

Norddeutsche Landesbank

Issuer View • 14 October 2024

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Ratings

Norddeutsche Landesbank

Girozentrale

	Rating	Outlook
Fitch	A+	Stable
Moody's	Aa2	Stable
S&P	-	-

Homepage

www.nordlb.de

Norddeutsche Landesbank Girozentrale (NORD/LB) is a public-law institution and part of the Sparkassen-Finanzgruppe. It is one of Germany's leading commercial banks and, with total assets of around EUR 110bn (H1/2024), is a national systemically important bank. The owners of the bank are the state of Lower Saxony (H1/2024: 57.92%), the state of Saxony-Anhalt (6.25%) and the Sparkassen-Finanzgruppe (35.83%). NORD/LB includes "Deutsche Hypo" and "Braunschweigische Landessparkasse", among others. As a medium-sized universal bank with around 3,800 employees, NORD/LB maintains customer relationships with companies and institutional customers, private customers and the public sector. The bank operates primarily in northern Germany and is also globally active in selected business segments 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 (ST) and Mecklenburg-Western Pomerania (MV). As a Landesbank, it supports the federal states of NI and ST in organising their financial transactions and acts as a development bank in MV. The business model is divided into the segments "Private and Commercial Customers", "Corporate Customers & Savings Bank Network", "Markets", "Special Finance", "Comercial Real Estate" and "Special Credit & Valuation". NORD/LB last issued a Green Pfandbrief in EUR benchmark format under its Green Bond Framework in January 2024. In June 2024, NORD/LB announced that it was ending its aircraft financing business in order to focus more strongly on other business areas. In the first half of 2024, NORD/LB reported earnings before taxes of EUR 224m, an increase of around 57% compared to the same period of the previous year (H1/2023: EUR 143m).

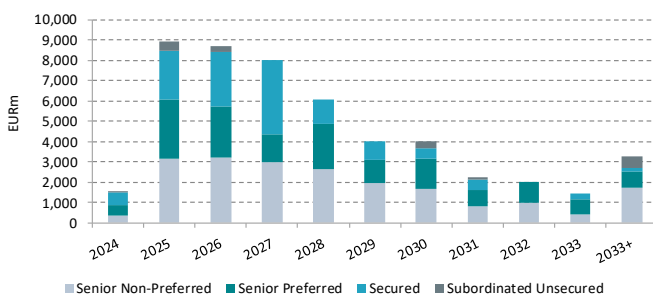
Balance Sheet

(EURm)	2022Y	2023Y	2024H1
Net Loans to Customers	71,705	73,195	72,224
Total Securities	20,188	19,849	21,112
Total Deposits	47,975	49,931	48,646
Tier 1 Common Capital	6,051	6,147	6,435
Total Assets	109,325	111,981	113,289
Total Risk-weighted Assets	40,142	40,572	41,677

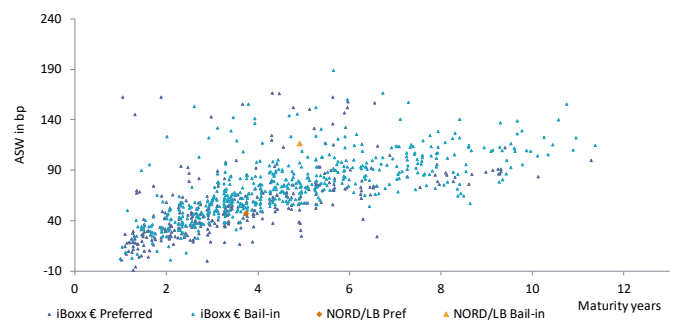
Income Statement

(EURm)	2022Y	2023Y	2024H1
Net Interest Income	896	1,076	602
Net Fee & Commission Inc.	166	209	118
Net Trading Income	-117	-72	25
Operating Expense	893	904	415
Credit Commit. Impairment	-140	101	62
Pre-tax Profit	104	271	224

