

Rating Report

Norddeutsche Landesbank Girozentrale

DBRS Morningstar

16 December 2022

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Ratings

Debt	Rating	Rating Action	Trend
Long-Term Issuer Rating	A (high)	Confirmed Dec. '22	Stable
Short-Term Issuer Rating	R-1 (middle)	Confirmed Dec. '22	Stable
Intrinsic Assessment	BBB (low)	Maintained Dec. '22	--

Rating Drivers

Factors with Positive Rating Implications

- NORD/LB's Issuer Ratings benefit from the SFG's IPS. An upgrade of SFG's ratings would lead to an upgrade of NORD/LB's ratings.
- The IA would be upgraded, if the Bank is successful in restoring sustainable profitability, while maintaining healthy asset quality and capital metrics.

Factors with Negative Rating Implications

- NORD/LB's Issuer Ratings benefit from the SFG's IPS. A downgrade of SFG's ratings would lead to downgrade of NORD/LB's ratings.
- The IA would be downgraded should the Bank fail to achieve a sustainable business model over the medium term. Any developments that would lead to a material deterioration in the Bank's liquidity or capital situation would also lead to a downgrade of the IA.

Rating Considerations

Franchise Strength (Good / Moderate)

- NORD/LB has a diverse corporate and commercial client base in Northern Germany, as well as revenues from more global business lines. The Bank is currently implementing a large-scale restructuring programme.

Earnings Power (Weak / Very Weak)

- NORD/LB's earnings generation is under pressure given the ongoing restructuring process. The current economic environment presents both opportunities and risks to profitability going forward. Earnings volatility from various valuation adjustments.

Risk Profile (Moderate / Weak)

- Credit risk improved, however, exposure mostly to commercial lending with the credit cycle likely to deteriorate. The Bank faces execution risk from the current restructuring programme.

Funding and Liquidity (Good / Moderate)

- The predominantly wholesale funding profile is mitigated by funding relationships within the SFG and access to stable Pfandbrief funding.

Capitalisation (Moderate / Weak)

- All capital ratios are comfortably above regulatory requirements. However, capital generation capacity is still very weak.

2022H1	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	G	M	G/M
Earnings	W/VW	W	W/VW
Risk	W/VW	G/M	M/W
Funding & Liquidity	G/M	M	G/M
Capitalisation	W/VW	M	M/W
Overall Assessment	Intrinsic Assessment Range (IAR)		Assigned IA
M/W	[BBH-BBB]		BBB (low)

Financial Information

(In EUR Millions unless otherwise stated)	H1 2022	H1 2021	For the Year Ended December 31 (IFRS)				
			2021	2020	2019	2018	2017
Total Assets	112,257	116,749	114,663	126,176	139,594	154,012	163,825
Gross Loans to Customers	68,512	70,121	68,622	73,936	82,179	91,212	94,789
Income Before Provisions and Taxes (IBPT)	(111)	(7)	49	479	320	51	1,309
Net Attributable Income	(63)	(51)	19	19	(109)	(2,364)	79
Net Interest Margin	0.8%	0.7%	0.7%	1.0%	0.7%	0.8%	0.8%
Cost / Income ratio	127.3%	101.3%	95.6%	68.2%	76.5%	95.5%	49.4%
LLP / IBPT	60.4%	-328.6%	-22.4%	87.5%	-6.9%	3713.7%	75.2%
Cost of Risk	-0.20%	0.06%	-0.02%	0.55%	-0.03%	2.12%	1.02%
CET1 Ratio	15.15%	15.42%	15.50%	14.48%	14.45%	6.63%	12.40%

Source: Morningstar Inc., Company Documents

Issuer Description

[Norddeutsche Landesbank Girozentrale](#) (NORD/LB) is a German public-sector Bank and member of the Sparkassen Finanzgruppe. It ranks among the top ten banks in Germany by assets. The Bank's commercial banking activities span across a diversified range of businesses including retail, corporate, markets, commercial real estate, and specialty finance. The Bank is currently undergoing a large-scale restructuring programme.

Rating Rationale

NORD/LB's ratings reflect its membership of the SFG and the Institutional Protection Scheme (IPS) of the SFG. Each member of the IPS, including NORD/LB, is generally rated at the floor level, which is currently A (high) with a Stable trend.

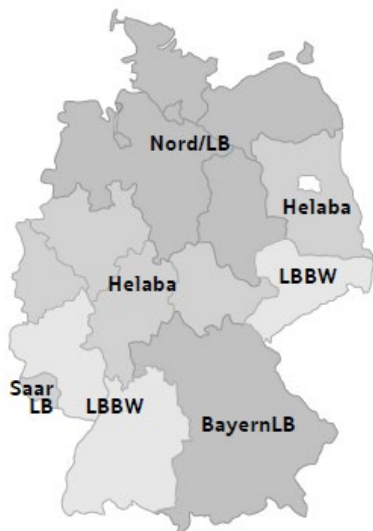
The IA continues to take into account NORD/LB's established franchise as a commercial bank in the region of Northern Germany, its role as a central institution and clearing bank for the savings banks in this region, as well as a global footprint in its specialty finance business. Following a period of a mandated de-leveraging as part of the Bank's restructuring programme, the Bank has started growing again with new business increasing across all segments, underscoring that the franchise has remained intact. As the wind-down of the shipping portfolio has been largely completed, asset quality metrics have improved significantly. The IA is further supported by the Bank's solid liquidity position which benefits from its membership of the SFG and its established covered bond franchise. Since its recapitalisation in 2019 the Bank has maintained substantial capital cushions above regulatory minimum requirements. The Bank's main challenges remain its limited earnings power and the ambitious restructuring programme, which, while on track in terms of cost reduction, continues to be subject to execution risk, especially given the weakening economic environment. We continue to monitor the Bank's progress towards sustainable revenue generation, cost reductions, and the build-out of new IT systems.

