 million) and interest expenses The change in the interest rate environment was felt in the amount of EUR 36.6 million (previous year: EUR 7.4 million). Interest income and interest expenses increased by EUR 39.8 million and EUR 29.2 million respectively compared to the previous year.

Overall, the risk provision In an economic environment characterised by uncertainty, despite consistent risk-oriented management of the loan portfolio, with 28.8 million was significantly higher than the previous year's figure of EUR 8.9 million and the planned figure of EUR 6.8 million. The main reason for this was the significant increase in additions to

individual value adjustments on receivables from EUR 10.4 million to EUR 28.0 million.

The additions are primarily due to necessary specific valuation allowances in the Commercial Real Estate Clients segment. The calculation of risk provisioning for foreseeable counterparty default risks that have not yet been individually specified (general loan loss provision) is carried out in accordance with a procedure pursuant to IAS 39. The general value adjustments and provisions increased by a total of EUR 3.4 million as a result and amounted to EUR 14.7 million as at 31 December 2023.

1.0 million was allocated to the fund for general banking risks (section 340g HGB). EUR (previous year: EUR 4.3 million).

This resulted in an annual surplus of EUR 1.8 million. This was significantly below the previous year's level (EUR 5.2 million). To summarise, IBB was able to achieve a positive annual result (EUR 1.8 million) in the past financial year despite the significantly increased risk provisioning and, with the addition to the fund for general banking risks (EUR 1.0 million) further strengthened equity. To cover further risks in the Commercial Real Estate Clients segment, an additional risk hedge is held in the form of the management adjustment (EUR 2.5 million).

As expected, the final capital ratios in 2023 were in a good range and exceeded the original planning.

IBB's four business segments presented a heterogeneous picture in the past year. The originally planned volume of loans and advances to customers of EUR 1,558.9 million was not achieved with a volume of EUR 1,316.3 million as at 31 December 2023 (before deduction of general valuation allowances). The Commercial Real Estate Clients segment operated in a very challenging market environment last year with rising construction costs and a higher interest rate environment. Under these conditions, IBB acted in a risk-orientated manner with a selective choice of business. This conservative approach led to a noticeable reduction in the volume of receivables in the segment compared to the previous year.

By contrast, the Sports Financing segment continued its recovery after two challenging years during the Covid-19 pandemic. Sales and transfer volumes on the international football market increased further compared to the previous year. In this environment, the volume of receivables in the Sports Financing segment therefore increased significantly. Overall, there is strong competition in the market for wealthy private clients. As a result of regulatory changes and the emergence of digital financial services, the market is undergoing a period of upheaval, which is being fuelled by the emergence of digitalisation.

The trend towards the megatrend of sustainability will continue to accelerate. Following a price correction last year, the markets were able to record positive price trends again, which was reflected in an increase in the volume of assets under management in the Private Banking segment. In addition, the share of liabilities in the total investment volume increased significantly compared to the previous year. In the Corporate Clients segment, the credit volume could not be expanded further and there was a noticeable decline in volume. This was due to a reorientation in the past financial year towards the financing types of equity financing and the mortgage lending business, which resulted in organisational and personnel changes. The general reluctance to invest on the part of corporate customers due to the rise in interest rates and the various market uncertainties also contributed to this effect.

4. Employees

There were no changes to the Executive Board in the 2023 reporting year. With Ms Kemmner and Mr Waiblinger, two members of the Executive Board continued to work for IBB.

In the Back Office I Risk Management division, the Executive Board Staff department and the Project and Process Management group were merged into a separate Corporate Development division as of 1 April 2023 and assigned directly to the Board member responsible for Back Office I Risk Management. With the reorganisation, the existing areas of responsibility below the Management Board member responsible for Back Office I Risk Management have been divided into three independent divisions (Credit, Corporate Steering I Risk Management and Corporate Development). Since then, the Management Board member responsible for Back Office I Risk Management has been represented by the three division heads in their respective areas of responsibility.

The number of employees in the 2023 financial year increased slightly by five compared to the previous year. The number of full-time employees increased by seven, while the number of part-time employees fell by two. The fluctuation rate fell year-on-year to 7.2 %. Most of the vacant positions were filled accordingly. This resulted in 20 new appointments in the reporting year. The recruitment of new employees and the filling of vacant IBB continues to focus on training its own junior staff to fill the positions that have become vacant. As at the reporting date, seven employees were studying at a DHBW, completing a trainee programme, a student traineeship or an internship (previous year: seven).

			Changes	
	31.12.2023	31.12.2022	absolut	%
Board members (incl. deputy)	**2**	**2**	**–**	**–**
Number of employees (excluding Executive Board)[16]	**183**	**178**	**+5**	**+2,8**
Female	92	88	+4	+4,5
Male	91	90	+1	+1,1
Full-time	135	128	+7	+5,5
Part-time	48	50	–2	–4,0
Fluctuation rate[17]	**7,2**	**8,3**	**–1,1**	**–13,3**

[16] The number of employees stated also includes employees on parental leave and students on dual study programmes.
[17] The fluctuation rate includes all departures from IBB that were initiated by employees resigning.

IBB's risk management is geared towards minimising risks to recognise, appropriately assess and limit risks at an early stage. For this purpose, the following are carried out as part of a risk management process risk identification, risk assessment, risk controlling, risk reporting and risk management of all risks categorised as material. The aim of risk management is to manage risk systematically and in line with objectives. Based on the strategic business orientation the Executive Board defines the risk policy principles which, together with the risk limitation structure, are anchored in the business and risk strategy.

5.1 Organisation of risk management

5.1.1 Risk management at bank level

The Management Board has overall responsibility for a functional risk management system that is appropriate to the scope, complexity and risk content of the bank's business activities or intended business activities - irrespective of the organizational assignment to the back office management. Regardless of the organizational assignment to the back office management board. This includes the regular review and ongoing development of the system, the definition and adjustment of the

business and risk strategy, the limitation of risks and reporting to the Supervisory Board.

IBB's risk controlling function is organizationally separated from the areas responsible for initiating or concluding transactions up to and including the level of the Executive Board. This ensures the necessary organizational independence within the institution. The Minimum Requirements for Risk Management (MaRisk) for the risk controlling function were observed.

5.1.2 Risk management at Group level

Würth Finanz-Beteiligungs- GmbH (IBB's parent company) is a financial holding company. Together with IBB, it therefore constitutes a financial holding group. There are no other companies subject to consolidation. The sole business purpose of Würth Finanz-Beteiligungs-GmbH is to serve as a parent company for the Bank without any operating business of its own.

Against this background, no material risks were identified at Würth Finanz-Beteiligungs- GmbH as part of the annual risk inventory. The scope of risk management and the type of methods used by IBB are therefore limited to the individual institution level. IBB does not engage in risk management at group level and is not included in any other group for risk management purposes.

5.2 Overall risk assessment

The basis of effective risk management is to keep the functional units concerned fully informed on all material risks. In accordance with MaRisk, the Bank prepares a quarterly report in order to obtain an overview of the material risks at overall bank level. This includes extracts from the monthly reports on the liquidity situation, credit risk, market price risk, the quarterly OpRisk report, the quarterly economic perspective on risk-bearing capacity, the annual or event-driven normative perspective on risk-bearing capacity and structural features of new business in the loan portfolio. All reports are continuously adapted to the current regulatory and risk management requirements.

The risk-bearing capacity concept takes into account the supervisory expectations of the bank's internal risk-bearing capacity concept and its procedural integration into the overall bank management in accordance with the Risk-bearing Capacity Guidelines dated 24 May 2018. The risk-bearing capacity concept describes the two complementary management perspectives: the economic and the normative perspective. In addition, stress tests are carried out in both perspectives to assess IBB's susceptibility to extraordinary but plausibly possible events.

The normative perspective is to be understood as the totality of regulatory and supervisory requirements and the internal requirements based on these. Relevant management parameters for IBB are, in particular, the Tier 1 capital requirement in accordance with the CRR, the SREP total capital requirement, the combined buffer requirement and the capital adequacy recommendation, as well as the leverage ratio, large exposure limits, the cost-income ratio, the interest rate risk coefficient, the liquidity ratios (LCR and sNSFR) and the NPL ratio. Compliance with these parameters must be ensured on an ongoing basis. In addition, it must be ensured that these figures are also complied with in the future. IBB prepares capital planning for the current year and three subsequent years. The planning also takes into account possible adverse developments that deviate from expectations. The plan scenario of the normative perspective is based on the bank's medium-term planning. Planning is carried out individually in IBB's business segments and is accompanied in part by growth and in part by a decline in volume.

Based on this, a three-year economic downturn with negative effects on markets, customers and the bank's business activities is modeled in an adverse scenario. Based on corresponding assumptions, the model simulates, among other things, a decline in lending volume, interest and commission income as well as an increase in loan defaults, operational risks and refinancing costs. The preparation capital planning (plan scenario and adverse scenario) is carried out at least once a year as part of business planning. Event-driven capital planning is carried out in the event of emerging changes or deviations from the assumptions made in the plan.

In the economic perspective, all material risks that could have a negative impact on the institution's assets are quantified, irrespective of accounting conventions. This is done with the help of the risk-bearing capacity calculation, in which risk coverage potential and risks are compared. IBB uses a present value approach for this purpose. If risks cannot be meaningfully determined on a present value basis due to their nature, they are determined on a present value basis. The economic perspective is based on individual methods for determining the risk coverage potential and the consistent quantification of risks. A uniform confidence level of 99.9% is used for risk measurement. For risk management purposes, the risk coverage potential is allocated to individual risk types as part of limit management. These risk limits represent the risk appetite of the management and are used to derive control measures. The quantified risks are compared with the individual risk limits in the report. The risk is defined as a negative deviation from the expected value. The expected changes in value are shown in the risk coverage potential. The economic perspective is prepared and reported on a quarterly basis at the end of each quarter.

The risk-bearing capacity is given if the sum of the risks does not exceed the risk coverage potential on the respective reporting date. This was guaranteed at IBB throughout 2023.

As at 31 December 2023, the economic risk coverage potential amounted to EUR 240 million. The sum of the risks totalled EUR 70.9 million or 29.50 % of the risk coverage potential. There were no recognisable risks that could jeopardise the company as a going concern or risks that go beyond the normal course of business. In the normative perspective, the risk lies in the deviation between the plan scenario and the adverse scenario. In both the plan scenario and the adverse scenario, the minimum regulatory requirements are met over a time horizon of three years. As at 31 December 2023, these were:

- Total capital ratio: 16.5 % (previous year: 14.9 %)
- Core capital ratio: 15.0 % (previous year: 13.5 %)
- Common equity tier 1 ratio: 13.7 % (previous year: 12.3 %)

TEUR	Reporting date 31.12.2023		Reporting date 31.12.2022	
Risk coverage potential (RDP) Risk-bearing capacity analysis	**240.184**		**246.120**	
Sum of the risks	70.855		74.501	
Free RDP (+) / RDP overrun (-)	169.329		171.619	
Note: unallocated RDP	145.184		136.120	
Limit consideration				
Sum of risk limits	95.000		110.000	
Exceeding the overall risk limit	0		0	
Free risk limit (+) / total limit exceeded (-)	24.145		35.499	
Risk type	**Risk limit**	**Risk**	**Risk limit**	**Risk**
Credit risk	**80.000**	**62.838**	**95.000**	**65.363**
Counterparty risk customer business (default and migration risk)	80.000	62.838	80.000	58.472
Counterparty risk proprietary business (migration, default and spread risk) - (no material risk as at 31 December 2023 according to the risk inventory)	–	–	15.000	6.892
Operational risk	**15.000**	**8.017**	**15.000**	**9.137**
Total	**95.000**	**70.855**	**110.000**	**74.501**

5.3 Business and risk strateg

organisation of the risk management system is based on the defined business and risk strategy. The entire Management Board is responsible for developing these strategies. The business and risk strategy sets out corporate objectives and measures to ensure the long-term success of the company as well as the bank's basic understanding of key business policy issues.

