

Press Release

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NORD/LB once again achieves significant profit increase of 356 million euros

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-Girozentrale-

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- **Earnings before taxes increase by over 30 per cent**
- **Further revenue growth with simultaneous reduction in costs**
- **Profitability and return on equity further improved**
- **Long-term transformation programme NORD/LB 2024 successfully completed**
- **Increase in profitability and profitable growth in the core business segments at the centre of the new strategy**

NORD/LB Norddeutsche Landesbank generated earnings before taxes of EUR 356 million in the 2024 financial year. This once again exceeded the previous year's result (EUR 271 million) with an increase of over 30 per cent. Consolidated profits also rose noticeably. Favoured by a positive tax effect from the capitalisation of deferred taxes, the Group result for the past financial year was EUR 627 million (previous year's result: EUR 224 million). NORD/LB thus achieved its goal of once again exceeding the already positive results of the previous year.

At the end of the year, the Bank also successfully completed its long-standing NORD/LB 2024 transformation programme and launched a new strategy whose measures are primarily aimed at further increasing profitability and profitable growth in the Bank's core business areas.

"NORD/LB has once again made great strides forward," said Jörg Frischholz, CEO of NORD/LB. "Our financial and operating results prove that we have made the right strategic decisions in recent years. We have thus put our bank in a solid starting position to initiate the next phase of further development with our new strategy. In essence, the aim will be to further improve our business results and continuously increase our profitability. We will implement the necessary measures with the same determination as before and thus position NORD/LB even more successfully in the future."

The positive earnings performance is based on significant growth in income and the bank's continued cost discipline: net interest income and net commission income rose to over 1.4 billion euros in the past financial year. Compared to the previous year's figure of just under 1.3 billion euros, this corresponds to an increase of around 12 per cent. The earnings



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situation therefore improved significantly again last year. These figures also reflect the continued positive development of the bank's customer business.

At the same time, NORD/LB has further reduced its costs. Administrative expenses totalled EUR 855 million in the full year 2024. Compared to the previous year (previous year: EUR 908 million), costs were reduced by around 6 per cent. This development is due to continued strict cost management, which resulted in lower expenses for personnel and material costs.

As a result, the bank's key profitability indicators also improved noticeably. The cost-income ratio (CIR) for the 2024 financial year decreased to 62 per cent (previous year: 74 per cent). At the same time, the return on equity (RoE) before taxes increased to 5.0 per cent, compared to 4.0 per cent in the previous year.

NORD/LB benefited from three rating upgrades in the course of 2024. Based on the positive development in the reporting year, there were two further upgrades in February 2025. Both Fitch and Moody's raised NORD/LB's standalone rating by one notch each.

"NORD/LB's business performance is the result of a comprehensive transformation," said Jasper Hanebuth, Chief Financial Officer (CFO) of NORD/LB. "Our business development is benefiting from a broadly diversified earnings base in our customer business. At the same time, we were able to reduce our costs again last year. Both of these factors have helped us to significantly improve our profitability and return on investment. This development underlines the fact that NORD/LB is a stable and resilient bank. The sustainable improvement of our key profitability figures remains the central task for the coming years," continued Hanebuth.

Income statement highlights increase in net interest and commission income

The Group's **net interest income** in the 2024 financial year was EUR 1,192 million (previous year: EUR 1,076 million), an increase of more than 10 per cent compared to the previous year. In addition to the continued positive development of new business, NORD/LB benefited from the general interest rate trend on the capital markets.

With an amount of EUR 242 million, **net commission income** also improved significantly again in comparison to the previous year (EUR 209 million). The growth of a good 15 per cent is based, on the one hand, on a further increase in commission income as a result of the positive development of new business. On the other hand, the scheduled reduction in fees for guarantees from the state of Lower Saxony had a positive effect

on net commission income. As a result of the scheduled reduction in the hedged loan portfolio, guarantee fees fell to 9 million euros (previous year: 23 million euros). Net commission income adjusted for this special effect also developed positively.

The result from **fair value measurement** improved significantly in the past financial year to minus 60 million euros (previous year: minus 105 million euros). The result is attributable to valuation effects in the trading book and changes in loans measured at fair value. In addition, the valuation effects in connection with the guarantees provided by the state of Lower Saxony were significantly lower than in the previous year at minus 2 million euros (previous year: minus 55 million euros).