Franchise Strength

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good	Moderate	Good /Moderate

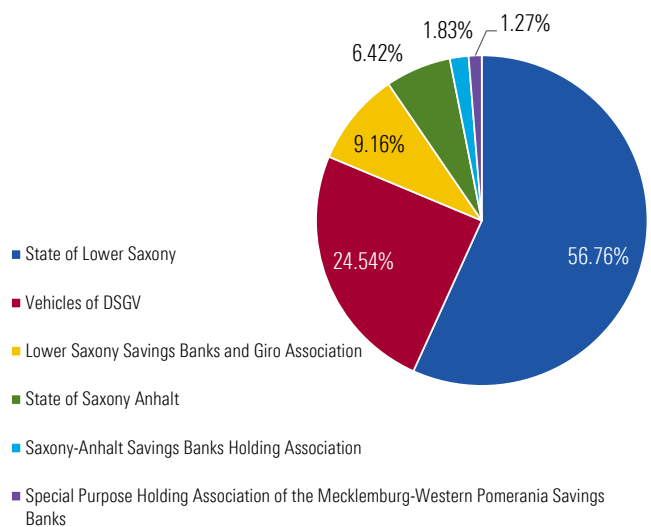
With total assets of EUR 120 billion as of end-Q3 2022, NORD/LB ranks among the top ten banks in Germany by assets and is the fourth largest of 5 Landesbanken. NORD/LB has a predominantly corporate and commercial banking franchise in Northern Germany, complemented by its savings bank segment and revenues from more global business lines. NORD/LB also performs central banking and clearing functions for the savings bank associations of Lower Saxony, Mecklenburg-Western Pomerania and Saxony Anhalt. NORD/LB is currently executing a large-scale restructuring programme ("NORD/LB 2024"). Parts of the programme such as the exit from the shipping business, and a reduction total assets to about EUR 110 billion by end-2024, down from EUR 145 billion in 2019 are nearing completion. Other areas such as cost reductions and a complete overhaul of the Bank's IT systems are still in the implementation phase and subject to significant execution risk at a time when the macroeconomic environment is posing new risks.

Exhibit 1 NORD/LB Geographic Focus



Source: DSGV.

Exhibit 2 NORD/LB Ownership Structure (As of December 2021)



Source: DBRS Morningstar, Company Documents.

NORD/LB has significant commercial banking activities which span a diversified range of businesses including corporate, markets, commercial real estate, and specialty finance. NORD/LB's retail business is operated through Braunschweigische Landessparkasse, a savings bank in the Braunschweig region. As a member of the Sparkassen Finanzgruppe¹ NORD/LB is an institution incorporated under German public law with legal capacity (rechtsfähige Anstalt des öffentlichen

¹ See our Rating Report: Sparkassen-Finanzgruppe, June 29, 2022.

Rechts, AöR. Within Saxony Anhalt and Mecklenburg-Western Pomerania it also handles promotional loans for the state.

In DBRS Morningstar's view, NORD/LB's franchise benefits from the local economies of its core regions in Northern Germany, complemented by revenues from more global business lines. The overall diversification of the franchise provides for a fairly evenly distributed revenue profile (see Exhibit 5). We note that NORD/LB is well positioned to take advantage from the increased demand in the renewable energy sector.

Exhibit 3 NORD/LB Business Segments

<p>Corporate Customers</p> <ul style="list-style-type: none"> Corporate and Commercial Customer Business in Germany Major Clients Agricultural Banking Corporate Finance 	<p>Special Finance</p> <ul style="list-style-type: none"> Renewable Energies Infrastructure Aircraft Finance 	<p>Private & Commercial Customers</p> <ul style="list-style-type: none"> BLSK / Private Customers <p>Savings Banks network</p> <ul style="list-style-type: none"> Syndication Loans, Giro – Centre Function, Municipal Clients 	<p>Markets</p> <ul style="list-style-type: none"> Capital Market Business for Institutional Customers 	<p>Real Estate Banking Customers</p> <ul style="list-style-type: none"> Commercial Real Estate Corporate Housing
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Source: DBRS Morningstar, Company Documents.

The Bank was recapitalised in December 2019 by the current owner States and the DSGV (Deutscher Sparkassen- und Giroverband), as part of an effort to remove the problematic shipping loans from the balance sheet. In order to avoid EU State Aid procedures, the Bank also had to implement a far-reaching transformation programme ("NORD/LB 2024"), which is expected to result in a significantly smaller, regionally focused, lower risk and more profitable Bank as shown in the following chart.

Exhibit 4 NORD/LB Financial Targets 2024

EUR 95bn* Total Assets	EUR 43bn RWAs	<50% Cost- Income Ratio	EUR 625m Costs	EUR 1.35bn Earnings	>7% ROE	>14% CET1 ratio	2,800 - 3,000 Staff
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Source: DBRS Morningstar, Company Documents.

*: Updated to EUR 110 billion, including the KfW pass-through loans.-

In DBRS Morningstar's view, the profitability targets remain ambitious. Achieving an ROE of at least 7% and a cost-income ratio of below 50% requires the Bank to grow its revenues from current levels while continuing to cut costs. The staff number is targeted to reach 2,800 - 3,000 full-time equivalents (FTEs). At end-9M 2022 the Bank reported 3,904 FTEs, down from 4,047 a year earlier and 5,489 at end-2019.

Earnings Power

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Weak / Very Weak	Weak	Weak / Very Weak

Despite NORD/LB’s wide and diverse wholesale banking franchise, earnings generation ability has been only moderate. DBRS Morningstar notes that earnings volatility from the operating segments has improved following the wind-down of the shipping portfolio. However, large fluctuations in positions accounted at fair value as well as certain items related to the Bank’s restructuring programme have had an outsized impact on the P&L. The underlying performance is gradually improving, but still modest. In DBRS Morningstar view NORD/LB’s earnings generation ability remains under pressure, as the Bank is executing its restructuring programme. Although higher inflation, higher interest rates, and the decline in guarantee fees that the Bank has been paying, are supportive of revenues, we expect cost pressure from inflation and higher credit costs to materialise over the medium-term.

