

Press Release

Hanover, 30 November 2023

NORD/LB increases earnings to more than € 250 million and confirms positive trend of recent quarters

- **Earnings before taxes and consolidated profit significantly increased to € 253 million and € 195 million respectively**
- **Profitability significantly increased**
- **Earnings position further strengthened**
- **Outlook for the full year: significant year-on-year improvement in earnings expected despite economic slowdown**

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NORD/LB Norddeutsche Landesbank generated earnings before taxes of € 253 million in the first nine months of 2023. Compared to the previous year, the bank increased its earnings before taxes by more than € 220 million (30.09.2022: € 31 million). Consolidated profit amounted to € 195 million as at 30 September 2023. Here, too, there was a significant increase in earnings compared to the previous year (€ 37 million). NORD/LB has thus once again confirmed the positive trend of recent quarters.

The figures show that the bank is continuing to develop positively on the basis of a successful business model. Income increased noticeably in the first nine months of the current year (net interest and commission income – 30.09.2023: € 951 million; 30.09.2022: € 783 million). The **cost-income ratio (CIR)** has also improved again accordingly. It stood at 68.7 per cent as at 30.09.2023 (30.09.2022: 100.8 per cent). The **return on equity (RoE)** increased to 5.0 per cent (30.09.2022: 0.6 per cent).

"We can be satisfied with our business performance in the first three quarters," said Jörg Frischholz, CEO of NORD/LB. "We have improved in almost all relevant key figures and significantly increased our earnings. This shows that our business model is working. The task now is to continue the positive development, but also to keep an eye on the risks in the current economic climate."

"The developments of recent months are an incentive for us to continue to support our customers in their plans and projects and, as the bank of the energy transition, to actively support the ecological transformation of the economy and society."



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Income statement for the first nine months of 2023

Net interest income increased to € 804 million in the first nine months of the current year (previous year's figure: € 671 million). The bank benefited in particular from an increase in interest income as a result of the rise in the general interest-rate level.

Net commission income also improved significantly to € 147 million (previous year's figure: € 112 million). In addition to the further planned reduction in commission fees (for the guarantees provided by the state of Lower Saxony), this positive development was primarily due to higher commission income.

Risk provisions amounted to a value of € - 34 million in the first nine months (previous year's figure: € 98 million). This figure includes the increase in the so-called management adjustment by € 41 million to currently around € 300 million. This is a risk provision recognised as a precautionary measure to cushion the potential impact of geopolitical crises. The quality of the loan portfolio remains extremely high. As at 30 September 2023, the NPL ratio across all business segments was a low 0.7 per cent.

The result from **fair value measurement** improved significantly compared to the previous year to € - 36 million (previous year's figure: € - 69 million). In the previous year, there were negative valuation effects in connection with the rise in the general interest-rate level. This year, the bank benefited from opposing effects.

Administrative expenses totalled € 675 million at the end of September (previous year's figure: € 655 million). The persistently elevated inflationary environment has thus also been reflected to a certain extent in the bank's administrative expenses. Both personnel expenses and operating expenses increased slightly compared to the previous year.

The **other operating result** as at 30 September 2023 was € 31 million (previous year's figure: € -75 million). This item includes the bank levy and payments into the deposit guarantee scheme. In addition, a valuation effect in connection with the merger of Landesbausparkasse Nord with Landesbausparkasse West had a positive impact here.

Expenses for restructuring and transformation totalled € -31 million in the first nine months of 2023 (previous year's figure): € -66 million). This item also includes the costs for the reorganisation of the bank's IT architecture.

The **Common Equity Tier 1 capital ratio** (CET 1) was 14.8 per cent as at the end of September 2023 (31 December 2022: 15.1 per cent), while the **total capital ratio** was 17.4 per cent (31 December 2022: 18.5 per cent). Both ratios therefore remain well above the regulatory requirements. **Total assets** have recently increased slightly. As at 30 September 2023, it stood at € 112.9 billion (31 December 2022: € 109.3 billion).

Outlook for the full year 2023

With regard to future business development, Jörg Frischholz said: "The geopolitical and macroeconomic conditions remain challenging. The economic outlook has recently deteriorated further. We are prepared for this. Of course, we will also maintain our defensive risk policy. We expect a significant improvement in earnings for 2023 as a whole."

**Note: At the beginning of 2024, NORD/LB will switch to half-yearly reporting of its business results. The annual press conference at which the business results for 2023 will be presented is scheduled for 15 March 2024.*

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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 NINE MONTHS OF 2023

INCOME STATEMENT (IFRS, in million euros)	1.1.-30.09. 2023	1.1.-30.09. 2022	Change in million euros	Change in %
Net interest income	804	671	133	20
Net commission income	147	112	35	31
Profit/loss from fair value measurement	-36	-69	33	-48
Risk provisions	-34	98	-132	> 100
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	14	-31	45	> 100
Profit/loss from hedge accounting	20	5	15	> 100
Profit/loss from shares in companies	10	5	5	100
Profit/loss from investments accounted for using the equity method	4	37	-33	-89
Administrative expenses	-675	-655	-20	3
Other operating profit/loss	31	-75	106	> 100
Profit before restructuring, transformation and taxes	283	97	186	> 100
Result from restructuring and transformation	-31	-66	35	-53
Earnings before taxes	253	31	222	> 100
Income taxes	-58	6	-64	> 100
Consolidated profit/loss	195	37	158	> 100
Other comprehensive income (OCI)	302	367	-65	-18
Comprehensive income for the period under review	497	404	95	23

BALANCE SHEET FIGURES (IFRS, in million euros)	30.09. 2023	31.12. 2022	Change in million euros	Change in %
Total assets	112 878	109 325	3 553	3
Equity	6 815	6 300	515	8

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	30.09. 2023	31.12. 2022	Change in million euros	Change in %
CET1 capital (in € million)	6 171	6 051	120	2
Own funds (in € million)	7 264	7 441	-177	-2
Total risk exposure amount (in € million)	41 823	40 142	1 681	4
CET1 capital ratio ¹ (in %)	14,8	15,1		
Total capital ratio ² (in %)	17,4	18,5		
Leverage ratio (in %)	5,5	5,5		

¹ CET1 Capital Ratio; ² Total Regulatory Capital Ratio