

# Press Release

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## NORD/LB achieves half-year profit of € 143 million and confirms successful trend

- **Positive earnings trend gains momentum**
- **Net interest income and net commission income with significant improvement**
- **Focus remains on increasing efficiency and sustainability**
- **Improved results also expected for 2023 as a whole**

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NORD/LB Norddeutsche Landesbank achieved earnings before taxes of € 143 million in the first six months of 2023. In the first half of 2022 the earnings before taxes (due to negative valuation effects) had still been at €-90 million. The so-called comprehensive income, which includes not only the items in the income statement but also valuation changes in equity, reached a value of € 253 million. The successful transformation of NORD/LB is now becoming increasingly noticeable in the bank's business figures.

The pleasing business development is based, among other things, on a notable increase in earnings, which can be seen in almost all business segments. Overall, earnings increased to € 583 million as of 30 June 2023 (previous year's value: € 327 million). As a result, the cost-income ratio (CIR) has also improved significantly to 77.5 per cent in the first half of 2023 (31.12.2022: 97.6 per cent). The return on equity (RoE) increased to 4.2 per cent (31.12.2022: 1.5 per cent).

"The bank's positive earnings trend is continuing," said Jörg Frischholz, Chairman of the Managing Board of NORD/LB. "After the previous years were characterised by one-off effects, the good half-year result now reflects the successful development in our customer business. We also expect a better result for the full year 2023 than in the previous year."

"The current business figures show that we are on the right track in the transformation of the Bank. Nevertheless, we have not yet reached our goal. Above all, we want to improve our profitability even further," Frischholz continues. "On the one hand, our focus is on further efficiency improvements in internal processes. On the other hand, we want to support our customers even more in adapting their business models towards



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sustainability. As the bank of the energy transition, we will continue to be a key player in the global market for renewable energies."

### Income statement for the first half of 2023

**Net interest income** increased significantly in the first six months of the current year to € 517 million (previous year's figure: € 438 million). This was mainly due to a positive development in the customer business as well as interest rate movements on the capital markets. **Net commission income** also increased significantly and improved to € 97 million (previous year's value: € 62 million). Both increased commission income due to the pleasing development of new business and, as planned, decreasing commission fees (for the guarantees of the State of Lower Saxony) contributed to this.

**Risk provisioning** amounted to a value of € 23 million in the first half of the year (previous year's value: € 67 million). This balance results from risk releases in the Bank's wind-down portfolios as well as in the aircraft financing segment. New risk provisions were formed on balance in the areas of corporate customers and specialised service providers as well as real estate banking customers. Irrespective of this, the quality of the loan portfolio remains extremely high. The NPL ratio across all segments was 0.6 per cent as of 30 June 2023. The bank continues to have precautionary risk provisions (management adjustments) of around € 260 million in order to be prepared for a possible impact from the war in Ukraine.

In the case of the result from **fair value measurement**, effects that burdened and relieved the income statement almost balanced each other out overall, which is also due to improved management of these effects. The result in the first six months of the year was thus a value of around € 0 million (previous year's value: minus € 137 million).

**Administrative expenses** amounted to € 443 million (previous year: € 437 million). In an environment still characterised by increased inflation, costs were thus kept almost constant.

The **other operating result** of € -69 million is roughly at the previous year's level (previous year's value: € -60 million) and was mainly influenced by the bank levy and payments into the deposit guarantee scheme. **Expenses for restructuring and transformation** in connection with the ongoing transformation amounted to € -19 million in the first half of 2023 (previous year's value: € -46 million).

The **Common Equity Tier 1 capital ratio** (CET 1) was 14.8 per cent at the end of June 2023 (31 December 2022: 15.1 per cent), the total capital ratio was 17.9 per cent (31 December 2022: 18.5 per cent). Both ratios thus remain well above the regulatory requirements. The **total assets** changed

only slightly in the first six months of the current year. As of 30 June 2023, it stood at € 109.4 billion (31 December 2022: € 109.3 billion).

## Outlook for the full year 2023

With regard to the further business development, Jörg Frischholz commented as follows: "The positive overall trend in the transformation of our bank will continue. However, the general economic conditions have recently deteriorated. Nevertheless, we expect good business development in the second half of the year. Overall, we will therefore achieve a better result in 2023 than in the previous year.

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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 HALF OF 2023

INCOME STATEMENT (IFRS, in million euros)	1.1.-30.06. 2023	1.1.-30.06. 2022	Change in million euros	Change in %
Net interest income	517	438	79	18
Net commission income	97	62	35	56
Profit/loss from fair value measurement	- 0	- 137	137	- 100
Risk provisioning	23	67	- 44	- 65
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	7	- 8	15	> 100
Profit/loss from hedge accounting	19	- 19	38	> 100
Profit/loss from shares in companies	10	5	5	> 100
Profit/loss from investments accounted for using the equity method	3	45	- 42	93
Administrative expenses	- 443	- 437	- 6	1
Other operating profit/loss	- 69	- 60	- 9	15
<b>Profit before restructuring, transformation and taxes</b>	<b>162</b>	<b>- 44</b>	<b>206</b>	<b>&gt; 100</b>
Result from restructuring and transformation	- 19	- 46	27	- 59
<b>Earnings before taxes</b>	<b>143</b>	<b>- 90</b>	<b>233</b>	<b>&gt; 100</b>
Income taxes	- 35	27	- 62	> 100
<b>Consolidated profit/loss</b>	<b>109</b>	<b>- 63</b>	<b>172</b>	<b>&gt; 100</b>
Other comprehensive income (OCI)	144	385	- 241	- 63
<b>Total comprehensive income for the period</b>	<b>253</b>	<b>322</b>	<b>- 69</b>	<b>- 21</b>

BALANCE SHEET FIGURES (IFRS, in million euros)	30.06. 2023	31.12. 2022	Change in million euros	Change in %
Total assets	109 438	109 325	113	0
Equity	6 543	6 300	243	4

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	30.06. 2023	31.12. 2022	Change in million euros	Change in %
CET1 capital (in € million)	5 964	6 051	- 87	- 1
Own funds (in € million)	7 209	7 441	- 232	- 3
Total risk exposure amount (in € million)	40 385	40 142	243	1
CET1 capital ratio <sup>1</sup> (in %)	14,8	15,1		
Total capital ratio <sup>2</sup> (in %)	17,9	18,5		
Leverage ratio (in %)	5,4	5,5		

<sup>1</sup> CET1 Capital Ratio; <sup>2</sup> Total Regulatory Capital Ratio