The risk strategy is consistent with the business strategy and defines the handling of risks within the bank in accordance with legal and regulatory requirements.

Risks are an essential part of the business model. In the banking business IBB consciously and critically analyses various risks. IBB takes risks if they generate an appropriate return and can be managed and controlled within the framework of risk management and the risk strategy.

The Bank's business and risk strategy are reviewed at least once a year, updated if necessary and submitted to and discussed with the Supervisory Board - as the Bank's supervisory body.

5.4 Risk management process

5.4.1 Risk identification

A risk inventory is carried out at least once a year and on an ad hoc basis to assess the overall risk profile and the material risks for the institution. This involves reviewing existing risks and identifying any new material risks, taking risk concentrations into account.

The risks categorised as material result directly from the Bank's operating activities and were identified as follows in the last risk inventory:

- Credit risks - customer business (default and migration risk)
- Operational risks
- Liquidity risks - insolvency risk
- Liquidity risks - refinancing cost risk
- Other risks - distribution and sales risk

The counterparty risk - proprietary business (migration, default and spread risk) was still a material risk in the previous year, but was identified as a non-material risk in accordance with the current risk inventory from 2023. As part of the risk inventory, the insolvency risk was classified as material. The risk cannot be meaningfully backed with risk coverage potential and is therefore taken into account in a separate liquidity management group.

As part of the annual risk inventory, the bank identifies potential new risk areas and the development of existing risks, taking risk concentrations into account. Anomalies in the respective risk characteristics are subject to observation during the year and are analysed and documented in the annual and event-driven risk inventory (or as part of an adjustment process in accordance with AT 8 MaRisk).

5.4.2 Risk assessment
The risks categorised as material are evaluated quantitatively and qualitatively as part of the risk assessment. The results of the risk inventory and regular risk reporting serve as the basis for this. As part of the quantitative analysis, the Bank utilises modules from the VR-Control® overall bank management system from Atruvia AG as well as modules from parcIT GmbH. The use of these systems is regularly The company's organisational structure is reviewed and systematically developed in workshops, in some cases with the support of external consultants.

5.4.3 Risk controlling and reporting
The immediate and complete information of the organisational units about the material risks affecting them forms the foundation of effective risk monitoring and control. -communication. Fixed communication channels and information recipients have therefore been defined for regular risk reporting. Risk reporting is prepared and communicated by the Risk Controlling function and the Risk Management group. The Bank's risk monitoring and risk communication are set out in detail in the written risk management organisation. In accordance with the principle of decentralised risk management, the risk owners (managers as well as process and product managers) are responsible for the risks relevant to their areas at an operational level.

The information and communication process is reviewed and assessed by Internal Audit - as a process-independent institution. If predefined warning and threshold values are exceeded, an ad hoc report is submitted to the entire Management Board as soon as this becomes known. If new risks arise for which no regulations have yet been established, the immediate superior and the risk management team must be informed immediately by the risk owners. The Supervisory Board is informed about the risk situation on a quarterly basis. In addition, the Supervisory Board is informed on an ad hoc basis in the event of significant issues from a risk perspective.

5.4.4 Risk management
Risk management comprises the sum of all measures to limit, reduce, avoid or transfer risks in line with limits.

The prerequisites for this are the ongoing monitoring of risks and the direct communication of the current risk situation, in particular by the risk owners. The aim is to manage the risk level in accordance with the risk strategy. The task of risk management is therefore not to avoid risks, but rather to manage risks systematically and in line with objectives, observing the following principles:

- Refraining from transactions whose risk is not justifiable against the background of the Bank's riskbearing capacity and risk strategy
- Systematic development of business positions in which earnings opportunities and risks are appropriately balanced
- Risk limitation by transferring nonstrategic risks to other market participants (e.g. via insurance contracts or closing open positions via derivatives)
- Targeted control and extensive avoidance of risk concentrations
- Damage limitation through active management of loss events that occur

IBB also carries out stress tests for the main risk types. The assumptions on which the stress tests are based are reviewed at regular intervals, but at least once a year, and adjusted if necessary. The results and findings from the stress tests are used to derive action and management measures.

5.5 Review of methods and procedures
IBB performs a review of the methods and procedures used to measure risk and a review of the appropriateness of the methods and procedures used to assess riskbearing capacity. In addition, the calculated risk values are subjected to a plausibility check. Furthermore, the methods and procedures used are reviewed on the basis of the results of the risk inventory, taking into account the overall risk profile and the risk concentrations determined. The key underlying assumptions are approved by the Executive Board.

5.6 Overall risk profile

5.6.1 Credit risks
IBB's credit risks consist of the following risk types:

- Credit risks in the customer business (default and migration risk) Counterparty risk in the customer business is defined as the risk of economic loss due to a borrower's default or deterioration in creditworthiness. The counterparty risk means that a contractual partner cannot fulfil its obligations or can only fulfil them in part. The resulting loss in value can include the following components: Bad debt losses, lost interest payments, legal costs and other costs. Counterparty risk is particularly characterised by default risk and migration or credit risk (deterioration in creditworthiness). The level of default risk at individual transaction level depends primarily on the amount of the receivables, the credit rating and the debtor's country of domicile. At the same time, the collateral provided and the term of the loan are also relevant.

Counterparty risks represent the bank's greatest risk. This includes both on-balance sheet and off-balance sheet customer transactions.

The customer transactions defined in the business strategy harbour risk concentrations in terms of regions, sectors, size classes and collateral. Limits exist for these risk concentrations in the existing business.

IBB uses the rating procedures of CredaRate Solutions GmbH to classify risk. CredaRate S o l u t i o n s GmbH performs an annual validation of the procedures and supports the institution in preparing a bank-specific certificate of appropriateness. As part of the valuation of collateral for credit risk minimisation, IBB has defined uniform standards and lending limits for each type of collateral. In determining the collateral limits, IBB has based them on industry-standard values, which are checked annually for plausibility based on an analysis of the realisation rates for each collateral type. Rules for a regular and eventdriven review of collateral values have also been implemented in order to take account of possible changes in the recoverability of collateral.

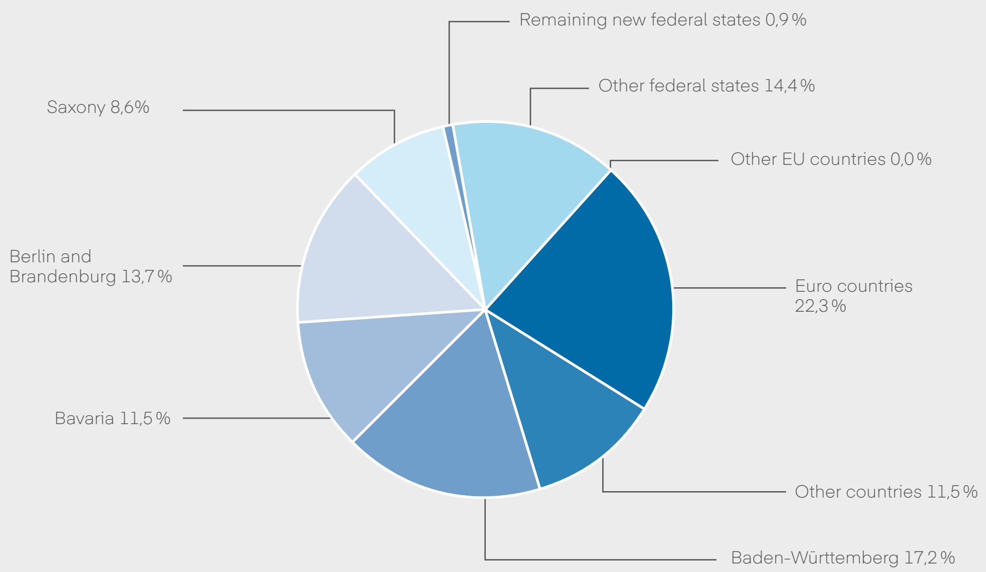
With a few exceptions, for example in the non-risk-relevant lending business, transactions are approved in a two-vote procedure and are subject to strict controls by an internal control system before disbursement. Credit portfolio management is supplemented by early warning indicators in order to recognise risks at an early stage and initiate countermeasures in good time. IBB has defined objective procedures and criteria that are used to determine risk provisions and assign customers to default classes. In doing so, IBB is guided by the regulatory and commercial law requirements for recognising risk provisions and assigning customers and receivables to default classes.

The reference figure for risk reporting is the net credit risk volume. This is shown in the following charts for the customer business and corresponds to the higher amount from utilisations or loan commitments including collateral and specific valuation allowances.

With regard to the distribution of the net credit risk volume approx. 93.5 % (previous year: 90.8 %) of the portfolio is in size classes of less than or equal to EUR 8,000 thousand, the customer loan portfolio can be considered sufficiently diversified.

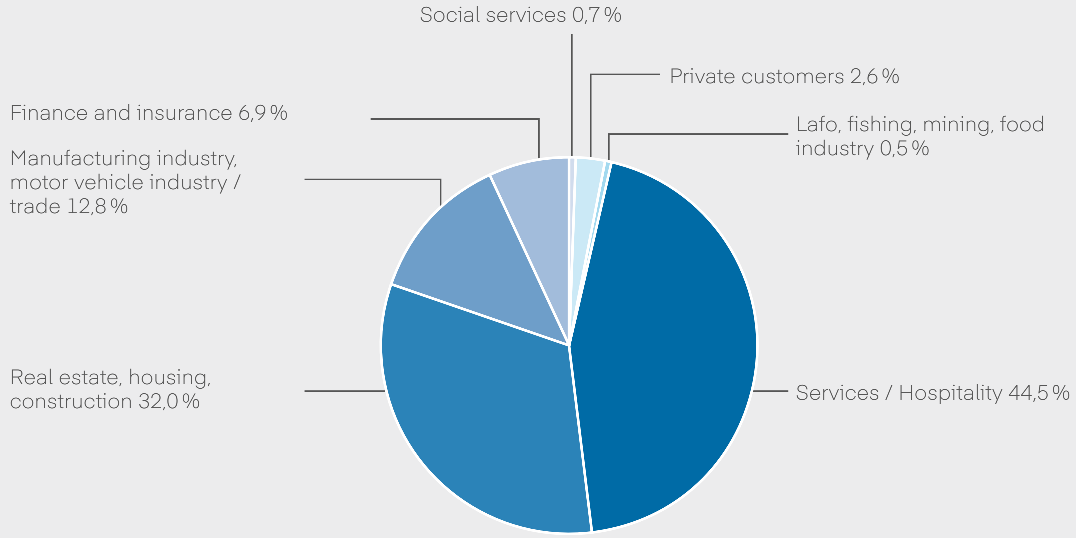
Net credit risk volume by region (customer business)

Compared to the previous year, the proportion of the portfolio held abroad increased to 33.7 % (previous year: 29.1 %).