Exhibit 5 Revenues by Business Segment

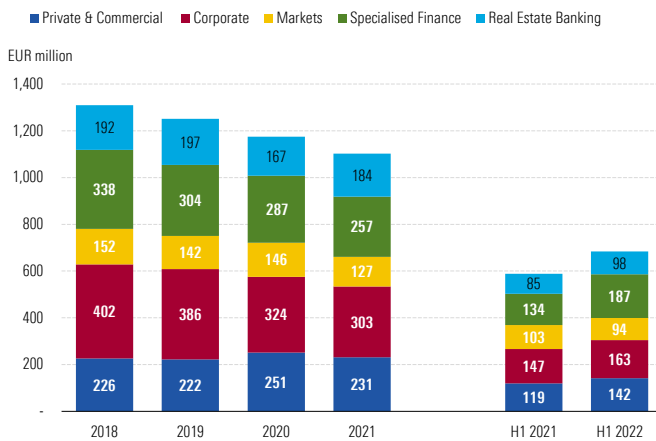
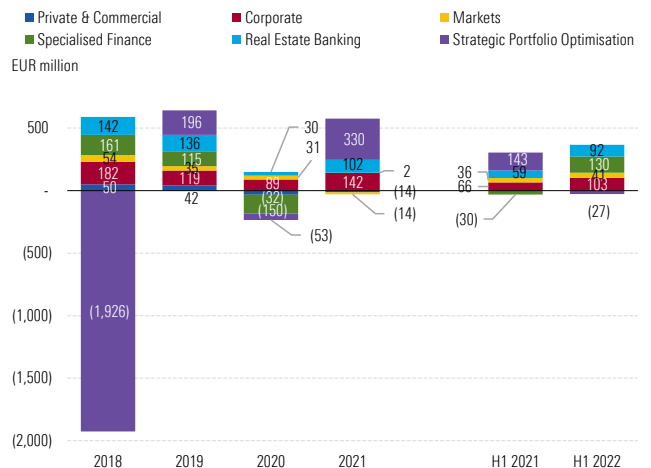


Exhibit 6 Consolidated Profit by Business Segment



Source: Company Documents.

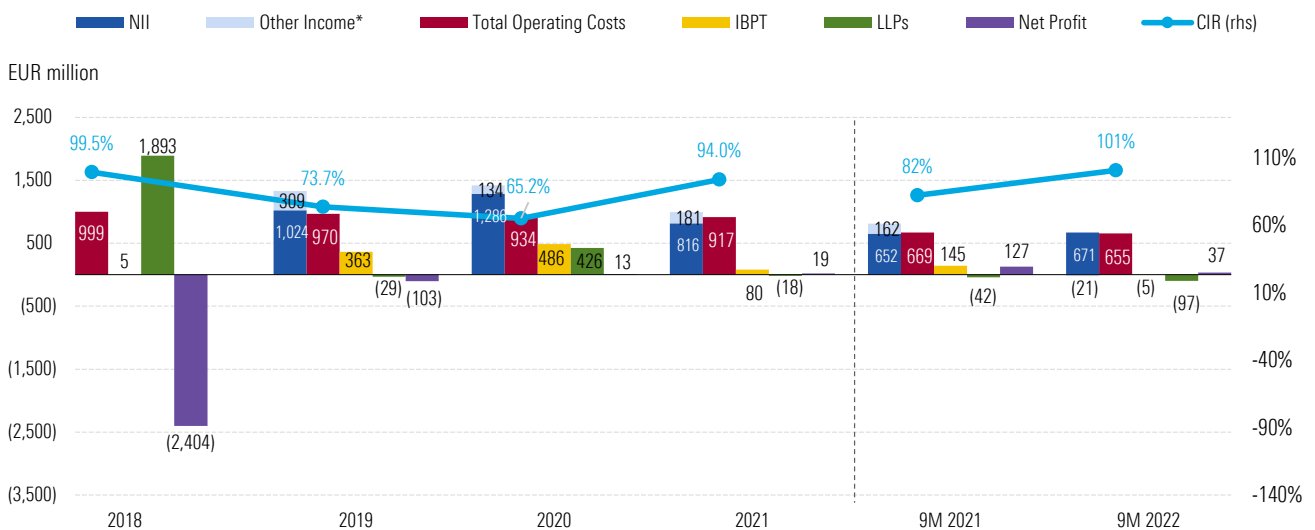
Note: Revenues consists of Net interest income before loan loss provisions, Net commission income and Profit/loss from financial instruments at fair value through profit or loss.

9M 2022 results

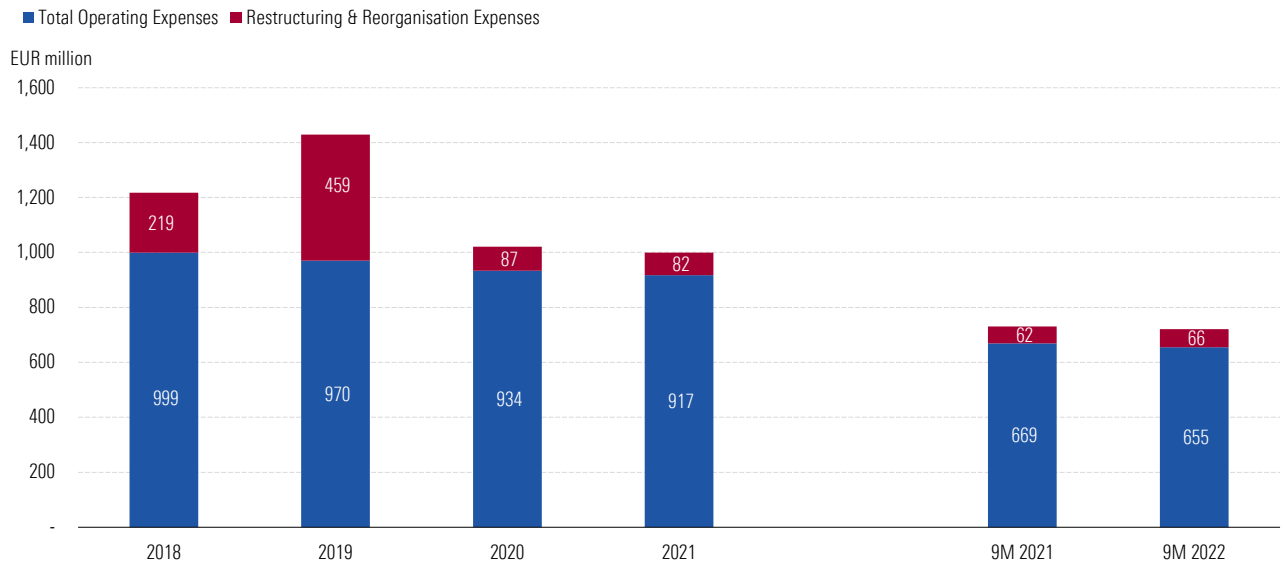
For the first 9 months of 2022, the Bank reported a net profit of EUR 37 million, compared to a net profit of EUR 127 million a year earlier, driven by valuation changes as a result of the large interest rate and foreign exchange movements, with the biggest impact coming from a EUR 188 million YoY adverse impact from financial assets at fair value. This was only partly offset by improvements in underlying performance and loan loss reserve releases of EUR 97 million, up from EUR 42 million a year earlier. The negative valuation adjustments in the P&L were more than offset by other comprehensive income (OCI) of EUR 367 million for 9M 2022 as a result of the revaluation of pension and benefit obligations, resulting in total comprehensive income of EUR 404 million. While this led to an increase in equity, this is not yet reflected in regulatory capital ratios.