Risk provisions for the 2024 financial year totalled minus EUR 144 million (previous year: minus EUR 99 million). Against the backdrop of the persistently low economic momentum, new risk provisions were recognised in individual segments. This primarily relates to the Bank's property business as well as the Corporate Clients and S-Group segments. There was also a slight overall increase in risk provisions in the Structured Finance segment. At the same time, risk provisions were reversed in connection with the further planned reduction of the non-strategic portfolios.

In order to be prepared for possible defaults, including in connection with the tense economic situation, the Bank has further increased its risk provisioning. This risk buffer, which also includes the Bank's management adjustment, was increased to 840 million euros in the past financial year (previous year: 777 million euros).

Irrespective of this, NORD/LB's loan portfolio continues to be characterised by high quality. The NPE ratio was 1.5 per cent at the end of 2024 and therefore still at a low level (previous year: 1.1 per cent). Just under 90 per cent of the loan portfolio is investment grade. NORD/LB will continue to adhere to its defensive risk policy.

At EUR 18 million in the 2024 financial year, the **profit from hedge accounting** has hardly changed compared to the previous year (previous year: EUR 19 million). This was primarily due to interest rate-induced valuation effects. The **result from shares in companies** totalled 32 million euros (previous year: 94 million euros). The result in the previous year is primarily due to a one-off special effect that had a positive impact on the result. The merger of LBS Nord and LBS West to form LBS NordWest resulted in corresponding valuation effects. The **result from companies accounted for using the equity method** rose moderately to EUR 6 million (previous year: EUR 4 million).

Administrative expenses fell significantly compared to the previous year. Lower personnel and material costs led to a reduction in administrative

expenses of 53 million euros to 855 million euros. This corresponds to a decrease of 6 per cent.

The **other operating result** was minus 13 million euros in the 2024 financial year (previous year: 18 million euros). This item includes expenses for the European Deposit Insurance Fund totalling around 11 million euros.

Expenses for restructuring and transformation increased slightly compared to the previous year. They totalled 59 million euros last year (previous year: 52 million euros). These expenses are directly related to the bank's successful transformation process. This item also includes the costs incurred for the ongoing modernisation of bank management.

The NORD/LB Group's **total assets** as at 31 December 2024 amounted to EUR 113.7 billion (year-end 2023: EUR 112.0 billion). The **total risk exposure amount** used to calculate the capital ratios increased moderately in the past year. As at 31 December 2024, it stood at 43.0 billion euros (year-end 2023: 40.6 billion euros).

NORD/LB's **Common Equity Tier 1 capital ratio** improved significantly in the 2024 financial year against the backdrop of the positive earnings performance. As at 31 December 2024, it stood at 16.4 per cent (previous year: 15.0 per cent) and was therefore well above the regulatory minimum requirement of 9.4 per cent. The total capital ratio also increased noticeably in the past year. It stood at 19.2% as at 31 December 2024 (previous year: 17.1%). The first-time application of Capital Requirements Regulation III (CRR III) had further positive effects. The pro forma CRR III common equity Tier 1 capital ratio was 18.9 per cent as at 1 January 2025 and the pro forma CRR III total capital ratio was 22.1 per cent.

Development of the segments in the 2024 financial year

The **Corporate Customers and Savings Banks Network** segment generated earnings before taxes of 190 million euros in 2024 (previous year: 227 million euros). At 443 million euros (previous year: 448 million euros), income stabilised at a high level. At the same time, expenses fell slightly to 181 million euros (previous year: 186 million euros). The operating result before risk provisioning totalling 262 million euros is therefore at the previous year's level (previous year: 262 million euros). The segment result was dampened by increased risk provisioning. The risk provision result totalled 72 million euros in expenses (previous year: 35 million euros in expenses). The segment comprises support for medium-sized companies in close cooperation with the local savings banks. We have particular expertise in supporting companies in the food, agriculture, trade and energy sectors. NORD/LB is also an established specialised financier in the areas of leasing and private equity as well as in municipal lending business.

The **Structured Finance division** generated earnings before taxes of EUR 169 million in 2024 (previous year: EUR 153 million). Due to a significant increase in the volume of new business, income improved considerably year-on-year to EUR 341 million (previous year: EUR 305 million). Expenses in the same reporting period totalled 147 million euros (previous year: 133 million euros). The operating segment result improved accordingly to 194 million euros (previous year: 172 million euros). Risk provisioning was relatively moderate with net additions (expenses) totalling 27 million euros (previous year: expenses of 19 million euros). The financing of renewable energies is carried out in this segment. With over 1,000 financed projects and more than 60 gigawatts of financed capacity in the past 30 years, NORD/LB is one of the pioneers in this field. This business division also finances a wide range of infrastructure projects, particularly in the areas of public transport, social housing, digital infrastructure and education. Last year, the market position was also further expanded with the addition of the battery storage systems and data centre sectors.