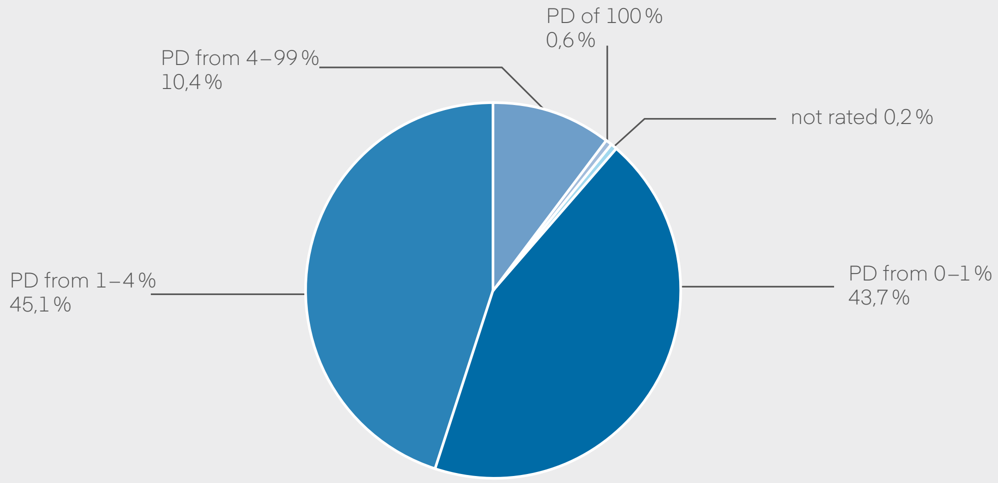
Net credit risk volume by sector (customer business)

Compared to the previous year, the relative share of the "Real estate, housing & construction" portfolio fell by 6 percentage points. The largest increase of 5.9 percentage points was recorded in the characterises the "Services / Hospitality" sector.



Net credit risk volume by probability of default (customer business)

Compared to the previous year, the proportion of the portfolio with a probability of default (PD) of 0 % - 1 % fell from 44.4 % to 43.7 %. In the PD 1 % - 4 % rating group, the share also decreased, from 50.5 % to 45.1 %. Correspondingly, the share in the 4% - 99% range increased from 4.5% to 10.4%. The changes are due to rating migrations, repayments and new business.



IBB uses statistical methods and models (credit portfolio models) to quantify risk as part of the economic risk-bearing capacity analysis. The Credit Risk+ model extended by a PD shift is used in the customer business and the Credit Risk Metrics model is used in the proprietary business. The risk observation horizon is 1 year and the confidence level is 99.9%. In the economic risk-bearing capacity analysis as at 31 December 2023, credit risks accounted for 88.7% (previous year: 87.7%) of the total risks.

5.6.2 Market price risks

As part of the risk-bearing capacity analysis, market price risk does not represent a material risk for IBB. This was identified on the basis of the previous year's risk inventory carried out in 2023. In the normative perspective of risk-bearing capacity, Circular 06 / 2019 is taken into account with regard to interest rate risks in the banking book. Interest rate risk is also monitored as part of the monthly reporting on market price risk and the associated risk meeting. If there are any findings that change the assessment of the materiality of the market price risk, the assessment is reviewed as part of an event-driven risk inventory.

IBB's market price risk consists of the interest rate risk:

The periodic interest rate risk can be understood as a negative deviation of net interest income from a previously expected value. Rising interest rates lead to a This leads to higher refinancing costs and thus to a reduction in the interest margin. The valuation risk indicates the losses arising from fluctuations in the market price of securities. The risk characterises the danger of a loss of an interest position that is attributable to a change in market prices. For example, this includes a fall in the price of a bond held in the portfolio due to an increase in the market interest rate. The amortisation risks are shown for the entire portfolio A.

In order to minimise the interest rate risk, IBB aims to refinance at matching maturities.

IBB will minimise the market price risk through a conservative investment securities to keep the market price risk as low as possible. As a non-trading book institution, the Bank does not engage in any trading book transactions. Only securities that serve to fulfil regulatory requirements are held in the liquidity reserve and the banking book.

To avoid market price risks from financial futures transactions with customers, congruent offsetting transactions are concluded. Market price risk is reported in the monthly market price risk report. This includes a target/actual comparison of the interest result, the interest rate risks in the banking book, a fixed-interest and interest maturity balance sheet and an overview of the A securities account. In contrast to counterparty risk, the market price risk report does not include any credit- and spread-induced market price changes. These are allocated by IBB to the counterparty risk of proprietary transactions.

5.6.3 Liquidity risks

IBB's liquidity risks consist of the following risk types:

- Risk of insolvency Insolvency risk is defined as the risk that the bank will not be able to fulfil its payment obligations on time.

The Bank's primary objective is to be able to fulfil all payment obligations at all times. For this reason, the Bank strives for sufficient diversification of refinancing sources and maintains a sufficiently large liquidity buffer. In order to limit dependence on individual refinancing partners and refinancing types, limits have been introduced and are monitored on an ongoing basis.

- Refinancing cost risk Refinancing cost risk i s defined as the risk that the required refinancing funds cannot be procured at the expected conditions. This is relevant against the backdrop of open positions in the LAB (provided there is no refinancing with matching liquidity prices).

The increase in the cost of refinancing is taken into account in the adverse scenario of the normative perspective.

IBB's liquidity risks are taken into account by means of a second management cycle and integrated into the risk management and controlling process.

Liquidity risks are analysed and assessed by a risk committee as part of a liquidity risk meeting at least once a month and on an ad hoc basis. The meeting is based on the monthly liquidity risk report, which provides a detailed breakdown of the bank's refinancing by maturity, source and type. In addition, the future liquidity situation is presented using liquidity development statements and the impact of changes in risk factors on the bank's liquidity situation is analysed as part of stress assessments.

5.6.4Operational risks

Operational risk is the risk of losses incurred as a result of the risks can occur due to the inappropriateness or failure of internal processes, people and systems or due to external events. This definition does not include strategic risks or reputational risks.

All loss events arising from operational risks above a de minimis limit of € 500 are recorded in a loss database and systematically quantified and analysed to combat the causes. These analyses are reported to the Executive Board and the Supervisory Board on a quarterly basis or as required. Major loss events of EUR 100 thousand or more must be reported to the Executive Board on an ad hoc basis. In addition, IBB has implemented a process for the annual or event-driven assessment of operational risks (self-assessment). Workshops are held with selected employees and risk scenarios are designed and evaluated.

IBB endeavours to reduce or, where possible, prevent operational risks through ongoing employee training, the further development of processes and the expansion of technical standards. All relevant contracts are legally reviewed before coming into force. In addition, a standardised process has been implemented for operational changes, new products, changes to existing products and structures. These changes are applied for, discussed and approved via the Executive Board meeting and the advisory committee. Members of the Advisory Board include the organisational units with special supervisory functions (Compliance, Internal Audit and risk controlling). In addition, information security, data protection and the central office (fraud prevention and money laundering) are integrated as part of this process.

The information security situation, the general development of the threat situation and the specific threat situation in the context of the banks remained at a high level in 2023. In the IT area, there was no significant change in the risk situation compared to the previous year.

The main aim of outsourcing, in addition to the economic aspects, is to minimise potential risks with the help of external specialists and their expertise.

In the economic risk-bearing capacity analysis as at 31 December 2023, operational risks accounted for 11.3% (previous year: 12.3%) of total risks.

5.6.5 Distribution and sales risk

As no new business is taken into account in the economic perspective, the distribution and sales risk is analysed in the normative perspective.

In the normative perspective, the distribution and sales risk affects the risk coverage potential through a deviation from the plan in asset margins, commissions and volume. The impact of this risk is taken into account in the adverse scenario of the normative perspective.

Distribution and sales risk refers to the risk that individual products are not sold or no longer sold at the expected prices or are no longer in demand. The distribution and sales risk is influenced by changing conditions such as the market environment, competitor behaviour, customer behaviour or technological developments.

IBB's conservative planning approach reduces negative deviations from the planned figures. Should deviations from the planned figures nevertheless become apparent, the Executive Board immediately adjusts the current projection to the emerging situation.

A target/actual comparison is carried out monthly as part of the reporting on business performance.

5.6.6 Risk concentrations associated with material risks

Risk concentrations can arise from the synchronisation of risk positions within risk types (intra-risk concentrations) and the synchronisation of risk positions across different risk types (inter-risk concentrations). All material risk types are reviewed with regard to possible risk concentrations as part of the annual risk inventory.

Sector or size concentrations in credit risks occurring during the year are identified using the bank's internal reporting structure.

Concentrations of liquidity risks are identified and managed at the monthly liquidity risk meeting. Concentrations of market price risks are identified and managed using the bank's internal guidelines for trading transactions. Concentrations of operational risks are identified and analysed on the basis of the self-assessment and the evaluation of the loss database.

According to the aforementioned analyses, intra-risk concentrations exist in the customer business credit risk (sectors, domestic regions, foreign regions, segments and collateral) and in operational risk.

IBB organises its business strategy in such a way that already known intra-risk concentrations are not increased and new concentrations are avoided.

According to the above analyses, inter-risk concentrations exist between the customer business credit risk and the distribution and sales risk.

The inter-risk concentrations identified in the risk inventory are analysed and monitored by means of corresponding stress tests in the riskbearing capacity.

5.6.7 Other risks

Risks that are not categorised as material are not limited separately. For these risks, the unallocated portion of the risk cover potential (previous year: EUR 136,120 thousand) has been recognised. A management buffer of EUR 19,500 thousand for non-material risks was also recognised as a deductible item in the economic perspective in 2023. of the risk coverage potential.

5.7 Integration of sustainability aspects into the risk management process

IBB takes into account risks induced by the sustainability factors (ESG) in the context of the annual and event-driven risk inventory. This involves analysing factors influencing the significant and insignificant risk types in the form of a qualitative assessment and initial quantitative analyses. As part of the risk-bearing capacity The effects of ESG risks are analysed in both the normative and the economic perspective using appropriate stress tests. The risk strategy describes the general handling of sustainability risks. The basis for this includes the recommendations of the EBA and BaFin, as well as the latest version of MaRisk.

6. Sustainability and social responsibility

IBB AG recognises its economic, ecological and social responsibility and is committed to shaping society in a future-oriented manner. Ethical principles, risk awareness and responsibility towards society and the environment are part of the strategic orientation. IBB AG demonstrates this both in its public image and in its consideration of sustainability in all areas of its business activities. IBB AG contributes to the achievement of sustainability goals at Group level. IBB AG strives to achieve the goal of climate neutrality.

