

Press Release

Hanover, 31 May 2022

NORD/LB with strong operating result

- **Significant increase in net interest and commission income**
- **Cost decrease confirmed again**
- **Capital ratios stable at a high level**
- **Interest-rate development burdens and leads to negative result of € 101 million**

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NORD/LB Norddeutsche Landesbank achieved a consolidated result of minus € 101 million in the first three months of 2022. As usual, the first quarter was also distorted downwards by payments for the bank levy and the deposit guarantee fund amounting to € 67 million. In addition, the result was burdened by valuation effects due to the increase in the general interest-rate level. However, this is offset by positive valuation effects on equity capital in the balance sheet, so that the bank even generated a slight plus in the overall view. The so-called comprehensive income, which includes these two effects, amounted to € 69 million in the first quarter.

A positive aspect is that there was a significant improvement in both net interest income and net commission income compared to the same period in the previous year. NORD/LB was also able to benefit from its defensive risk policy of previous years in the first three months and report a positive risk provision result.

NORD/LB is increasingly entering the implementation phase of its transformation. This can be seen above all in the earnings trend, which saw a turnaround in the first quarter. In addition, the measures taken as part of the transformation are leading to a sustained reduction in costs. This trend was again confirmed in the first quarter of 2022. Due to the ongoing staff reduction, leaner organisational structures and the densification of office locations, this development will continue.

Jörg Frischholz, Chairman of the Managing Board of NORD/LB, said: "I am optimistic that we have made important progress in relevant respects at the beginning of the year. We have initiated the turnaround in net interest income and net commission income. The risk side is relaxed despite the difficult global environment and costs are continuing to fall. It is particularly pleasing that we have made significant gains in new business. The transformation of the Bank is thus bearing more and more fruit."



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With a view to the challenges facing society as a whole, Frischholz said: "It is a general consensus that we have to get out of fossil energy sources - at the latest with the start of the war in Ukraine, this development has once again gained noticeable momentum. NORD/LB has been financing renewable energies for over 30 years. We are the bank of the energy transition. And it is quite clear that we will contribute our know-how and experience to this major task."

Income statement for the first three months 2022

Although the balance sheet total continued to decrease slightly at the beginning of the year, **net interest income** improved in the first quarter to € 236 million (previous year's quarter: € 227 million). **Net commission income** amounted to € 36 million and thus also increased (previous year's quarter: € 5 million). This development reflects the positive development in new business, which was accompanied by a significant increase in commission income. In addition, this item also includes the fees for the financial guarantees of the State of Lower Saxony in the amount of € 19 million.

Risk provisioning recorded a value of € 45 million in the first quarter (same quarter of the previous year: € 9 million). This positive result is primarily characterised by risk releases in the Aircraft Finance and Corporate Customers segments.

The **fair value result (incl. hedge accounting)** of minus € 78 million (same quarter of the previous year: € 48 million) is primarily influenced by negative valuation effects related to the increase in the general interest-rate level since the beginning of the year. The general market interest-rate development has led to a change in the valuation of pension obligations. While this effect has a negative impact on the fair value result in the income statement, it is simultaneously accompanied by a relief of the Bank's equity. Accordingly, NORD/LB's equity as shown in the balance sheet has increased in the first quarter from € 5,880 million (31 December 2021) to € 5,939 million (31 March 2022).

Administrative expenses decreased again in the first quarter and, at € 233 million, were about 5 per cent below the corresponding figure for the previous year. This decrease is due to both lower personnel expenses and reduced material expenses.

The **other operating result** of minus € 67 million is somewhat at the previous year's level (same quarter of the previous year: minus € 64 million) and was mainly influenced by the bank levy and payments into the deposit guarantee scheme. **Restructuring and transformation expenses** in connection with the ongoing restructuring amounted to minus € 28 million in the first quarter of 2022 (previous year's quarter: minus € 18 million).

As at the end of March 2022, the **Common Equity Tier 1 capital ratio (CET 1)** was 15.4 per cent (31 December 2021: 15.5 per cent) and the **total capital ratio was** 19.7 per cent (31 December 2021: 19.9 per cent). Both ratios are thus significantly above the regulatory requirements.

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About NORD/LB

NORD/LB Norddeutsche Landesbank is one of the leading German commercial banks. The core business segments include business with corporate customers, private and commercial customers including private banking as well as special finance in the energy and infrastructure sector, aircraft finance and commercial real estate finance. The bank is headquartered in Hanover, Brunswick and Magdeburg and has branches in Bremen, Oldenburg, Hamburg, Schwerin, Düsseldorf and Munich. Outside Germany NORD/LB is represented by a Pfandbrief Bank (NORD/LB Covered Bond Bank) in Luxembourg and branches in London, New York and Singapore.
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IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2022

PROFIT AND LOSS ACCOUNT (IFRS, in million euros)	1.1.-31.03. 2022	1.1.-31.03. 2021	Change in million euros	Change in %
Interest result	236	227	9	4
Risk provisioning result	45	9	36	> 100
Commission result	36	5	31	> 100
Fair value result (including hedge accounting)	- 78	48	- 126	> 100
Gains and losses on disposal of financial instruments not measured at fair value through profit or loss	- 8	- 10	2	- 20
Result from shares in companies	1	-	1	> 100
Result from companies accounted for using the equity method	- 26	- 7	- 19	> 100
Administrative expenses	- 233	- 245	12	- 5
Other operating result	- 67	- 64	- 3	5
Profit before restructuring, transformation and taxes	- 94	- 37	- 57	> 100
Result from restructuring and transformation	- 28	- 18	- 10	56
Result before taxes	- 122	- 55	- 67	> 100
Income taxes	21	7	14	> 100
Group result	- 101	- 48	- 53	> 100
Other comprehensive income (OCI)	170	160	10	6
Total comprehensive income for the period	69	112	- 43	- 38

BALANCE SHEET FIGURES (IFRS, in million euros)	31.03. 2022	31.12. 2021	Change in million euros	Change in %
Balance sheet total	111 325	114 663	- 3 338	- 3
Balance sheet equity	5 939	5 880	59	1

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	31.03. 2022	31.12. 2021	Change in million euros	Change in %
Hard core capital (in million euros)	5 662	5 831	- 169	- 3
Regulatory own funds (in million euros)	7 252	7 479	- 227	- 3
Total amount at risk (in million euros)	36 856	37 609	- 752	- 2
Hard core capital ratio ¹ (in %)	15,4	15,5		
Total capital ratio ² (in %)	19,7	19,9		
Leverage ratio (in %)	5,1	5,2		

¹ CET1 Capital Ratio; ² Total Regulatory Capital Ratio