With regards to core revenues, net interest income (NII) increased by 3% YoY to EUR 671 million reflecting new business, higher deposit margins and valuation changes of liabilities. We note that NORD/LB's has not been able to take advantage of the additional TLTRO III benefit, due to the mandated shrinking of the Bank's balance sheet. Net fees and commission income was EUR 112 million, up from EUR 32 million a year earlier, supported by higher business volumes and better margins. Guarantee fees paid to the State of Lower Saxony also declined to EUR 38 million from EUR 68 million a year earlier. The Bank also reported a further reduction in administrative expenses by 2% YoY to EUR 655 million for 9M 2022, as the cost reduction programme is showing results. For 9M 2022, the cost to income ratio (CIR) as calculated by DBRS Morningstar was 101% compared to 82% a year earlier. However, given the impact from valuation changes, we do not consider this change to be meaningful.

Exhibit 7 Profitability



Source: Company Documents.
Notes: * Operating Income, excl. NII.

Exhibit 8 Cost Development

Source: Company Documents.

Risk Profile

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Weak / Very Weak	Good / Moderate	Moderate / Weak

DBRS Morningstar notes that NORD/LB has significantly improved its credit risk profile in recent years through divestments of risky assets and various portfolio guarantees. As a result, the Bank’s reported NPL ratio has reached a low 0.7% at end-September 2022 from 1.2% at end-2021. The NPL ratio as calculated by DBRS Morningstar was 1.3% at end-H1 2022, the latest available data. Exposure to shipping, which caused significant credit losses in the past, has now been virtually eliminated. However, the Bank has exposure to aircraft finance not subject to guarantees of EUR 1.76 billion, a sector adversely affected by the COVID-19 pandemic that has yet to fully recover. Given its wholesale banking franchise, the Bank continues to maintain sizeable exposures to cyclical sectors that include more lumpy exposures. Due to multiple challenges ahead such as higher energy costs, inflation, and interest rates weighing on the economy, credit risk is likely to increase going forward. However, we note that the Bank still carries a management overlay of EUR 351 million as part of its loan loss reserves, which should shield the Bank’s capital from increased losses. We continue to see elevated operational risks associated with the large restructuring and the complete overhaul of the Bank’s IT systems.

Exhibit 9 Asset breakdown by segment, H1 2022

- Treasury/Consolidation/Others
- Private & Commercial Customers & Savings Banks Division
- Specialised Finance
- Corporate Customers
- Real Estate Banking
- Markets
- Strategic Portfolio Optimisation

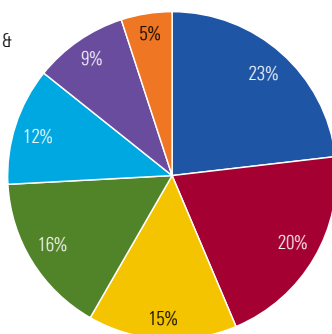
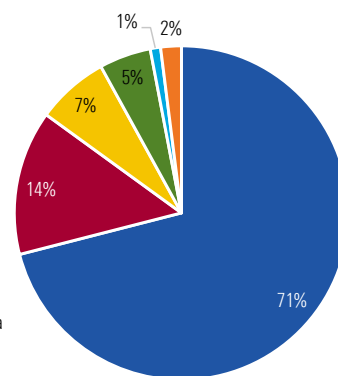


Exhibit 10 Exposure by region, H1 2022

- Germany
- Europe (excl. Germany)
- Other Europe
- North America
- Central and South America
- Asia/Australia/Africa



Source: Company Documents.

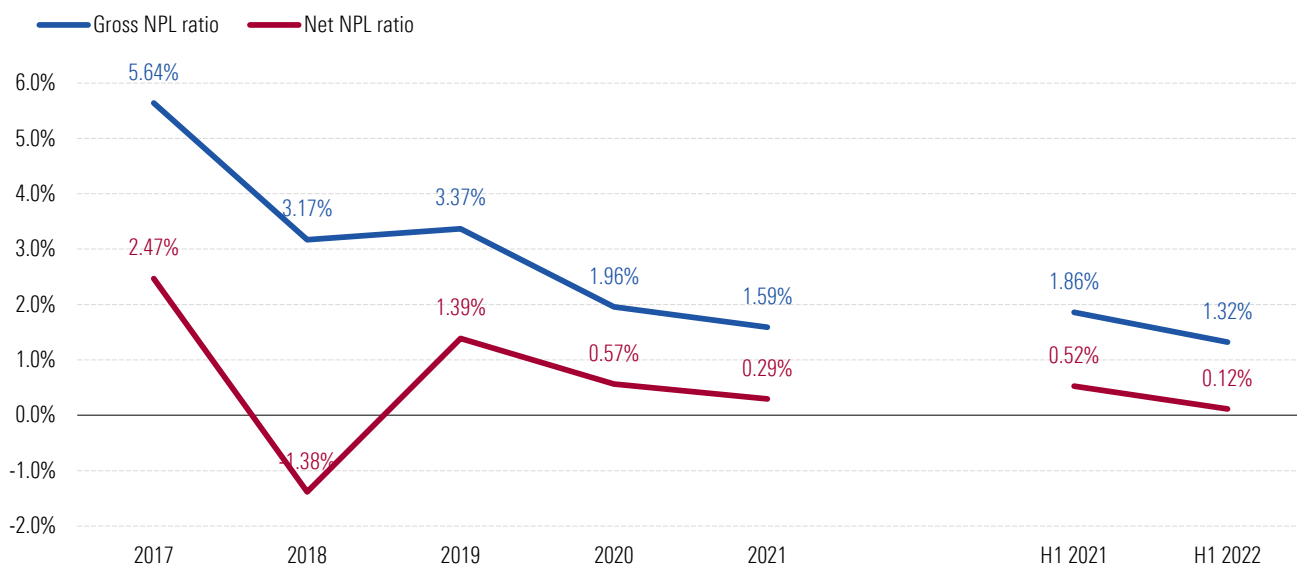
NORD/LB’s reported non-performing loan (NPL) ratio declined to 0.7 % at end-Q3 2022, down from 1.2% at year-end and down from a peak at 5.5% reached at end-2016, reflecting the wind-down of the Bank’s shipping portfolio which accounted for the bulk of the NPLs. The shipping portfolio has declined to EUR 542 million at end-Q3 2022, and given the collateral combined with guarantees provided by the Bank’s State owners, is not expected to cause any material losses to NORD/LB.