IBB AG's understanding of sustainability is defined by the term ESG. ESG stands for the criteria "Environmental, Social and Governance" and has developed as a standard for responsible and sustainable behaviour. The following areas are covered by the term ESG:

- E = Environment: environmentrelated criteria
- S = Social: social criteria
- G = Governance: company management-specific criteria

The Bank has already defined binding internal guidelines for its corporate culture in the form of risk culture regulations and a code of conduct. These are the cornerstone for corporate responsibility, but also for the individual responsibility of employees.

As part of its business strategy, IBB is committed to not entering into business relationships with companies in the defence industry (with the exception of dual-use goods) and the red-light district. Business relationships with companies are also prohibited, that violate internationally recognised principles of human and labour rights, engage in controversial business practices (such as corruption, fraud, etc.) and have a demonstrably critical environmental record are excluded.

The role of the Sustainability Officer was implemented to implement current and future regulatory requirements in the context of sustainability and to actively seize opportunities arising from the growing demand for the topic. This officer is responsible for the coordination and communication of sustainability issues.

Systematic sustainability scoring is used at commitment and customer level. This is based on the EU taxonomy. The assessment is carried out as part of a new loan application and as part of the annual creditworthiness analysis. The sustainability score is recorded in the core banking system to enable automated evaluation and presentation. The resulting data is communicated to the management on a monthly basis as part of risk reporting.

Sustainability risks were integrated into the risk strategy in order to qualitatively and quantitatively record and analyse the risks arising from ESG in the lending business. The risk strategy describes how IBB deals with sustainability risks. IBB considers the corresponding risks as part of the annual and event-driven risk inventory.

In the Private Banking segment, sustainability preferences are collected from customers. Sustainability preferences are collected during the consultation.

The business strategy forms the basis of IBB's actions. The creation of a consistent system in the area of Sustainability has been promoted throughout the company to enable sustainability management in the medium term. The sustainability management guideline was drawn up to regulate the handling of sustainability issues and to regulate cooperation.

The past financial year saw the start of the gradual conversion of the vehicle fleet to e-mobility and the creation of the infrastructure required for this. A photovoltaic system for the company headquarters in Friedrichshafen is also planned.

IBB will continue to be aware of its social responsibility in the future and will continue to devote a great deal of attention to the topic of ESG.

7. Disclosure

The disclosure report pursuant to § Section 26a KWG in conjunction with Article 431 et seq. of Regulation (EU) No. 575/2013 (CRR) for the 2022 financial year is published online at *http://www.ibb-ag.com/kunden-pflichtinformationen*.

The disclosure report for the 2023 financial year will be published in the same place. IBB meets the requirements of the ESG Disclosure Regulation (Sustainable Finance Disclosure Regulation - SFDR), which came into force on 10 March 2021, by publishing sustainability principles at *http://www.ibb-ag.com/*.

8. Forecast report

For 2024, the economic indicators for Germany point to a mix of challenges and opportunities.

Towards the end of 2023, German economic output recorded a slight decline, mainly due to the slump in industry and construction. Production in these sectors was weaker than in the previous quarter due to weak demand and higher financing costs, particularly in residential construction.

However, there are also positive signs: Private consumption is showing signs of a slow recovery. Spending in the retail sector and on motor vehicles has increased, which is partly due to rising wages and a falling inflation rate. The stable labour market is also contributing to this development. The service sector, which ranges from consumer-related to business-related service providers, remains comparatively robust and shows a stabilisation of the business situation. There was a slight increase in employment on the labour market in October. Sectors such as healthcare, social services and the public sector created new jobs. However, employment fell in areas such as trade and temporary employment. By contrast, unemployment rose slightly in November.

However, employment declined in the temporary employment sector. By contrast, unemployment rose slightly in November.

It is encouraging that commodity prices, particularly energy prices, have fallen significantly, which could have a positive impact on the economy. The fall in energy prices is dampening inflationary pressure and could help to stabilise the economic situation. However, the inflation rate is expected to rise again at the beginning of 2024, which will be influenced by government measures and the increase in the CO_2 price for fossil fuels. The inflation rate is likely to weaken again over the course of the year. The Council of Economic Experts expects an inflation rate of + 2.6 per cent.18

The obstacles to growth The challenges facing the German economy include demographic ageing, low productivity growth, an outdated capital stock and a low number of young and innovative companies. Considerable investment and innovation are required to overcome these challenges and promote growth. The Expert Council emphasises the importance of more liquid capital markets, a stronger equity culture and more venture capital in order to increase growth opportunities.

Long-term pension reforms are considered necessary in order to minimise the burden of demographic change. Ageing fairly between and within generations to distribute. Investments in key sectors such as machines, robots and information technology, especially in new crosssectional technologies such as artificial intelligence, are crucial to increasing overall economic productivity and compensating for the foreseeable shortage of labour. Germany's medium-term growth prospects are at a historic low. Stronger incentives to work, an ambitious immigration policy, an improvement in school education and a strengthening of universities are crucial in order to realise potential growth.

In summary, economic development in Germany in 2024 will remain characterised by uncertainty, but will also offer opportunities for companies that adapt and invest. SMEs in particular should consider the need for increased innovation and adaptation to demographic change in order to fully exploit their growth potential.19 The current and future development of the property market is essentially characterised by legal conditions, geopolitical risks and massive increases in construction costs. Due to the sharp rise in interest rates, investment and purchase restraint can still be seen among institutional and private investors, as there are investment alternatives on the capital market. The prolonged processes for official authorisation procedures are also having a negative effect on this development. This overall situation is leading to a reluctance on the part of property clients to invest in new projects, as buyer behaviour has changed due to the general conditions described above and the sharp rise in interest rates.

Due to the challenging market environment mentioned above, project developers and property developers continue to adopt a conservative and cautious approach to the market, This is reflected in the highly selective choice of new customer business and a constant plan volume. In addition, the focus is even more strongly on customers with corresponding expertise and good substance.

In international football, transfer volumes continued to stabilise in the past transfer period. The Premiere League continues to play the most important role on the transfer market and is the league with the highest turnover on both the buying and selling side. Overall, the development of the total transfer volume and the amount of transfer fees has returned to pre-coronavirus le-

[18] Deutsche Bundesbank monthly report December 2023

[19] Annual Report of the German Council of Economic Experts 2023/2024, Executive Summary

vels. The financing environment has also revived significantly, is characterised by the entry of new market players and has intensified the competitive situation, which is already reflected in current market prices. The clubs' first reporting season after the coronavirus period is largely characterised by a clear recovery, particularly as the return of spectators to the stadiums has generally boosted sales. We are also seeing an increasing number of financially strong investors entering the market. Our business is being fuelled by positively influenced by the clubs' improved credit ratings and the entry of investors into the market. Although we are seeing increased demand for longer terms, this is mitigated by a significantly improved probability of default.

In the Sports Financing segment, IBB continues to utilise its excellent market knowledge to maintain and expand its market position. Due to the changed market situation described above in conjunction with the increased customer demand for longer terms, terms of up to 36 months are offered, particularly in combination with the internal IBB club index and other risk management instruments. In this context, it will be possible in future to arrange transactions that can be fully or at least largely placed. IBB's expertise is intended to support market participants in integrating such transactions into their portfolios. IBB plans to further expand the volume in this segment on the national and international football market in 2024. Risks continue to arise from the ongoing increase in competition and price pressure, including from the trend towards centralisation described above and from investors from outside the industry.

In 2024, the Corporate Clients segment will continue to pursue its strategy as a solution provider for clearly defined niches. With this focus, the aim is to achieve targeted volume expansion in good credit ratings, even if economic development in 2024 will continue to be impacted by recession, inflation and ongoing supply chain problems. In the focus area IBB plans to expand the volume of its equity financing and mortgage lending business.

In addition, the targeted and systematic selection of loan customers and a diversified loan portfolio continue to form the basis for a solid lending business. This applies to both the corporate and commercial property financing business.

IBB continues to endeavour to consistently identify and successfully occupy future-oriented and profitable niche markets and anchors this goal in its business and risk strategy.

The main component of the business volume is the customer loan volume. The planning for 2024 provides for receivables from customers totalling EUR 1,540.9 million as at the reporting date. Due to the planned customer loan volume and the continued uncertain economic environment, net risk provisions totalling EUR 13.3 million are planned. EUR 13.3 million is planned.
The total capital ratio and the core capital ratio are expected to remain at a slightly lower level. For The common equity tier 1 capital ratio is forecast to increase slightly as a result of the planned conversion of the CoCo bond (EUR 19.5 million) into a silent partnership. into a silent partnership. New hires are planned for 2024, taking economic developments into account. The operating result after risk and before tax (HGB) is planned at EUR 17.9 million.
Across all segments, the personal customer proximity and customised solutions that IBB has built up over the years mean that global developments have a much smaller impact on IBB's business success.

In the Private Banking segment, IBB will continue to maintain close personal contact with its customers in order to serve them in line with their needs and the requirements of market developments. In the 2024 financial year, the main focus will be on acquiring new customers and new volume Acquisition. Advisor sales, which includes asset management and customer advisory services via custody account management agreements, is to be further promoted through a variety of measures. On the one hand, this is intended to further optimise of the existing portfolio and, above all, the targeted acquisition of new customers and new volumes.

No significant changes to securities account A are planned for 2024. Custody account A serves exclusively to secure liquidity. Earnings aspects are not the focus. Unrestricted access to the necessary refinancing funds is expected for 2024.

9. Other

Internationales Bankhaus Bodensee AG has prepared a report on its relationships with affiliated companies (Section 312 AktG). This report concludes with the following statement by the Bank's Executive Board: "In the 2023 reporting year, no measures were taken or omitted at the instigation of or in the interest of affiliated companies. IBB AG received appropriate consideration for each legal transaction listed in the report on relations with affiliated companies. This assessment is based on the circumstances, that were known to us at the time of the reportable events."

Internationales Bankhaus Bodensee AG is a member of the Bundesverband Öffentlicher Banken Deutschlands e. V. (VÖB). IBB is also a member of the Entschädigungseinrichtung deutscher Banken GmbH (EdB), Berlin, and the Deposit Protection Fund of the Bundesverband Öffentlicher Banken Deutschlands e. V. (ESF), Berlin.