The aircraft financing business, which was also part of this segment in the past, was discontinued in 2024. The portfolio remaining after the partial sale was spun off from the segment.

In the **Real Estate Banking Customers** segment, NORD/LB offers professional real estate investors financing solutions based on an extensive product range with its established "Deutsche Hypo" brand. The bank concentrates primarily on the most important European real estate markets with a particular focus on Germany in the office, residential, retail, hotel and logistics sectors. In new business, the focus here is primarily on financing particularly energy-efficient properties. In the 2024 financial year, the division generated earnings before taxes of 68 million euros (previous year: 6 million euros). Thanks to extremely pleasing new business development, income increased to 251 million euros in the past year (previous year: 226 million euros). Expenses in the same period totalled 99 million euros (previous year: 89 million euros), meaning that the operating segment result for 2024 improved to 153 million euros (previous year: 138 million euros). The business division also benefited from a more favourable risk provision result. Despite the still rather tense situation on the property markets, the risk provision result improved to minus 85 million euros (previous year: minus 132 million euros).

The **Markets** strategic business segment is characterised by a broad-based Debt Capital Markets Advisory, with associated sales and trading teams. The segment offers capital market products for institutional customers and the Sparkassen-Finanzgruppe. Tailor-made securitisation transactions are also developed in this area. Last year, pre-tax earnings totalled 48 million euros (previous year: 19 million euros). Slightly higher income was offset by significantly lower expenses, which overall led to a positive development in the segment result.

In the **Private and Commercial Customers** segment, NORD/LB offers all the services of a regional savings bank under the Braunschweigische Landessparkasse (BLSK) brand. BLSK is the regional market leader with a market share of over 40 per cent and more than 80 branches. The multi-award-winning Private Banking division, which operates under the Private Investors brand, is also part of this segment. Earnings before taxes improved to 81 million euros in the past financial year (previous year: 61 million euros). While income stabilised at a decent level, the segment benefited from a significant reduction in expenses.

Outlook for 2025: aiming to continue the positive trend

"Rarely has the economic and geopolitical environment been characterised by so much uncertainty as at present. Significant investments are required in many areas in order to future-proof our country and our economy," said Jörg Frischholz. "We will make our contribution here and support our customers with their upcoming projects. As the bank of the energy transition, we will of course continue to place a special focus on the sustainable transformation of the economy."

Frischholz adds: "The need for investment is enormous! That's why we want to continue to grow in our core segments - while maintaining a defensive risk policy. Our goal for the 2025 financial year is to achieve a pre-tax result above the previous year's result."

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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, commercial real estate finance. The bank is headquartered in Hanover, Brunswick and Magdeburg and has branches in 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 FINANCIAL YEAR 2024

INCOME STATEMENT (IFRS, in million euros)	2024	2023	Change in million euros	Change in %
Net interest income	1 192	1 076	116	11
Net commission income	242	209	33	16
Profit/loss from fair value measurement	- 60	- 105	45	- 43
Risk provisions	- 144	- 99	- 45	45
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	- 4	14	- 18	> 100
Profit/loss from hedge accounting	18	19	1	- 9
Profit/loss from shares in companies	32	94	- 62	- 66
Profit/loss from investments accounted for using the equity method	6	4	2	63
Administrative expenses	- 855	- 908	53	- 6
Other operating profit/loss	- 13	18	- 31	> 100
Profit before restructuring, transformation and taxes	414	322	92	29
Result from restructuring and transformation	- 59	- 52	- 7	13
Earnings before taxes	356	271	85	31
Income taxes	271	- 47	318	> 100
Consolidated profit/loss	627	224	403	> 100

Rounding differences

BALANCE SHEET FIGURES (IFRS, in million euros)	31.12. 2024	31.12. 2023	Change in million euros	Change in %
Total assets	113 712	111 981	1 731	2
Equity	7 525	6 865	660	10

Rounding differences

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	31.12. 2024	31.12. 2023	Change in million euros	Change in %
CET1 capital (in € million)	7 035	6 070	965	16
Own funds (in € million)	8 247	6 922	1 325	19
Total risk exposure amount (in € million)	42 976	40 573	2 403	6
CET1 capital ratio ¹ (in %)	16,4	15,0		
Total capital ratio ² (in %)	19,2	17,1		
Leverage ratio (in %)	6,0	5,5		

Rounding differences; ¹ CET1 Capital Ratio; ² Total Regulatory Capital Ratio