

Norddeutsche Landesbank

Issuer View • 5. Februar 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

	Rating	Outlook
Fitch	A-	Stable
Moody's	A3	Positive
S&P	-	-

Homepage

www.nordlb.com

Norddeutsche Landesbank Girozentrale (NORD/LB) is a public-law institution and part of the Savings Bank Finance Group. It is one of the leading German commercial banks and is one of the national systemically important banks due to its total assets. The largest owner is the state of Lower Saxony with 57.92%, followed by the two trustee companies of the Sparkassen-Finanzgruppe (FIDES Gamma and FIDES Delta) with 11.94% each. NORD/LB acts as the parent company of the NORD/LB Group, which includes the subsidiary NORD/LB Luxembourg S.A. Covered Bond Bank. It also offers its services under the brands "Deutsche Hypo" and "Braunschweigische Landessparkasse". In addition to its head offices in Hanover, Braunschweig and Magdeburg, the Group is represented in Bremen, Düsseldorf and Hamburg as well as through branches in London, New York and Singapore. NORD/LB acts as the central bank for the savings banks in Lower Saxony (NI), Saxony-Anhalt (SA) and Mecklenburg-Western Pomerania (MV). As a landesbank, it supports its sponsoring federal states NI and SA in arranging their financial transactions. NORD/LB also acts as a promotional bank in MV. The Group's business model is divided into the segments "Private and Commercial Customers", "Corporate Customers and Savings Bank Network", "Markets", "Special Finance" and "Real Estate Customers". NORD/LB has deeply integrated the topic of sustainability into its business model and sees itself as a "bank of the energy transition". Green loans for energy-efficient buildings have been granted for many years, and the first Green Pfandbrief from the NORD/LB Group was issued in 2017. NORD/LB's Green Bond Programme also includes the "Renewable Energies" market segment and an Inaugural Green Senior Preferred Benchmark has been placed in 2023.

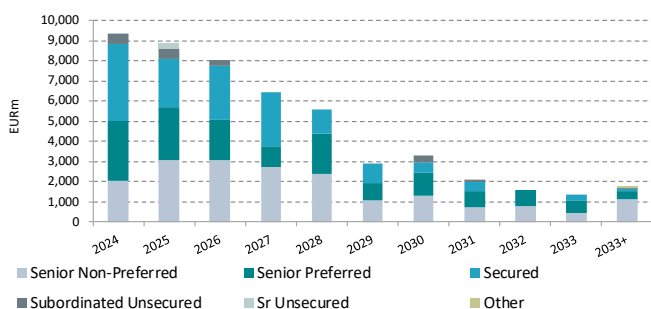
Balance Sheet

(EURm)	2021Y	2022Y	2023/9M
Net Loans to Customers	68,810	71,705	71,447
Total Securities	22,943	20,188	-
Total Deposits	49,357	47,975	45,029
Tier 1 Common Capital	5,788	6,051	6,171
Total Assets	114,631	109,325	112,878
Total Risk-weighted Assets	37,528	40,142	41,823

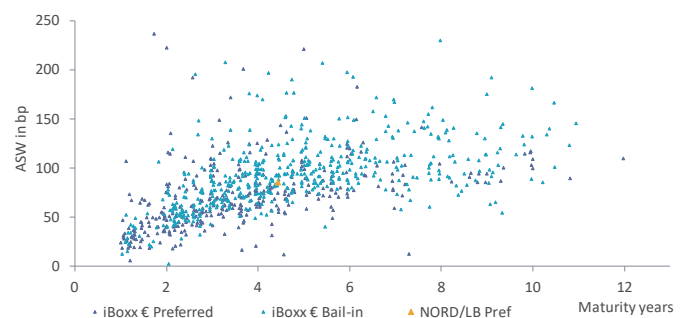
Income Statement

(EURm)	2021Y	2022Y	2023/9M
Net Interest Income	816	896	804
Net Fee & Commission Inc.	52	166	147
Net Trading Income	139	-117	-2
Operating Expense	910	893	675
Credit Commit. Impairment	-11	-140	34
Pre-tax Profit	29	104	253

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2021Y	2022Y	2023/9M	2021Y	2022Y	2023/9M
Net Interest Margin	0.69	0.81	-	Liquidity Coverage Ratio	139.40	138.60
ROAE	0.54	1.46	4.01	IFRS Tier 1 Leverage Ratio	5.22	5.66
Cost-to-Income	90.82	95.61	67.91	NPL/ Loans at Amortised Cost	1.43	1.07
Core Tier 1 Ratio	15.42	15.07	14.76	Reserves/Loans at Amort. Cost	1.28	1.00

As of 05.02.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

A SWOT analysis cannot be offered due to the obvious conflict of interest here.