Friedrichshafen, 11 March 2024

Internationales Bankhaus Bodensee Aktiengesellschaft

Heike Kemmner *Stephan Waiblinger*

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Profit and loss account

of Internationales Bankhaus Bodensee AG for the period from 1 January until 31 December 2023

				2023	2022
	EUR	EUR	EUR	EUR	EUR
1. Interest income from					
a) Credit and money market transactions		96.945.338,15			58.379.437,85
b) Fixed-income securities and debt register claims		1.625.446,50	98.570.784,65		382.146,83 58.761.584,68
2. Interest expenses			−36.602.247,76	61.968.536,89	−7.385.481,10 51.376.103,58
3. Current income from					
a) Shares and other variable-yield securities			0,00		0,00
b) Participations			3.323,40	3.323,40	3.323,40 3.323,40
4. Commission income			6.699.725,63		7.980.773,76
5. Commission expenses			−2.454.991,54	4.244.734,09	−4.898.263,38 3.082.510,38
6. Other operating income				1.258.959,45	1.221.514,21
7. General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		−14.891.136,23			−14.364.760,39
ab) Social security contributions and pension costs and for support underneath: for pension schemes	−591.707,42	−2.784.119,12	−17.675.255,35		−3.091.705,43 −17.456.465,82 −1.006.696,57
b) Other administrative expenses			−10.924.417,66	−28.599.673,01	−10.707.017,99 −28.163.483,81
8. Amortisation, depreciation and impairment of intangible assets and property, plant and equipment				−283.102,35	−318.500,41
9. Other operating expenses				−369.957,78	−262.249,09

				2023	2022
	EUR	EUR	EUR	EUR	EUR
10. Write-downs and value adjustments on receivables and certain securities as well as additions to provisions in the lending business				−28.795.938,84	−8.947.789,09
11. Income from write-ups to investments, shares in affiliated companies and securities treated as fixed assets				10.000,00	0,00
12. Result from ordinary activities				9.436.881,85	17.991.429,17
13. Taxes on income and earnings			−3.105.113,78		−4.843.235,60
14. Other taxes, not recognised under item 9			−12.322,34	−3.117.436,12	−44.986,37 −4.888.221,97
15. Additions to the fund for general banking risks				−975.000,00	−4.300.000,00
16. Profits transferred on the basis of a profit pooling, profit transfer or partial profit transfer agreement				−3.575.000,00	−3.575.000,00
17. Net income for the year				1.769.445,73	5.228.207,20
18. Retained earnings				**1.769.445,73**	**5.228.207,20**

60 Annual balance sheet

of Internationales Bankhaus Bodensee AG for the period from 1 January until 31 December 2023

				2023	2022
ASSETS	EUR	EUR	EUR	EUR	TEUR
1. Cash reserve					
a) Cash on hand			0,00		0
b) Balances with central banks thereof: at the Deutsche Bundesbank	187.000.000,00		187.000.000,00	187.000.000,00	200.022 200.022 (200.022)
2. Loans and advances to banks					
a) Due daily			29.532.541,11		37.874
b) Other receivables			1.127,58	29.533.668,69	0 37.874
3. Receivables from customers				1.207.002.515,21	1.338.929
Including: Secured by mortgages Munici-pal loans	161.711.480,64 62.040.960,38				(163.725) (71.936)
4. Bonds and other fixed-income securities					
Bonds and debentures a) from public issuers of which: eligible as collateral with Deutsche Bundesbank	57.163.660,45	57.163.660,45			57.470 (57.470)
b) from other issuers of which: eligible as collateral with Deutsche Bundesbank	70.218.049,71	70.218.049,71	127.381.710,16	127.381.710,16	60.195 117.665 (60.195)
5. Intangible assets purchased concessions, industrial property rights and similar rights and assets as well as licences in such rights and values			3.609,00	3.609,00	18
6. Property, plant and equipment				863.232,83	861
7. Other assets				1.946.299,07	231
8. Prepaid expenses and deferred charges				2.911.421,27	3.335
Total ASSETS				**1.556.642.456,23**	**1.698.935**

				2023	2022
PASSIVA	EUR	EUR	EUR	EUR	TEUR
1. Liabilities to banks					
a) Due daily			1.223.201,57		2.277
b) With an agreed term or period of notice			90.097.320,85	91.320.522,42	130.494 132.772
2. Liabilities to customers					
a) Other liabilities					
aa) Due daily			94.057.131,42		185.059
ab) With an agreed term or cancellation period			1.085.587.310,98	1.179.644.442,40	1.099.632 1.284.691
3. Other liabilities				2.489.599,02	1.857
4. Prepaid expenses and deferred charges				17.529.165,30	13.306
5. Provisions					
a) Provisions for pensions and similar obligations			5.024.257,24		4.983
b) Tax provisions			0,00		41
c) Other provisions			9.679.422,61	14.703.679,85	12.706 17.730
6. Subordinated liabilities				22.160.000,00	22.160
7. Instruments of the additional regulatory core capital				20.785.104,17	20.785
8. Fund for general banking risks of which special items according to § Section 340e (4) HGB	0,00			50.000.000,00	49.025 (0)
9. Equity					
a) Subscribed capital thereof: Contributions by silent partners	55.000.000,00		77.649.990,00		77.650 (55.000)
b) Capital reserve			57.171.345,86		56.067
c) Retained earnings					
ca) Legal reserve			39,57		0
cb) Other revenue reserves			21.419.121,91		17.663
d) Retained earnings			1.769.445,73	158.009.943,07	5.228 156.609
Total PASSIVA				**1.556.642.456,23**	**1.698.935**
1. Contingent liabilities Liabilities from guarantees and indemnity agreements				10.555.059,17	12.637
2. Other obligations Irrevocable loan commitments				79.985.674,48	137.385

64 Appendix to the annual financial statements

of Internationales Bankhaus Bodensee AG for the period from 1 January until 31 December 2023

1. Disclosure and classification requirements

Internationales Bankhaus Bodensee AG, with its registered office in Friedrichshafen, is registered at Ulm Local Court under commercial register number HRB No. 631436.

The annual financial statements for the 2023 financial year were prepared in accordance with the provisions of the German Commercial Code (HGB), taking into account the supplementary provisions for banks (Sections 340 et seq. HGB), the relevant provisions of the German Stock Corporation Act (AktG) and the Ordinance on Accounting for Banks and Financial Services Institutions (RechKredV).

The balance sheet and income statement were structured in accordance with the provisions of commercial law using the forms prescribed in Section 2 (1) RechKredV. Form No. 3, graduated form, was used for the income statement.

2. Accounting and valuation methods

The valuation of assets and liabilities complies with the general valuation regulations of Sections 252 et seq. HGB, taking into account the special regulations applicable to banks (Sections 340 et seq. HGB).

Cash reserve
The cash reserve denominated in EUR is recognised at nominal value.

Receivables from banks
Loans and advances to banks, including accrued interest, are recognised at nominal value.

Receivables from customers
Receivables from customers are recognised at nominal value, whereby the difference between the higher nominal value and the amount paid out - if interest-bearing - is recognised as deferred income. This difference is generally amortised pro rata temporis. Pro rata interest due after the balance sheet date, but which already has the character of receivables from banking business on the balance sheet date, has been allocated to receivables from customers. All Recognisable individual risks in the lending business are taken into account by creating specific valuation allowances or provisions for non-performing receivables or contingent receivables. General valuation allowances are recognised for the latent credit risk. Specific and general valuation allowances are deducted from assets. Processing fees are recognised immediately or term-dependent processing fees are deferred and recognised pro rata temporis.

IBB applies the simplified valuation method (simplified approach) in the 2023 annual financial statements in accordance with IDW RS BFA 7. The approach used is based on the expected loss method, but takes into account the requirements of IDW RS BFA 7 in its design. All receivables from customers and banks, guarantees and all open external loan commitments on an individual account basis are used as the basis for measurement, provided that no specific valuation allowances or provisions have been recognised for them. As in the previous year, a two-stage method is used.

The general bad debt provision is calculated using the 12-month or lifetime expected loss of the or the lifetime expected loss of the corresponding individual account. The methodological distinction is made between normal and intensive management based on the MaRisk status. As the Bank assumes that the balance between the credit rating premium and risk expectation is given for receivables that are in normal management, the 12-month. For all other receivables with MaRisk status Intensive Care and Restructuring / Workout or higher, the higher of the lifetime expected loss or the 12-month expected loss is used to calculate the general loan loss provision. month expected loss is used to calculate the general loan loss provision.

IBB sees a decline in latent credit risks in the area of corporate customers. Against this background, the management adjustment recognised for this purpose was reversed in the amount of EUR 700 thousand.

At the same time, however, the latent risks in the area of commercial property financing are increasing due to the further tightening of the market environment. The market is characterised by a sharp fall in prices as a result of declining demand, the ecological transformation in the property sector and increased requirements in terms of location and facilities. As the ECB's key interest rates are currently not expected to fall back to the level before the rise in inflation, the IBB expects the market environment to remain favourable for the coming year no noticeable market revival in 2024. For this reason, the previous management adjustment for commercial property financing was increased by EUR 700 thousand. The management adjustment thus totalled EUR 2,500 thousand in the reporting year.

Bonds and other fixed-income securities
Securities in the liquidity reserve are recognised at the lower of cost or market or fair value on the balance sheet date in accordance with the strict lower of cost or market principle. Fixed-interest securities held as fixed assets that were acquired with the intention of being held for the long term and have an external rating in the upper "investment grade" range are recognised in accordance with the moderate lower of cost or market principle. The valuation results in hidden liabilities totalling EUR 3,208 thousand for securities held as fixed assets.

Shareholdings
The investments held in the portfolio are allocated to noncurrent assets and fully amortised due to an expected permanent impairment.

Intangible assets (useful life 3 to 5 years)
Intangible assets are valued at acquisition or production cost less straight-line amortisation. Impairment losses are recognised if the impairment is expected to be permanent.

Property, plant and equipment (useful life 3 to 14 years)
Property, plant and equipment are valued at acquisition or production cost less straight-line depreciation. Impairment losses are recognised if the impairment is expected to be permanent. Low-value assets up to EUR 800.00 are fully depreciated in the year of acquisition.

Other assets
Other assets are recognised at nominal value less any necessary depreciation, amortisation and write-downs.

Prepaid expenses and deferred charges Assets
Differences between the settlement amount of a liability and the lower issue amount are recognised in prepaid expenses. The difference is amortised on a straight-line basis over the term of the liability.

Deferred tax assets
A surplus of deferred tax assets is recognised in an overall difference analysis by exercising the option under § Section 274 (1) sentence 2 HGB is not recognised.

Liabilities to banks, customers and other liabilities
Liabilities are recognised at the settlement amount. Differences of an interest nature are recognised in prepaid expenses and amortised on a straight-line basis.

Deferred income Liabilities
Differences between the settlement amount of a receivable and the lower issue amount are recognised as deferred income. The difference is amortised over the term of the receivable.

Provisions
Provisions are recognised in the amount required to settle the obligation in accordance with prudent business judgement. They take into account all recognisable risks and contingent liabilities. Provisions with a remaining term of more than one year are discounted in accordance with Section 253 (2) HGB using the discount rate specified in the German Regulation on the Discounting of Provisions (RückAbzinsV). Provisions are also recognised in an appropriate amount for contingent liabilities and impending losses from pending transactions.

The provisions for pensions are calculated actuarially in accordance with the provisions of commercial law using the projected unit credit method. The calculations were made using the "2018 G mortality tables", taking into account the following assumptions: Actuarial interest rate of 1.83% p.a. (10-year average) / income dynamics - not recognised / pension dynamics of 2.10% p.a.

Subordinated liabilities
Subordinated liabilities are recognised at the settlement amount. Pro rata interest due after the balance sheet date has been allocated to subordinated liabilities.

Instruments of the additional regulatory core capital
Liabilities arising from a capital transfer agreement for an indefinite period are recognised at the settlement amount. Pro rata interest due after the balance sheet date has been allocated to the item "Instruments of additional regulatory core capital".