Since the onset of the COVID-19 pandemic, aircraft lending has become a focus, with air travel being one of the segments most affected. Since end-9M 2020 the Bank has reduced its Exposure at Default (EaD) from EUR 4.1 billion to EUR 3.0 billion at end-9M 2022. EUR 1.2 billion is currently

covered by guarantees provided by the State of Lower Saxony. Of the EUR 1.8 billion exposure not covered by guarantees, 35% was nonperforming at end-9M 2022, up from 11% a year earlier. A further 37% of the portfolio (up from 23% a year earlier) fell into the 'intensive support category' which is subject to close oversight. However, the Bank is seeing an improvement and has started to release some of the reserves built earlier. DBRS Morningstar will be closely monitoring developments in the aviation portfolio.

The Bank also has a EUR 14.1 billion commercial real estate (CRE) portfolio (EaD) which is mainly focused on Germany (56%) and Western Europe (38%). Due to conservative underwriting, NPLs have been negligible so far. However, given the cyclical nature of CRE, some deterioration is likely going forward.

Exhibit 11 NPL ratios



Source: Company Documents.
 Note: DBRS Morningstar calculation.

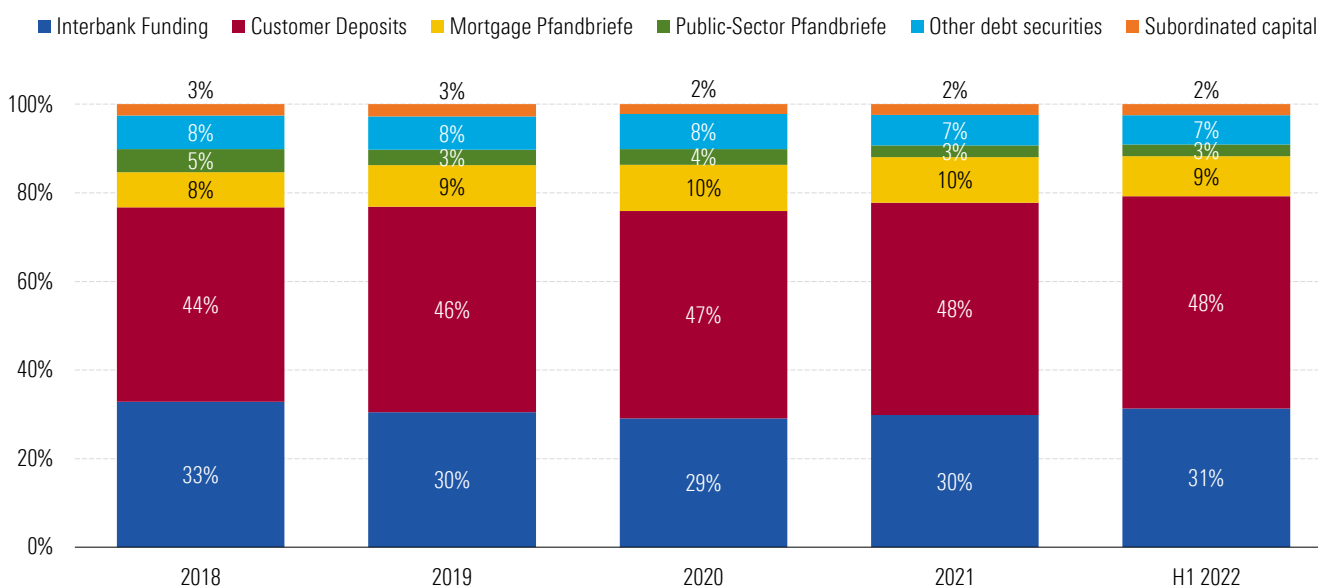
Funding and Liquidity

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Good /Moderate	Moderate	Good /Moderate

NORD/LB's liquidity and funding profile is satisfactory. The funding profile which predominantly consists of wholesale funding and corporate deposits is balanced by access to stable Pfandbrief funding, established wholesale funding relationships within the Sparkassen-Finanzgruppe, and healthy liquidity buffers above minimum requirements. As of end-Q3 2022 the liquidity coverage ratio (LCR) stood at 172.4%, and for the first time, the Bank reported its net stable funding ratio (NSFR), which was 125.6%, with both ratios well above the 100% requirement.

Characteristic of a Landesbank and reflective of its business model, NORD/LB's deposit funding is at the lower end of the peer group with customer deposits representing 48% of total funding at end-H1 2022, and the loan to deposit ratio was 139%. However, a large part of the Bank's funding comes from interbank funding from affiliated Sparkassen, reflecting the Bank's role as a central Bank for the savings banks association of Lower Saxony, Saxony Anhalt and Mecklenburg-Western Pomerania. This intra-group lending is helped by regulatory zero-risk weighting within the Group and can reduce the dependence of Landesbanken on volatile wholesale market funding. While intra-group funding decisions over the course of normal business may be driven by the individual risk appetite of each institution, in DBRS Morningstar's view it can help Landesbanken manage through periods of stress and thereby adds stability to their funding profile. NORD/LB has access to stable Pfandbrief funding through its mortgage and public-sector cover pools.