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024H1		2022Y	2023Y	2024H1
Net Interest Margin	0.81	0.99	1.10	Liquidity Coverage Ratio	138.60	165.40	138.20
ROAE	1.46	3.41	5.64	IFRS Tier 1 Leverage Ratio	5.66	5.59	5.78
Cost-to-Income	95.61	67.56	57.64	NPL/Loans at Amortised Cost	1.07	1.78	1.80
Core Tier 1 Ratio	15.07	15.15	15.44	Reserves/Loans at Amort. Cost	1.00	1.01	1.07

As of: 14.10.2024; 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

Authors: Alexander Grenner // Lukas Kühne // Dr Frederik Kunze

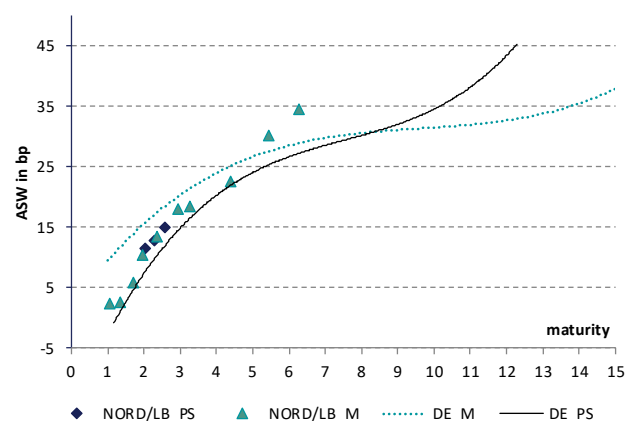
Represented in the iBoxx EUR Covered with 13 issues from two Pfandbrief programmes

NORD/LB has both a programme for placing mortgage Pfandbriefe and a programme for issuing public sector Pfandbriefe. As at 30 June 2024, mortgage-backed covered bonds in the amount of EUR 8.646bn and public sector covered bonds in the amount of EUR 11.928bn were outstanding. With over-collateralisation ratios of 59.7% (mortgage Pfandbriefe) and 12.7% (public sector Pfandbriefe), the statutory requirement of 2% over-collateralisation is met. Voluntary overcollateralisation therefore amounts to EUR 4.826bn (Mortgage Pfandbriefe) and EUR 1.039bn (Public Pfandbriefe). NORD/LB is one of the largest Pfandbrief issuers in Germany in both sub-segments. The institute is represented in the current composition of the iBoxx EUR Covered with thirteen issues (three Public Sector, ten Mortgage Covered Bonds). NORD/LB is also one of the active issuers of Green Pfandbriefe in the EUR benchmark format.

Programme data

30 Juni 2024	Mortgage	Public
Covered bonds outstanding	EUR 8,646m	EUR 11,928m
Cover pool volume	EUR 13,809m	EUR 13,442m
OC (current / legal)	59.7% / 2.0%	12.7% / 2.0%
Type primary cover	63.3% Commercial	50.0% Municipality
Main country	62.5% Germany	89.4% Germany
Number of loans / Borrowers	20,146 / 17,249	3,841 / 1,346
Average exposure to borrower	EUR 772,559	EUR 9,648,291
NPL	0.0%	0.0%
Fixed interest (Cover Pool / CBs)	73.6% / 94.9%	87.5% / 97.9%
WAL (Cover Pool / CBs)	3.7y / 3.3y	7.5y / 6.3y
CB Rating (Fitch / Moody's / S&P)	- / Aaa / -	- / Aaa / -

Spread overview (BMK) – Germany



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

High proportion of cover assets located in Germany

Both the mortgage cover pool (62.5%) and the public pool (89.4%) contain the largest proportion of cover assets in Germany. At 63.3%, the majority of the mortgage pool is made up of commercial assets. Residential cover comprises EUR 4.582 bn (share of the total pool: 33.2%) – of which the "multi-family housing" cover assets category accounts for EUR 3.372bn. The share of the ten largest exposures in residential cover is 0.5%, while the "top 10" in terms of exposures in commercial property financing account for a share of 4.3%. Neither for the public cover pool nor for the mortgage pool non-performing loans are reported.

Rating and regulation

Moody's gives both programmes the best possible rating of Aaa. The important Moody's indicator "TPI Leeway" is also given six notches for both programmes. 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

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Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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Relationship Management

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