Information on the treatment of negative interest
Negative interest on financial assets or financial liabilities is deducted from the relevant interest income or interest expenses in the income statement.

Loss-free valuation of interestrelated transactions in the banking book (interest book)
In accordance with IDW RS BFA 3, a provision must be recognised if the carrying amount of the interest book is greater than the present value of the interest book and there are therefore net unrealised losses in the interest book. The expected discounted cash flows of the interest book (present value) are compared with the carrying amount of the interest-related assets and liabilities, taking into account the expected risk and administration costs still to be incurred. As at the balance sheet date, it was demonstrated that, based on the present value approach, there is no excess liability from interest-related transactions in the banking book (interest book). A provision in accordance with Section 249 (1) sentence 2 no. 2 HGB was not required.

Valuation units
IBB AG forms a valuation unit for derivative financial instruments (customer transactions) in accordance with section 254 HGB. The net hedge presentation method is applied. Compensation payments from interest rate cap agreements to hedge interest-bearing transactions are recognised pro rata temporis. In the case of interest rate cap agreements for own-account transactions, the premium paid is spread over the term if it serves to hedge interest rate risks. To this end, the premium portion attributable to the individual sub-options is derecognised through profit or loss when they mature.

Currency conversion
Currency translation was carried out for the foreign currency items in the annual financial statements of Internationales Bankhaus Bodensee AG in accordance with Section 340h in conjunction with Section 256a HGB (special cover). § Section 256a HGB (special cover). The foreign currency amounts were translated at the reference rates (mean spot rate and forward rates) provided by the European Central Bank, Frankfurt am Main, on 29 December 2023. The initial measurement of assets and liabilities denominated in foreign currencies is carried out at acquisition cost translated into EUR with no effect on profit or loss.expenses and income resulting from the currency translation of assets, liabilities or forward transactions were recognised in the income statement in accordance with Section 340h in conjunction with Section 256a HGB. § In accordance with Section 340h in conjunction with Section 256a HGB, expenses and income resulting from the currency translation of assets, liabilities or forward transactions were recognised in the income statement under other operating income.

Profits transferred on the basis of a profit transfer agreement
Profits to be transferred on the basis of a profit transfer agreement (Section 291 (1) AktG) for profit shares of silent partners are allocated to the item "Profits transferred on the basis of a profit pooling, profit transfer or partial profit transfer agreement" (Section 277 (3) sentence 2 HGB) in the income statement. A provision is recognised for the contingent liability to service the silent participations.

3. Breakdown of deadlines
of receivables and liabilities by residual maturity

in TEUR	31.12.2023	31.12.2022
Receivables from banks	**29.533**	**37.874**
due daily	29.533	37.874
up to three months	0	0
more than three months to one year	0	0
more than one year and up to five years	0	0
more than five years	0	0
including: Receivables from affiliated companies	0	0
including: Receivables from companies, with which an investment relationship exists	0	0
Receivables from customers	**1.207.002**	**1.338.929**
with an indefinite term (including pro rata interest)	141.453	86.525
up to three months	376.771	214.228
more than three months to one year	354.677	467.784
more than one year and up to five years	281.907	503.028
more than five years	52.194	67.364
including: Receivables from affiliated companies	1.247	1.114
including: Receivables from companies, with which an investment relationship exists	0	0

in TEUR	31.12.2023	31.12.2022
Liabilities to banks	**91.321**	**132.772**
due daily	1.223	2.277
up to three months	652	40.540
more than three months to one year	78.887	2.350
more than one year and up to five years	5.727	84.295
more than five years	2.406	3.525
Pro rata interest	2.426	–215
including: Liabilities to affiliated companies	179	232
including: Liabilities to companies in which participations are held	0	0
Liabilities to customers	**1.179.644**	**1.284.691**
due daily	94.057	185.059
up to three months	419.328	248.765
more than three months to one year	498.251	626.565
more than one year and up to five years	155.486	222.118
more than five years	0	0
Pro rata interest	12.522	2.184
including: Liabilities to affiliated companies	16.718	13.165
including: Liabilities to companies in which participations are held	0	0

4. Derivative financial instruments

As at the balance sheet date, Internationales Bankhaus Bodensee AG held derivative financial instruments concluded with customers and at the same time the corresponding offsetting transactions with banks in which all material value components of the underlying transaction and hedging instrument match (micro hedge).

The difference between the customer and bank valuation for forward exchange transactions results from the spread between the bid and ask prices. The valuation approach was not changed compared to the previous year.

Internationales Bankhaus Bodensee AG does not hold any trading portfolios.

Nominal volume in TEUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Type of financial instrument	Nominal volume of business with customers		Nominal volume hedging transaction	
Interest rate swaps (incl. forward)	714	1.701	714	1.701
Cross-currency interest rate swaps	0	0	0	0
Caps / Floor	1.690	2.687	1.690	2.687
Forward exchange transactions	34.203	60.159	34.210	60.112

Market value in TEUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Type of financial instrument (Valuation method: Mark-to-market, incl. accrued interest)	Evaluation of business with customers		Hedge valuation	
Interest rate swaps (incl. forward)	–6	–18	6	18
Cross-currency interest rate swaps	0	0	0	0
Caps / Floor	–16	–42	16	42
Forward exchange transactions	117	–560	1	805

5. Notes on individual balance sheet items

The balance sheet item "Loans and advances to customers" includes receivables totalling EUR 612.4 million (39.3% of the balance sheet total - previous year: EUR 738.2 million), which serve to finance commercial real estate customers. As at the balance sheet date, risk provisions in the form of specific valuation allowances totalling EUR 17.0 million were recognised for these receivables. Receivables amounting to EUR 277.0 million (17.8% of total assets - previous year: EUR 315.9 million) are included for the financing of corporate customers. For receivables due from Specific valuation allowances totalling EUR 5.4 million have been recognised for corporate customers. A volume of EUR 290.3 million (18.6% of total assets - previous year: EUR 246.9 million) has been recognised for financing in the area of sport. Specific valuation allowances o f EUR 0.6 million have been recognised for financing in the area of sport.

The following securities have been pledged as collateral for liabilities to banks and for participation in refinancing transactions with Deutsche Bundesbank:

Nominal volume in TEUR	31.12.2023	31.12.2022
Class of securities	**128.413**	**118.100**
Treasury bills	57.813	57.500
other issuers / credit institutions	70.600	60.600

Beyond this, the Bank has not transferred any assets as collateral for any other liabilities or contingent liabilities recognised in the balance sheet

in TEUR	31.12.2023	31.12.2022
Debt securities and other fixed-income securities	**127.382**	**117.665**
Fixed assets	112.203	102.605
including: Listed on the stock exchange	112.203	102.605
not listed on the stock exchange but marketable	0	0
Liquidity reserve	15.179	15.060
including: Listed on the stock exchange	15.179	15.060
including: due in the following year	18.500	28.961
including: Receivables from affiliated companies	0	0
including: Receivables from companies in which a participating interest is held	0	0
including: not measured at the lower of cost or market (due to temporary impairment - Application of the mitigated lowest value principle)	0	0

in TEUR	31.12.2023	31.12.2022
Total amount denominated in foreign currency assets and liabilities recognised in the balance sheet		
Assets	4.921	9.240
Debts	5.093	9.240
Intangible assets	**4**	**18**
Property, plant and equipment	863	**861**
including: Operating and office equipment	262	234
Other assets	**1.946**	**231**
Receivables from margin accounts	0	0
Receivables from the tax office	1.876	42

in TEUR	31.12.2023	31.12.2022
Prepaid expenses and deferred charges Assets	**2.911**	**3.335**
Difference between issue amount and higher repayment amount of liabilities	2.815	3.272
Other liabilities	**2.490**	**1.857**
thereof: Liabilities to the tax office	615	270
thereof: Liabilities from margin accounts	170	1.190
thereof: Liabilities from clearing account Payment transactions	552	78
Deferred income Liabilities	**17.529**	**13.306**
Difference between disbursement amount and higher nominal amount of receivables	17.520	13.286
Accrual of upfront payment from swap transactions	9	21
Provisions	**14.704**	**17.730**
Pension provisions*	5.024	4.983
Tax provisions	0	41
Other provisions	9.679	12.706
including:		
Provisions for bonuses / premiums	2.165	2.165
Provision for credit risks	871	2.109
Provision for credit risks according to BFA 7	1.497	2.081
Provision for audit costs	378	471
Provision for archiving costs	133	236
Provision for contingent liabilities	27	27
Provision for brokerage commission expenses	65	624
Provision for servicing the silent participations	3.575	3.575

* The difference between the amount recognised for provisions based on the average market interest rate from the past ten financial years and the average market interest rate from the past seven financial years is EUR 42 thousand (previous year: EUR 214 thousand). The difference is barred from distribution in accordance with Section 253 (6) HGB.

The following subordinated liabilities exceed 10 % of the total amount of subordinated liabilities:

- EUR 7,000,000.00 at 5.0 % without early repayment obligation, due on 28 January 2029
- EUR 5,000,000.00 at 5.0 % without early repayment obligation, maturing on 17 December 2028
- EUR 4,500,000.00 at 5.0 % without early repayment obligation, maturing on 31 July 2028
- EUR 3,000,000.00 at 5.0 % without early repayment obligation, maturing on 28 December 2028
- EUR 2,160,000.00 at 3.25 % without early repayment obligation, due on 8 January 2031

These subordinated liabilities comply with Article 63 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 646/2012 (corresponds to CRR Regulation).

- In the event of insolvency or liquidation, reimbursement will only be made after all non-subordinated creditors have been satisfied. A subsequent restriction of subordination is excluded.
- The funds are available to the credit institution for at least five years and there can be no early repayment obligation.
- The borrower is not required to provide any collateral of his own or third party collateral for the lender's claims under this agreement.
- A set-off of the reimbursement claim against claims of the bank is excluded.

The following capital transfer exceeds 10% of the total amount of the instruments of the additional regulatory core capital.

- EUR 19,500,000.00 at 6.5 % as capital transfer without early repayment obligation, no final maturity, purpose: creation of additional core capital

The main contractual conditions are as follows:
- This capital transfer agreement establishes an unsecured, subordinated liability of the bank. In the event dissolution, liquidation or insolvency of the Bank or a composition or other proceedings against the Bank to avert insolvency, the liabilities arising from this capital transfer agreement shall be subordinated in full to the claims of third party creditors of the Bank arising from non-subordinated liabilities, the claims arising from supplementary capital instruments and the claims specified in Section 39 (1) nos. 1 to 5 InsO, so that payments on the capital transfer agreement will not be made as long as the claims of these third party creditors of the bank from non-subordinated liabilities, the claims from the supplementary capital instruments and the claims specified in Section 39 (1) nos. 1 to 5 InsO have not been satisfied in full. Subject to this subordination provision, the bank is at liberty to service its liabilities under this capital transfer agreement from its other free assets. The lender is not authorised to offset claims arising from the capital transfer agreement against claims of the bank. Neither the Bank nor any third party shall provide the lender with any security or guarantee for its rights under the capital transfer agreement; no such security shall be provided at a later date.

