

Press Release

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NORD/LB with significant increase in earnings - half-year profit improves to € 224 million

- **Net interest and commission income as drivers of earnings growth**
- **Administrative expenses reduced due to strict cost discipline**
- **Profitability improved again**
- **Capital ratios strengthened**
- **Full year 2024: further improvement in earnings targeted**

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NORD/LB Norddeutsche Landesbank generated **earnings before taxes** of € 224 million in the first six months of 2024. Compared to the first half of 2023 (€ 143 million), this represents a further increase of more than 50 per cent. Earnings after taxes also increased noticeably. As at 30 June 2024, the **consolidated profit** (after taxes) was € 195 million. This represents an increase of almost 80 per cent compared to the previous year's figure of € 109 million.

The bank's half-year result is based on a positive revenue trend with continued consistent cost discipline. Overall, NORD/LB's revenues increased to € 716 million as at 30 June 2024 (previous year: € 573 million). Revenue growth is therefore around 25 per cent. At the same time, costs were reduced again. Administrative expenses fell by around 7 per cent to € 415 million (previous year: € 443 million). As a result, the **cost-income ratio** (CIR) also improved to 57.9% in the first half of 2024 (30 June 2023: 77.5%). The **return on equity** before taxes (RoE) increased to 6.3 per cent (30 June 2023: 4.2 per cent).

"The sustainable improvement in profitability continues to be very important for NORD/LB," said Jörg Frischholz, Chairman of the Managing Board of NORD/LB. "Our business results underline the fact that the bank has once again confirmed its positive development in recent months. On this basis, we want to continue to grow profitably in our core business segments in future and support our customers with the ideal financial solutions in a challenging market environment. As the bank of the energy transition, the focus is on a sustainability-orientated transformation of its business models," Frischholz continued.

Based on the positive development of recent years, NORD/LB received various rating upgrades in the first half of 2024. In March, Moody's raised



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the bank's ratings by up to four notches. The rating agency Fitch raised its ratings as well.

Income statement for the first half of 2024

Net interest income improved significantly in the first six months of the current financial year to € 602 million (previous year: € 517 million). Net interest income primarily benefited from the general interest- rate trend on the capital markets. Due to the successful new business, **net commission income** improved and increased noticeably to € 118 million (previous year: € 97 million). In addition to this increase in commission income, the positive development is also due to a decline in commission expenses. Commission fees for the guarantees provided by the state of Lower Saxony continued to fall as planned.

The **risk provisioning result** totalled minus € 61 million in the first half of the year (previous year: release of € 23 million). This result was mainly influenced by an increase in risk provisions in the areas of Commercial Real Estate as well as Corporate Customers and Savings Bank Network. As a precautionary measure, a further € 10 million was added to the Management Adjustment in the first half of the current year. The bank therefore has a Management Adjustment totalling roughly € 300 million.

Nonetheless, NORD/LB's loan portfolio continues to be characterised by high quality. The NPE ratio remained at a low level of 1.1 per cent as at mid-2024 (31 Dec 2023: 1.1 per cent). The NPE ratio is therefore almost unchanged compared to the end of 2023. Around 90 per cent of the loan portfolio is investment grade. NORD/LB will continue to adhere to its defensive risk policy in the future.

Administrative expenses totalled € 415 million in the middle of the year (previous year: € 443 million). Costs were thus further reduced despite an environment that continues to be characterised by an increased inflation. This decline is attributable to both lower personnel and operating expenses.

The **other operating result** of minus € 30 million improved compared to the previous year (previous year: minus EU 69 million). This development is mainly due to the fact that the additions to the bank levy no longer applied in the first half of 2024.

Restructuring and transformation expenses in connection with the ongoing reorganisation of the bank amounted to minus € 23 million in the first half of 2024 (previous year: minus € 19 million) and were therefore slightly above the previous year's level.

"The half-year result is proof of NORD/LB's successful transformation," said Jasper Hanebuth, NORD/LB's Chief Financial Officer (CFO) since 1 July.

"The increase in revenues with a consistently conservative risk policy is particularly noteworthy. NORD/LB benefits from a well-diversified revenues base in all core business segments. Accordingly, the bank's profitability is also continuously moving in the right direction. NORD/LB is therefore securely positioned for the future and also has substantial risk buffers," continued Hanebuth.

The **Common Equity Tier 1 capital ratio (CET 1)** was 15.4 per cent as at the end of June 2024 (31 Dec 2023: 15.2 per cent). In this context, it should be noted that the addition of the profit from the first half of 2024 to regulatory capital will lead to an increase in the bank's Common Equity Tier 1 capital ratio. This effect is likely to be accompanied by a further improvement in the Common Equity Tier 1 capital ratio of 0.5 percentage points. The **total capital ratio** was 18.5 per cent as at 30 June 2024 (31 Dec 2023: 17.3 per cent). Both ratios are therefore well above the regulatory requirements. **Total assets** increased slightly in the first six months of the year. As at 30 June 2024, it stood at € 113.3 billion (31 Dec 2023: € 112.0 billion).

Outlook for the full year 2024

Due to the forecast market interest-rate development and the low economic momentum, the half-year result cannot be extrapolated on a linear basis. Commenting on the outlook for 2024 as a whole, Jörg Frischholz said: "Our goal remains to increase NORD/LB's consolidated profit again this year. We also want to further improve our profitability compared to the previous year. By consistently implementing our strategic initiatives, we have continuously improved our key economic figures - and we will continue to do so. I am optimistic that we will achieve our goals."

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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 and 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 THE FIRST HALF OF 2024

INCOME STATEMENT (IFRS, in € million)	1.1.-30.06. 2024	1.1.-30.06. 2023	Change in € million	Change in %
Net interest income	602	517	85	16
Net commission income	118	97	21	22
Profit/loss from fair value measurement	9	0	9	-
Risk provisioning	-61	23	-84	> 100
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	1	7	-6	-91
Profit/loss from hedge accounting	15	19	-4	-22
Profit/loss from shares in companies	6	10	-4	-39
Profit/loss from investments accounted for using the equity method	3	3	0	-
Administrative expenses	-415	-443	28	-7
Other operating profit/loss	-30	-69	39	-56
Profit before restructuring, transformation and taxes	247	162	85	52
Result from restructuring and transformation	-23	-19	-4	21
Earnings before taxes	224	143	81	56
Income taxes	-29	-35	6	-16
Consolidated profit/loss	195	109	86	79

BALANCE SHEET FIGURES (IFRS, in € million)	30.06. 2024	31.12. 2023	Change in € million	Change in %
Total assets	113 289	111 981	1 308	1
Equity	6 977	6 865	112	2

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	30.06. 2024	31.12. 2023	Change in € million	Change in %
CET1 capital (in € million)	6 435	6 147	288	5
Own funds (in € million)	7 695	7 000	695	10
Total risk exposure amount (in € million)	41 677	40 572	1 105	3
CET1 capital ratio ¹ (in %)	15,4	15,2		
Total capital ratio ² (in %)	18,5	17,3		
Leverage ratio (in %)	5,5	5,5		

¹ CET1 Capital Ratio; ² Total Regulatory Capital Ratio