Covered Bonds

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Outstanding Pfandbrief volume of around EUR 20.5bn

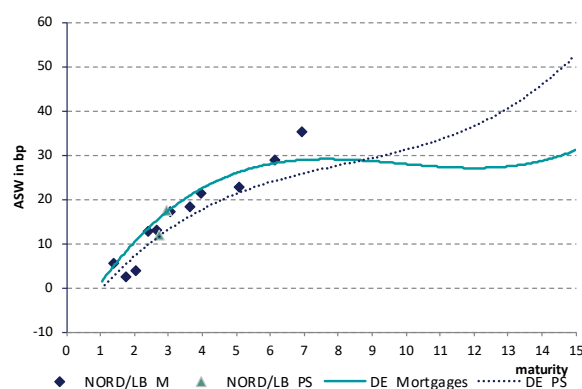
NORD/LB has both a program for issuing mortgage Pfandbriefe and a program for placing public sector Pfandbriefe. As at September 30, 2023, mortgage-backed Pfandbriefe with a volume of around EUR 9.1bn and public sector Pfandbriefe with a volume of EUR 11.4 bn were outstanding. NORD/LB is one of the largest German Pfandbrief issuers in both sub-segments. The institute is represented in the current composition of the iBoxx EUR Covered with thirteen issues (two Public Sector, eleven Mortgage Covered Bonds). NORD/LB is also one of the active issuers of Green Pfandbriefe in EUR benchmark format.

Programme data

30 September 2023	Mortgage	Public Sector
Covered bonds outstanding	EUR 9,104m	EUR 11,380m
Cover pool volume	EUR 13,489m	EUR 13,722m
Current OC (nominal / regulatory)	48.2% / 2.0%	20.6% / 2.0%
Type	60% Commercial	49% Local/muni.
Country	64% Germany	88.6% Germany
Number of borrowers	-	1,376
Number of exposures	-	3,909
10 largest exposures	-	8.2%
Fixed interest (Cover Pool / CBs)	76.4% / 99.1%	88.0% / 98.2%
WAL (Cover Pool / CBs)	- / -	7.5y / 6.5y
CB Rating (Fitch / Moody's / S&P)	- / Aa1 / -	- / Aa1 / -

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Germany



88.6% of public cover assets originate from Germany

The public cover pool (EUR 13.7bn; overcollateralization: EUR 2,342m or 20.6%) is mainly distributed across primary cover assets with a share of 96.1%. The remaining substitute cover is reported with a share of 3.9%. As at the reporting date of September 30, 2023, NORD/LB's public pool consisted of a total of 3,909 public sector exposures. Geographically, 88.6% of the cover assets are located in Germany (EU share: 97.3%). In terms of regions in Germany, the volume of assets from Lower Saxony dominates (share: 39.3%). North Rhine-Westphalia also accounts for 13.9% and Hesse (9.3%). At 48.9%, the majority of cover assets are attributable to the "local authorities" category, while "regional authorities" account for 20.3% and "central governments" for 6.4%. The share of the ten largest exposures is 8.2% and non-performing loans are not included in NORD/LB's public cover pool. More than half of the cover assets fall into the "≤EUR 10 m" size category. Only 5.1% fall into the ">EUR 100m" size category.

Regulatory and rating

Moody's gives both programmes a rating of Aa1. In our opinion, the EUR benchmark issues already issued by NORD/LB fulfil the necessary requirements to be used as Level 1 assets in the context of LCR management. [BaFin](#) has permitted NORD/LB to use the designation "European covered bond (premium)" for issues since 8 July 2022. In addition, all Pfandbriefe of the issuer benefit from a risk weighting of 10% in accordance with CRR due to the rating and are also eligible for ECB repos.

Appendix

Contacts at NORD/LB

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Sales MM/FX	+49 511 9818-9460
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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9550
Frequent Issuers	+49 511 9818-9640

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Relationship Management

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