- Subordination may not be subsequently limited and the term of the capital transfer agreement and any applicable notice period may not be shortened. If the nominal amount of the capital transfer agreement is repaid prematurely under other circumstances described above or as a result of premature termination, the amount repaid or paid must be returned to the bank regardless of any agreements to the contrary, unless the supervisory authority responsible for the bank has approved the premature repayment. Cancellation of the capital transfer agreement and early (partial) repayment are only permitted in any case only permitted with the prior consent of the supervisory authority responsible for the bank.

in TEUR	31.12.2023	31.12.2022
Subordinated liabilities	**22.160**	**22.160**
including:		
due before expiry of 2 years	0	0
Expenses for the total subordinated liabilities	1.070	1.070
including:		
Subordinated liabilities to affiliated companies	5.000	5.000
including:		
Subordinated liabilities to companies in which a participating interest is held	3.000	3.000

- This capital transfer agreement has no final maturity date.

IBB AG has initiated a process to convert the components of the additional regulatory core capital into silent participations, which is expected to be completed in 2024.

The change in capital reserves is recognised from the 75% return of the dividend payment for 2022 by the shareholders. The increase in retained earnings results from the proposal for the appropriation of net profit for 2022 following approval by the Annual General Meeting in 2023.

in TEUR	31.12.2023	31.12.2022
Instruments of the additional regulatory core capital	**20.785**	**20.785**
including:		
with a remaining term of more than 5 years	19.500	19.500
of which: to affiliated companies	20.785	20.785
Expenses for the entire additional regulatory core capital	1.285	1.285

in TEUR	31.12.2023	31.12.2022
Fund for general banking risks	**50.000**	**49.025**
including:		
Allocation to the fund for general banking risks	975	4.300
Withdrawals from the fund for general banking risks	0	0
Reversal in accordance with 340e (4) HGB	0	0
Reserves	**78.590**	**73.730**
including:		
Capital reserve	57.171	56.067
Retained earnings	21.419	17.663

6. Contingent liabilities and other obligations

Liabilities from guarantees and warranties totalling EUR 10,555 thousand and other obligations from irrevocable loan commitments totalling EUR 79,986 thousand are subject to counterparty default risk. Based on current knowledge and past experience, the occurrence of liability for guarantees and warranties is estimated to be relatively low. There were no utilisations from guarantees and warranties in the reporting year.

7. Transactions not included in the balance sheet

There is a payment obligation of EUR 10,339 thousand (previous year: EUR 11,342 thousand) for leasing and rental agreements, of which EUR 1,557 thousand (previous year: EUR 1,981 thousand) to affiliated companies. The lease agreements have been concluded with a term of 12 to 180 months. For the business premises The bank has medium to long-term rental agreements and a lease agreement.

8. Individual amounts that are material for the assessment of the annual financial statements of Internationales Bankhaus Bodensee AG

Interest expenses include pro rata interest for the GLRG III transactions carried out by the bank (volume EUR 77,000 thousand) for the final interest rate period from the 23 November 2022 until final maturity or earlier repayment of the respective GLRG III tranches in the amount of EUR 2,426 thousand.

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in TEUR	31.12.2023	31.12.2022
Interest income	**98.571**	**58.762**
Important individual items are		
Income from processing fees	5.253	4.721
Negative interest from lending and money market transactions	−1	−488
Interest income - breakdown by geographical market	**98.571**	**58.762**
Germany	74.813	42.691
Rest of EU (excluding Germany)	12.624	8.052
Other countries (e.g. Switzerland, USA, etc.)	11.134	8.019
Interest expenses	**36.602**	**7.385**
thereof: Negative interest from liability transactions	108	1.748

A breakdown of commission income by geographical market has been omitted, as these do not differ significantly from the organisation of IBB AG.

The auditor's fee is not disclosed due to the exempting Group clause in Section 285 No. 17 HGB.

in TEUR	31.12.2023	31.12.2022
Commission income	**6.670**	**7.981**
including:		
Income from brokerage and structuring	1.633	1.574
Income from custody account management and commission business	3.947	4.224
Income from foreign payment transactions	233	1.489
Commission expenses	**2.455**	**4.898**
including:		
Expenses from securities and custody business	823	828
Expenses from the brokerage of fund investments,		
Real estate and loans, deposits and life insurance policies	1.480	2.724
Expenses for other services		
incl. foreign payment transactions	132	1.304

in TEUR	31.12.2023	31.12.2022
Other operating income	**1.259**	**1.222**
of which:		
Income from currency translation	0	6
Release from provisions	801	818
Income from sublet buildings	272	231
Income from claims	29	11
Other operating expenses	**370**	**262**
of which:		
Interest effects from the compounding of pension provisions	87	83
Expenses from compensation payments	103	32
Company events	73	31

Other operating income has not been broken down by geographical market, as these do not differ significantly from the organisation of IBB AG.

in TEUR	31.12.2023	31.12.2022
Risk provisioning for as yet unspecified counterparty default risks (general valuation allowances)		
General valuation allowance at the beginning of the FY	**11.271**	**10.296**
Allocation PWB to Ford. Kd.	4.027	0
Resolution PWB on Ford. Kd.	0	–1.990
Addition taxed PWB Ford. AI	0	25
Dissolution of taxed PWB Ford. AI	–6	0
Additions to contingent liabilities Contingent liabilities	0	109
Release of contingent liabilities Contingent liabilities	–11	0
Allocation Rst. Loan commitments irrevocable	0	1.541
Cancellation Rst. Loan commitments irrevocable	–842	0
Allocation Rst. Revocable loan commitments	258	540
Cancellation Rst. Revocable loan commitments	0	0
Addition Management adjustment	700	750
Resolution Management adjustment	–700	0
General valuation allowance at the end of the FY	**14.697**	**11.271**

9. Organ references

Total remuneration totalling EUR 208 thousand was paid to former members of the Management Board in the financial year. Pension provisions for former members of the Executive Board totalled EUR 5.0 million.

in TEUR	31.12.2023	31.12.2022
Remuneration for members of the Supervisory Board	329	323

10. Loans or advances to members of the Management Board or Supervisory Board

in TEUR	31.12.2023	31.12.2022
Loans to members of the Management Board or Supervisory Board	0	0
Advances to members of the Management Board or Supervisory Board	0	0

11. Average number of employees during the year

On average, 126 full-time employees and 43 part-time employees worked for Internationales Bankhaus Bodensee AG during the year. On average, 146 salaried employees and 24 senior executives were employed by the bank.

12. Statement of changes in fixed assets

Fixed assets Balance sheet items in TEUR	Debt securities and other fixed-income securities Securities*	Shares	Shareholdings	Intangible assets	Property, plant and equipment
Total acquisition costs and production costs	104.112	0	222	224	2.094
Additions	37.704	0	0	0	234
Departures	28.933	0	25	0	136
Accumulated acquisition costs at the end of the FY	**112.883**	**0**	**197**	**224**	**2.192**
Accumulated amortisation at the beginning of the FY	1.606	0	222	206	1.233
Depreciation and amortisation for the FY	0	0	0	14	232
Write-ups of the FY	458	0	0	0	0
Changes to the entire Depreciation and amortisation in connection with Additions (+)	0	0	0	0	0
Changes to the entire Depreciation and amortisation in connection with disposals (-)	0	0	25	0	136
Accumulated amortisation at the end of the FY	**1.148**	**0**	**197**	**220**	**1.329**
Carrying amount of the FY	**111.735**	**0**	**0**	**4**	**863**
Carrying amount of the previous year	102.506	0	0	18	861

* Excluding accrued interest; the market value of all bonds and other fixed-interest securities totalled EUR 108,269 thousand as at the reporting date. In principle, disposals are measured at cost.

13. Country-specific reporting in accordance with section 26a (1) sentence 2 KWG

A total of 173 (previous year: 149) wage and salary earners were employed by Internationales Bankhaus Bodensee AG on a full-time equivalent basis as at the reporting date of 31 December. Profit before "Creation of contingency reserves in accordance with Section 340g HGB", "Profits transferred on the basis of a profit pooling, profit transfer or partial profit transfer agreement" and "Before taxes" amounted to EUR 9.4 million in the 2023 financial year (previous year: EUR 18.0 million).

Taxes on income and earnings totalled EUR 3.1 million in the 2023 financial year (previous year: EUR 4.8 million). These related exclusively to non-refundable capital gains tax, solidarity surcharge and trade tax.

Public aid

Internationales Bankhaus Bodensee AG did not receive any public subsidies in the current financial year (previous year: EUR 0 thousand).

in TEUR	31.12.2023	31.12.2022
Net interest income (including current income)	61.969	51.379
Net commission income	4.245	3.083
Other operating income	1.259	1.222
Turnover	**67.473**	**55.684**

14. Supplementary information

Würth Finanz-Beteiligungs-GmbH, Künzelsau, holds a majority interest in Internationales Bankhaus Bodensee AG in accordance with Section 16 (1) of the German Stock Corporation Act (AktG). The share capital of Internationales Bankhaus Bodensee AG is divided into 411,818 registered shares with full voting rights. There has been no change compared to the previous year.

15. Consolidated financial statements

IBB AG is a subsidiary of Würth Finanz-Beteiligungs-GmbH, Künzelsau, which in turn is an equivalent parent company of the Würth Group. The annual financial statements of the company are included in the consolidated financial statements of the Würth Group, which, in addition to Würth Finanz-Beteiligungs-GmbH as a parent company of equal standing - in particular Adolf Würth GmbH & Co. KG, Künzelsau - and some other companies of the Würth Group. No subgroup financial statements are prepared for Würth Finanz-Beteiligungs-GmbH because the company and its subsidiaries are included in the exempting consolidated financial statements of the Würth Group. The consolidated financial statements are submitted electronically to the Company Register and can be viewed there.

16. Supplementary report

No events have occurred since the balance sheet date of 31 December 2023 that have a material impact on the net assets, financial position or results of operations of the Bank.

17. Bodies of the Bank

17.1 Board of Directors

Heike Kemmner
Board Member Market – Divisions: Commercial Real Estate Clients, Internal Audit, Human Resources, Private Banking, Sports Financing, Treasury, Corporate Clients, Sales Management Overall Bank

Stephan Waiblinger
Back Office Management Board - Divisions: Compliance I Central Office, Information Security I Data Protection I Outsourcing, Corporate Development, Credit, Corporate Management I Risk Management

17.2 Supervisory Board

Christoph Raithelhuber
Chairman of the Supervisory Board
Former Spokesman of the Management Board of Bankhaus Neelmeyer AG

Michel Haller
Deputy Chairman of the Supervisory Board Chairman of the Managing Board of Hypo Vorarlberg Bank AG

Dieter Gräter (bis 16.03.2023)
Managing Director Reinhold Würth Holding
Former Authorised Officer Finance Adolf Würth GmbH & Co. KG

Dietmar Ilg
Member of the Board of Managing Directors of Landwirtschaftliche Rentenbank

Joachim Kaltmaier
Former member of the Central Managing Board of the Würth Group

Ralf Schaich (ab 16.03.2023)
Member of the Central Managing Board (CFO) of the Würth Group

Dr. Frank Schlaberg
Former Co-CEO, Bankhaus von der Heydt

18. Proposal of the Executive Board on the appropriation of retained earnings

The Executive Board proposes that the net profit for the year (corresponding to the balance sheet profit) totalling EUR 1,769,445.73 be appropriated as follows:

Distribution of dividends on subscribed capital	1.472.249,35 EUR
Allocation to other revenue reserves	297.196,38 EUR

Friedrichshafen, den 11. March 2024

Internationales Bankhaus Bodensee
Aktiengesellschaft

Heike Kemmner *Stephan Waiblinger*

86 Report of the Supervisory Board

In accordance with the tasks assigned to it by law and the Articles of Association, the Supervisory Board of Internationales Bankhaus Bodensee AG continuously monitored the work of the Management Board in the 2023 financial year and made the decisions incumbent upon it.