Exhibit 12 Funding Mix Evolution



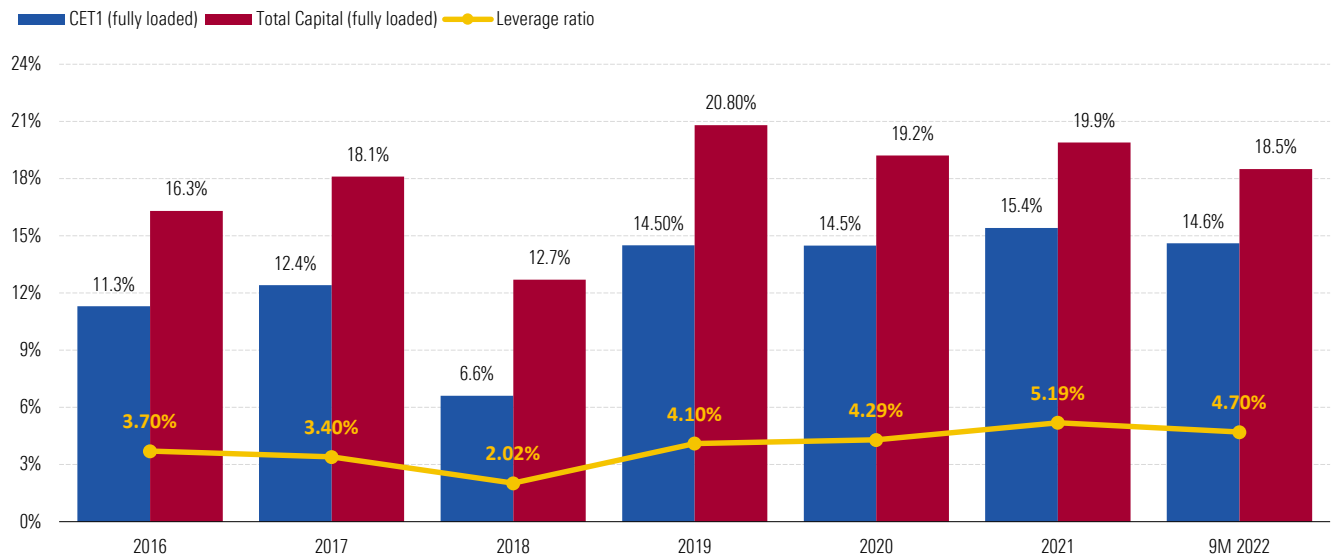
Source: Company Documents.

Capitalisation

Scorecard BB Assessment	Grids BB Assessment	Combined BB Assessment
Weak / Very Weak	Moderate	Moderate / Weak

NORD/LB's Q3 2022 CET1 ratio was 14.6%, well above the current SREP requirement of 8.68% and positions NORD/LB at the upper end of its peer group. In DBRS Morningstar's view NORD/LB's sound capital cushion is partly offset by the fact that the Bank's capital generation capacity is still constrained and that the ability to raise external capital is limited. We also note that the capital cushion is needed given the risk related to the execution of the Bank's ambitious restructuring programme and the current macroeconomic uncertainty. The CET1 ratio decreased to 14.6% at end-Q3 2022 from 15.4% at year-end 2021, as risk weighted assets increased to EUR 38.7 billion from EUR 37.5 billion due to new business growth. However, this ratio does not yet include results from comprehensive income of EUR 404 million, which is subject to regulatory approval.

The total capital ratio decreased from 19.9% to 18.5% during the same period and NORD/LB's MREL ratio was 45.8% at 9M 2022, well above the regulatory requirement of 20.35% as of end-June 2022. Current capital levels are also supported by the fact that guarantee fees paid by NORD/LB are being reinvested as capital, although the amount is declining. As part of NORD/LB's recapitalisation in December 2019, the state of Lower Saxony, the Bank's main owner, provided guarantees for various transportation portfolios for a total of EUR 4.9 billion assets (or EUR 3.7 billion in RWAs) contributing EUR 700 million in capital-relief measures. However, as these guarantees expire by end-2024 the capital relief will be reversed, partly offset by the reduction in high-risk assets.

Exhibit 13 Capital Ratios

Source: Company Documents.

Norddeutsche Landesbank Girozentrale

ESG Checklist

ESG Factor	ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		Overall:	N N
Emissions, Effluents, and Waste	Do we consider that the costs or risks for the issuer or its clients result, or could result, in changes to an issuer's financial, operational, and/or reputational standing?	N	N
Carbon and GHG Costs	Does the issuer face increased regulatory pressure relating to the carbon impact of its or its clients' operations resulting in additional costs and/or will such costs increase over time affecting the long-term credit profile?	N	N
Climate and Weather Risks	In the near term, will climate change and adverse weather events potentially disrupt issuer or client operations, causing a negative financial impact?	N	N
	In the long term, will the issuer's or client's business activities and infrastructure be materially affected financially by a 2°C rise in temperature?	N	N
Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	N N
Social Impact of Products and Services	Do we consider that the social impact of the issuer's products and services could pose a financial or regulatory risk to the issuer?	N	N
Human Capital and Human Rights	Is the issuer exposed to staffing risks, such as the scarcity of skilled labour, uncompetitive wages, or frequent labour relations conflicts that could result in a material financial or operational impact?	N	N
	Do violations of rights create a potential liability that could negatively affect the issuer's financial wellbeing or reputation?	N	N
	Human Capital and Human Rights:	N	N
Product Governance	Does failure in delivering quality products and services cause damage to customers and expose the issuer to financial and legal liability?	N	N
Data Privacy and Security	Has misuse or negligence in maintaining private client or stakeholder data resulted, or could result, in financial penalties or client attrition to the issuer?	N	N
Community Relations	Does engagement, or lack of engagement, with local communities pose a financial or reputational risk to the issuer?	N	N
Access to Basic Services	Does a failure to provide or protect with respect to essential products or services have the potential to result in any significant negative financial impact on the issuer?	N	N
Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	Y R
Bribery, Corruption, and Political Risks	Do alleged or actual illicit payments pose a financial or reputational risk to the issuer?	N	N
	Are there any political risks that could impact the issuer's financial position or its reputation?	N	N
	Bribery, Corruption, and Political Risks:	N	N
Business Ethics	Do general professional ethics pose a financial or reputational risk to the issuer?	N	N
Corporate / Transaction Governance	Does the issuer's corporate structure limit appropriate board and audit independence?	N	N
	Have there been significant governance failures that could negatively affect the issuer's financial wellbeing or reputation?	Y	R
	Does the board and/or management have a formal framework to assess climate-related financial risks to the issuer?	N	N
	Corporate / Transaction Governance:	Y	R
Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
Consolidated ESG Criteria Output:		Y	R

* A **Relevant Effect** means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.

A **Significant Effect** means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

Environmental

The environmental factor does not affect the rating or trend assigned to NORD/LB. The Bank is a signatory of the UNEP Principles for Responsible Banking and the UN Global Compact.

The Bank has committed not to finance coal power plants, nuclear power plants and hydro power plants in protected areas. The Bank did not sign up for TCFD disclosures. The ECB climate risk stress-test's results were published on July 8, 2022. While they did not provide detailed indications on the geographies potentially affected under the selected scenarios, participating European banks were told they need to enhance their climate risk stress testing framework. In the meantime, we note the results will be integrated into two SREP elements in a qualitative manner: (i) business model assessment, and (ii) internal governance and risk management."