There were also changes in the composition of the Supervisory Board in the 2023 financial year. On 16 March 2023, the longstanding Supervisory Board member Dieter Gräter stepped down from the Supervisory Board of Internationales Bankhaus Bodensee AG at his own request. This mandate could be exercised as part of the 41st Annual General Meeting on 16 March 2023 with Mr Ralf Schaich, member of the Central Managing Board of the Würth Group (CFO). In addition, the term of office of Mr Michel Haller, member of the Supervisory Board since March 2013, was extended by the maximum legally permissible term of five years at this Annual General Meeting.

The Supervisory Board held four ordinary meetings in 2023. The Supervisory Board was informed directly and comprehensively about the economic and financial development of the bank and its risk situation at the meetings and by means of regular reports, such as the Global Risk Report. The business and risk strategy, income, cost and volume planning and the main internal bank projects were discussed in detail. The Management Board also informed the Supervisory Board about fundamental corporate management issues, liquidity management and transactions and events of significant importance to the bank. The Supervisory Board was always informed of decisions of fundamental importance and involved where necessary.

In the past financial year, the Supervisory Board dealt intensively with the strategic direction of the Corporate Clients segment. In addition, the Supervisory Board was informed in detail about current developments in the Commercial Real Estate Clients segment. The Supervisory Board also dealt with the bank's remuneration system, in particular the appropriateness of the Management Board's remuneration and the reports of the external audit firms, Internal Audit and the authorised representatives.

The members of the Supervisory Board fulfilled their obligation to maintain the necessary expertise within the meaning of Section 25d (4) KWG by attending a corresponding training programme on current legal changes with a focus on 7th MaRisk amendment and on the basis of the newsletters provided.

The Chairman of the Supervisory Board was also informed of important topics and upcoming decisions by the Management Board in individual meetings. At Supervisory Board level, this exchange took place in regular telephone calls and - where necessary - in the form of ad hoc meetings in addition to the face-to-face meetings.

As a result of the Act to Strengthen Financial Market Integrity (FISG), public-interest institutions have been obliged to appoint an audit committee since 1 January 2022. As a result of this requirement, an Audit Committee has assumed the tasks in accordance with Section 25 d (9) since 1 January 2022. The Audit Committee consists of three members and met a total of two times in 2023. As part of its activities, the Audit Committee dealt with the partial audit reports for the 2023 annual audit and the audit report for the 2022 / 2023 WpHG audit. The Audit Committee also prepared the Supervisory Board's resolution on the catalogue of non-audit services and was informed about mandated non-audit services provided by the auditor of the annual financial statements. In accordance with the Articles of Association of the Audit.

In accordance with the Audit Committee's Articles of Association, the Chairman regularly reported to the Supervisory Board on the committee's work, and the Supervisory Board as a whole continues to perform all other statutory committee tasks as stipulated in Section 25d (8 - 12).

The Supervisory Board has also formed a Credit Committee. The Credit Committee, which consists of three members of the Supervisory Board, held four ordinary meetings and three extraordinary meetings in 2023. At its meetings, which were attended by the Management Board and in some cases other employees of the Bank, it discussed the Bank's credit strategy and its implementation in the operational lending business in detail. The Credit Committee received regular reports on credit exposures outside the remit of the Management Board and passed corresponding resolutions following in-depth discussions. Where necessary, resolutions on loans were passed by way of circulation between meetings.

The Supervisory Board received reports on acute credit risks on an ad hoc basis or reports on acute credit risks on an ad hoc basis or as part of the regular meetings, depending on the size of the risk. The Chairman of the Credit Committee reported regularly at the Supervisory Board meetings on the credit applications submitted and the Committee's votes as well as the work of the Committee as a whole.

The annual financial statements and the management report for the 2023 financial year were audited by Ernst & Young GmbH, Wirtschaftsprüfungs- gesellschaft, Stuttgart, and issued with an unqualified audit opinion. The audit report was distributed to the members of the Supervisory Board and discussed in detail both at the Audit Committee meeting on 15 March 2024 and at the Supervisory Board meeting on the same day, which were also attended by the auditors. The auditor reported on the key audit findings and was available to answer questions. The Supervisory Board was informed in advance about the ongoing audit at its meeting on 6 December 2023.

The Supervisory Board acknowledged and approved the results of the audit and approved the annual financial statements, which are thus adopted in accordance with Section 172 AktG. The Supervisory Board concurs with the Executive Board's proposal for the appropriation of net profit.

The Management Board also submitted the Management Board's report on the company's relationships with affiliated companies in accordance with Section 312 AktG for the 2023 financial year to the Supervisory Board for review. The audit did not give rise to any objections. The auditor issued the annual financial statements with the following unqualified audit opinion:

"In our judgement, based on the findings of our audit
- *Do the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2023 and o f its financial performance for the financial year from 1 January to 31 December 2023 in compliance with German Legally Required Accounting Principles, and*
- *the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development.*

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report."

The Supervisory Board concurs with the results of the audit and declares that there are no objections to the declaration by the Executive Board at the end of the report on relationships with affiliated companies.

The Supervisory Board would like to thank the Executive Board and all employees for their achievements. The Chairman of the Supervisory Board and his deputy would also like to thank the Supervisory Board.

Friedrichshafen, den 15. March 2024

The Supervisory Board

Christoph Raithelhuber

Chairman

Annual Report 2023

92 Resolution of the annual general meeting

On 15 March 2024, the Annual General Meeting resolved - in line with the proposal of the Executive Board and Supervisory Board - to distribute the accumulated net profit of **EUR 1,769,445.73** to shareholders as a dividend on subscribed capital in the amount of **EUR 1,472,249.35** and to pay out an amount of in the amount of **EUR 297,196.38** to other revenue reserves to the water.

96 Auditor's report of the auditor

Note on the audit of the annual financial statements and the management report

Audit judgements

We have audited the annual financial statements of Internationales Bankhaus Bodensee Aktiengesellschaft, Friedrichshafen, which comprise the balance sheet as at 31 December 2023 and the income statement for the year then ended. and income statement for the financial year from 1 January to 31 December 2023 and the notes to the financial statements, including the the presentation of the accounting policies. In addition, we have audited the management report of Internationales Bankhaus Bodensee Aktiengesellschaft für the financial year from 1 January to 31 December 2023.

In our opinion, based on the findings of our audit

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its financial performance for the give a true and fair view of the net assets and financial position of the company as at 31 December 2023 and of its results of operations for the financial year from 1 January to 31 December 2023 and
- the accompanying management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and suitably presents the opportunities and risks of future development.

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 annual financial statements and of the management report.

Basis for the audit judgements

We conducted our audit of the annual financial statements and of the management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in accordance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the section "Auditor's responsibilities for the audit of the annual financial statements and of the management report" of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) (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 annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual 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 annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the following, we describe what we consider to be key audit matters:

Identification and calculation of specific valuation allowances on customer receivables from commercial property customers, corporate customers and sports financing

Reasons for the designation as a key audit matter

The identification and calculation of specific valuation allowances on customer receivables from commercial property customers, corporate customers and sports financing is a key area in which management makes discretionary decisions. The identification of impaired credit exposures and the calculation of any necessary specific valuation allowances for these receivables are associated with uncertainties and involve various assumptions and judgements, particularly with regard to the customer's ability to service the debt and the valuation of collateral. Due to the high balance sheet volume, even minor changes in the assumptions and estimation parameters can lead to significantly different valuations. Against this backdrop, the identification and calculation of specific valuation allowances on customer receivables from commercial property customers, corporate customers and sports financing was a particularly important audit matter.

Auditing procedure

As part of our audit, we examined the processes for identifying and determining specific valuation allowances for receivables from commercial property customers, corporate customers and sports financing and tested the controls implemented for their effectiveness. In addition, we performed substantive audit procedures for a deliberately selected sample as part of the individual credit case audit. The sample selection was risk-oriented, in particular on the basis of criteria such as the loan volume, the inclusion of loans on watch lists for increased default risks, overdrafts and specific valuation allowances already recognised. In doing so, we assessed the key assumptions regarding the borrowers' expected debt servicing capacity to determine whether these are in line with the borrowers' economic circumstances. We also reviewed the valuation of the collateral provided on the basis of available external property appraisals. In doing so, we assessed the suitability of the appraisals as audit evidence, in particular on the basis of the appraisers' qualifications. In addition, we assessed the necessity of recognising specific valuation allowances and verified the mathematical accuracy of the specific valuation allowances determined in each case.

Our audit procedures did not lead to any reservations relating to the identification and calculation of specific valuation allowances on receivables from customers in the areas of commercial property customers, corporate customers and sports financing.

Reference to related information

The Bank's disclosures on the measurement of loans and advances to customers, which also include the areas of commercial property customers, corporate customers and sports financing, are provided in section 2 "Accounting policies" of the Notes. In addition, section 5 "Notes to individual balance sheet items" contains information on these receivables.

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. Furthermore, they are responsible 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 are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report, and for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a 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 management report.

Auditor's responsibilities for the audit of the annual of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the management report, which includes our audit opinions on the annual financial statements and on the 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 annual financial statements and management report.

During the audit, we exercise professional judgement and maintain professional scepticism. In addition

- During the audit, we exercise professional judgement and maintain professional scepticism. In addition, we identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company;

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors;

- Conclude on the appropriateness of management's 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 company's ability to continue as a going concern, Conclude on the appropriateness of management's 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 Company'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 annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern;

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with German Legally Required Accounting Principles;
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides;

- Perform audit procedures on the prospective information presented by the legal representatives in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management 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 opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

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 also 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 related safeguards. of the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other statutory and other legal requirements

Other information pursuant to Article 10 EU-APrVO

We were elected as auditor by the annual general meeting on 16 March 2023. We were engaged by the supervisory board on 22 March 2023. We have been the auditor of Internationales Bankhaus Bodensee AG, Friedrichshafen, without interruption since the financial year 2023.

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 (audit report).

We have provided the following services, which were not disclosed in the annual financial statements or the management report, in addition to the audit of the financial statements for the audited company or for the companies controlled by it:

- Audit of the securities services business in accordance with § Section 89 (1) WpHG,
- Investigation of a credit settlement and
- Consultancy services on upcoming legal and regulatory and regulatory changes.

Responsible auditor

The auditor responsible for the audit is Werner Frey.

Stuttgart, 14. March 2024

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft,
Stuttgart

Frey	Seifert
Auditor	Auditor

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