Social

The social factor does not affect the rating or trend assigned to NORD/LB. We are not aware of any major product governance issues. The Bank has not reported any violation of privacy and personal data to date. However, since the invasion of Ukraine, there is a heightened risk of cyber-attacks targeted towards banks, and any significant data breach or cybersecurity attack could have significant reputational and financial consequences.

Governance

This factor does currently not affect the rating or trend assigned to NORD/LB. There are no known material ethics or other corporate governance violations. However, the governance structure resulting from predominantly State ownership may have contributed to inadequate risk controls in the past at various Landesbanken in the past and is an area DBRS Morningstar closely monitors. The ownership mix and the parliamentary process involved in decision making, have also made it difficult at times to swiftly react to challenges. In 2020, the ECB has requested better pre-emptive risk controls within the IPS and more transparent processes in case of a recapitalisation, which has been addressed in 2021.

NORD/LB

		1	2	3	4	5
2022H1	Scorecard Indicator	Scorecard Indicator Data	Scorecard Indicator Assessment	Scorecard Building Block (BB) Assessment	Grids BB Assessment	Combined BB Assessment
Franchise	Adjusted Assets	121	G/M	G	M	G/M
	Sovereign Rating	20	VS			
Earnings	Return on Equity	-3.23%	W/VW	W/VW	W	W/VW
	Return on Assets	-0.12%	W/VW			
	IBPT/Avg.Assets	0.02%	W/VW			
Risk	Net NPLs/Net Loans	0.49%	S	W/VW	G/M	M/W
	Provisions/IBPT	105.75%	W/VW			
Funding & Liquidity	Sovereign-Adjusted Funding Ratio	138.4%	G/M	G/M	M	G/M
	Sovereign-Adjusted Capital Ratio	14.66%	S			
Capitalisation	NPL/(Equity + Loan Loss Reserves)	20.65%	G	W/VW	M	M/W
	5-Year Accumulated Net Income/Total Assets	-2.04%	VW			
		6	7		8	
		Overall Assessment	Intrinsic Assessment Range (IAR)			Assigned IA
		M/W	BBB	BBB (low)	BB (high)	BBB (low)

Notes: (1) based on financial data as of H1 2022. (2) For more information see Global Methodology for Rating Banks and Banking Organisations published on 23 June 2022.

Annual Financial Information

	For the Year Ended December 31 (IFRS)						
	H1 2022	H1 2021	2021	2020	2019	2018	2017
Balance Sheet (EUR Millions)							
Cash & Cash Equivalents*	19,067	18,678	20,581	20,507	23,503	26,121	30,096
Investments in Financial Assets	23,332	25,941	24,058	30,180	32,284	36,404	39,621
Gross Loans to Customers	68,512	70,121	68,622	73,936	82,179	91,212	94,789
Loan Loss Reserves	(815)	(925)	(877)	(1,014)	(1,595)	(3,971)	(2,910)
Net Lending to Customers	67,697	69,196	67,745	72,922	80,584	87,241	91,879
Total Assets	112,257	116,749	114,663	126,176	139,594	154,012	163,825
Deposits from Customers	48,813	48,982	49,357	52,414	57,887	62,447	62,217
Debt & Capital Lease Obligations	21,461	23,690	23,071	27,393	29,979	34,618	40,154
Total Liabilities	106,097	110,918	108,783	120,401	133,790	150,650	157,608
Total Equity	6,160	5,831	5,880	5,775	5,804	3,362	6,217
Income Statement (EUR Millions)							
Net Interest Income	438	428	816	1,286	1,024	1,229	1,417
Non Interest Income	(81)	122	260	242	300	(106)	1,083
Equity Method Results	50	6	4	(24)	37	22	85
Total Operating Income	407	556	1,080	1,504	1,361	1,145	2,585
Total Operating Expenses	518	563	1,032	1,025	1,041	1,094	1,276
Income Before Provisions and Taxes (IBPT)	(111)	(7)	49	479	320	51	1,309
Loan Loss Provisions	(67)	23	(11)	419	(22)	1,894	985
Irregular Income/Expenses	46	35	44	87	409	264	129
Net Attributable Income	(63)	(51)	19	19	(109)	(2,364)	79
Growth (%) - YoY Change							
Net Interest Income	2.34%	NA	-36.55%	25.59%	-16.68%	-13.27%	-18.33%
Total Operating Income	-26.80%	NA	-28.19%	10.51%	18.86%	-55.71%	-4.82%
Total Operating Expenses	-7.99%	NA	0.68%	-1.54%	-4.84%	-14.26%	-14.36%
IBPT	1485.71%	NA	-89.77%	49.69%	527.45%	-96.10%	6.77%
Net Attributable Income	23.53%	NA	0.00%	-117.43%	-95.39%	-3092.41%	-104.79%
Gross Loans & Advances	-2.29%	NA	-7.19%	-10.03%	-9.90%	-3.77%	-10.40%
Deposits from Customers	-0.35%	NA	-5.83%	-9.45%	-7.30%	0.37%	-2.30%
Earnings (%)							
Net Interest Margin	0.81%	0.73%	0.71%	1.00%	0.71%	0.79%	0.84%
Non-Interest Income / Total Revenue	-19.90%	21.94%	24.07%	16.09%	22.04%	-9.26%	41.90%
Cost / Income ratio	127.27%	101.26%	95.56%	68.15%	76.49%	95.55%	49.36%
LLP / IBPT	60.36%	-328.57%	-22.45%	87.47%	-6.88%	3713.73%	75.25%
Return on Avg Assets (ROAA)	-0.11%	-0.08%	0.02%	0.01%	-0.07%	-1.51%	0.08%
Return on Avg Equity (ROAE)	-2.09%	-1.76%	0.33%	0.33%	-2.59%	-45.09%	1.23%
IBPT over Avg RWAs	-0.60%	-0.02%	0.13%	1.18%	0.74%	0.11%	2.43%
Internal Capital Generation	-2.09%	-1.76%	0.33%	0.33%	-2.59%	-45.09%	1.23%
Risk Profile (%)							
Cost of Risk	-0.20%	0.06%	-0.02%	0.55%	-0.03%	2.12%	1.02%
Gross NPLs over Gross Loans	1.30%	1.84%	1.57%	1.93%	3.30%	3.03%	5.46%
NPL Coverage Ratio	91.16%	71.82%	81.51%	71.06%	58.77%	143.62%	56.19%
Net NPLs over Net Loans	0.12%	0.52%	0.29%	0.57%	1.39%	-1.38%	2.47%
NPLs to Equity and Loan Loss Reserves Ratio	12.82%	20.08%	13.96%	21.17%	33.95%	84.91%	56.37%
Funding & Liquidity (%)							
Net Loan to Deposit Ratio	138.69%	141.27%	137.26%	139.13%	139.21%	139.70%	147.68%
Liquidity Coverage Ratio	137%	143%	139%	158%	167%	150%	205%
Net Stable Funding Ratio	119%	123%	127%	NA	NA	NA	NA
Capitalization (%)							
CET1 Ratio	15.15%	15.42%	15.50%	14.48%	14.45%	6.63%	12.40%
Tier1 Ratio	15.28%	15.56%	15.64%	14.61%	15.25%	7.53%	13.31%
Total Capital Ratio	19.30%	20.04%	NA	19.09%	20.67%	12.67%	18.07%
Leverage Ratio	4.97%	4.91%	5.19%	4.29%	4.11%	2.02%	NA
Dividend Payout Ratio	NA	NA	0.0%	0.0%	NA	NA	0.0%

Source: Morningstar Inc., Company Documents

*Includes Loans to Banks

Rating Methodology

The applicable methodologies are the *Global Methodology for Rating Banks and Banking Organisations* (23 June 2022), and *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (17 May 2022) which can be found on our website under Methodologies.

Ratings

Issuer	Debt	Rating Action	Rating	Trend
Norddeutsche Landesbank Girozentrale	Long-Term Issuer Rating	Confirmed	A (high)	Stable
Norddeutsche Landesbank Girozentrale	Short-Term Issuer Rating	Confirmed	R-1 (middle)	Stable
Norddeutsche Landesbank Girozentrale	Long-Term Senior Debt	Confirmed	A (high)	Stable
Norddeutsche Landesbank Girozentrale	Short-Term Debt	Confirmed	R-1 (middle)	Stable
Norddeutsche Landesbank Girozentrale	Long-Term Deposits	Confirmed	A (high)	Stable
Norddeutsche Landesbank Girozentrale	Short-Term Deposits	Confirmed	R-1 (middle)	Stable
Norddeutsche Landesbank Girozentrale	Senior Non-Preferred Debt	Confirmed	A	Stable
Norddeutsche Landesbank Girozentrale	Subordinated Debt	Confirmed	A (low)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Long-Term Issuer Rating	Confirmed	A (high)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Short-Term Issuer Rating	Confirmed	R-1 (middle)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Long-Term Senior Debt	Confirmed	A (high)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Short-Term Debt	Confirmed	R-1 (middle)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Long-Term Deposits	Confirmed	A (high)	Stable
NORD/LB Luxembourg S.A. Covered Bond Bank	Short-Term Deposits	Confirmed	R-1 (middle)	Stable

Ratings History

Issuer	Debt	2022	Dec. 2021	Mar. 2021	Dec. 2020	Jan. 2020	2019
Norddeutsche Landesbank Girozentrale	Long-Term Issuer Rating	A (high)	A (high)	A (high)	A	A	A*
Norddeutsche Landesbank Girozentrale	Short-Term Issuer Rating	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (low)	R-1 (low)	R-1 (low)*
Norddeutsche Landesbank Girozentrale	Long-Term Senior Debt	A (high)	A (high)	A (high)	A	A	A*
Norddeutsche Landesbank Girozentrale	Short-Term Debt	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (low)	R-1 (low)	R-1 (low)*
Norddeutsche Landesbank Girozentrale	Long-Term Deposits	A (high)	A (high)	A (high)	A	A	A*
Norddeutsche Landesbank Girozentrale	Short-Term Deposits	R-1 (middle)	R-1 (middle)	R-1 (middle)	R-1 (low)	R-1 (low)	R-1 (low)*
Norddeutsche Landesbank Girozentrale	Senior Non-Preferred Debt	A	A	A	A (low)	A (low)	A (low)*
Norddeutsche Landesbank Girozentrale	Subordinated Debt	A (low)	A (low)	A (low)	BBB (high)	BBB (high)	BBB (high)*

Note: *Rating Under Review with Negative Implications.

Previous Actions

- [DBRS Morningstar Confirms NORD/LB's Issuer Ratings at A \(high\)/R-1 \(middle\), Stable Trend, 2 December 2022.](#)
- [DBRS Morningstar Confirms NORD/LB's Long-Term Issuer Rating at A \(high\)/R-1 \(middle\), Stable Trend, 3 December 2021.](#)
- [DBRS Morningstar Upgrades NORD/LB's Long-Term Issuer Rating to A \(high\), Trend Stable, 18 March 2021.](#)
- [DBRS Morningstar Confirms NORD/LB's Issuer Ratings at A/R-1 \(low\), Trend Remains Positive, 8 December 2020.](#)
- [DBRS Morningstar confirms NORD/LB's Issuer Ratings at A/R-1 \(low\), Trend returned to Positive, 6 January 2020.](#)
- [DBRS Places NORD/LB's Ratings Under Review – Negative Implications, 31 January 2020.](#)

Related Research

- [ECB Requires European Banks to Step Up Climate-Related Risk Management Practices](#), 9 November 2022.
- [European Banks Face an Increase in Residential Mortgage Risks as Interest Rates Rise](#), 8 November 2022.
- [European Firms' Capital Market Revenues Weaken Further in Q3 Despite Growth in Fixed Income](#), 8 November 2022.
- [Growth in European Banks' Stage 2 Loans Poses Risks Amid Weakening Economic Outlook](#), 12 October 2022.
- [European Banks' Exposure to China, Hong Kong, Taiwan: a Snapshot](#), 11 October 2022.
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- [Gender Diversity on European Bank Boards: More Work Still to be Done](#), 20 September 2022.
- [European Banks' Cost of Risk Continues To Show No Major Signs of Deterioration in H1 2022](#), September 14, 2022.
- [German Banks Relatively Well Protected Against a CRE Downturn](#), 1 August 2022.
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- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 3 December 2021.
- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 18 December 2020.
- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 7 October 2019.
- [Norddeutsche Landesbank Girozentrale: Rating Report](#), 26 July 2018.

European Bank Ratios & Definitions

- [Bank Ratio Definitions](#), 14 March 2022.

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