

# Press Release

Hanover, 29 November 2022

## NORD/LB: Positive result thanks to profitable new business

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- **Group result improves to €37 million; total result rises to €404 million**
- **Bank achieves profit of €100 million in the third quarter**
- **Dynamic new business development and growth in selected business areas continue**
- **Risks and costs further reduced**
- **Outlook: Bank adheres to target of achieving a better result than in the previous year**

NORD/LB Norddeutsche Landesbank achieved earnings after taxes of €37 million in the first nine months of 2022. The bank thus returned to the profit zone in the past quarter. As expected, the positive development of new business has now also made itself clearly felt in the income statement. The consolidated result (after taxes) in the third quarter alone was €100 million.

Especially at the beginning of the year, there were valuation effects related to the general interest-rate development, which had a dampening effect on the profit and loss account. However, this is offset by positive valuation effects on equity in the balance sheet, which clearly overcompensate for the effect on the income statement. The so-called overall result, which includes all valuation effects, was €404 million as of 30 September 2022. This corresponds to an increase of €322 million compared to the previous year.

Jörg Frischholz, Chairman of the Managing Board of NORD/LB: "We are satisfied with the development of NORD/LB in recent months. Above all, the increase in profitable new business shows: We are back on the market and our customers are relying on our expertise. We will therefore consistently pursue the approach of continuing to grow profitably in selected business areas."

NORD/LB achieved a noticeable increase in new business in the first three quarters of 2022. The volume of new loans granted in this period was more than €16 billion, an increase of around 80 per cent compared to the same period in the previous year.

Norddeutsche Landesbank  
-Girozentrale-

Corporate Communication  
Friedrichswall 10  
D – 30159 Hanover  
presse@nordlb.de  
www.nordlb.com



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This was accompanied by an increase in total assets to €120.2 billion as at 30 September 2022 (year-end 2021: €114.6 billion). At the same time NORD/LB's capital resources remain at a high level. The Common Equity Tier 1 capital ratio (CET 1 capital ratio) was 14.6 per cent at the end of September 2022 (31.12.2021: 15.4 per cent). The total capital ratio was 18.5 per cent (31.12.2021: 19.8 per cent). Both ratios remain well above the regulatory requirements.

### Income statement for the first nine months 2022

**Net interest income** benefited from the improved new business development in the first nine months of 2022 and improved to €671 million (30.09.2021: €652 million). After the net interest income had continuously decreased in the past years due to the planned downsizing of the bank, we now see a countermovement here.

**Net commission income** amounted to €112 million and thus also increased significantly (30.09.2021: €32 million). The high new business dynamic is also noticeable in this item. In addition, the commission income benefits from the lower fees for the financial guarantees of the State of Lower Saxony (30.09.2022: €38 million; 30.09.2021: €68 million).

**Risk provisioning** recorded a value of €97 million in the first three quarters of the year (30.09.2021: €42 million). Overall, it was thus possible to release risk provision items. In addition, the share of non-performing loans was a low 0.7 per cent as of 30.09.2022. The Bank's loan portfolio thus remains of high quality. So far there have been no significant burdens on the loan portfolio as a result of the energy crisis. NORD/LB does not have any relevant Russia/Ukraine business. In addition, the bank continues to have precautionary risk provisions (management adjustments) of around €350 million in order to be prepared for possible consequences from the Corona pandemic and the war in Ukraine.

Burdens resulted from the **fair value measurement** in the amount of minus €69 million (30.09.2021: €174 million). This position results primarily from negative valuation effects related to the increase in the general interest-rate level and pension obligations. While these market-induced effects have a negative impact on the fair-value result in the income statement, they are simultaneously accompanied by positive valuation effects in the balance sheet equity. Accordingly, NORD/LB's balance sheet equity increased in the first three quarters of 2022 from €5,848 million (31 December 2021) to €6,241 million (30 September 2022), which will have a positive effect on the Bank's capital ratios in perspective.

**Administrative expenses** have continued to decrease in the year to date. They amounted to €655 million as of 30 September 2022. The trend of

declining costs was thus confirmed once again. This decrease is due to both lower personnel expenses and reduced depreciation.

The **other operating result of** minus €75 million was mainly influenced by the bank levy and payments into the deposit guarantee scheme (30.09.2021: minus €35 million). **Restructuring and transformation expenses** in connection with the ongoing restructuring of the Bank amounted to minus €66 million in the first three quarters of 2022 (30.09.2021: minus €62 million).

### Outlook for the full year 2022

"The pleasing development of new business shows that our business model is viable on the market. However, the uncertainties in the economic environment have recently increased further. In view of these uncertainties, we are refraining from making a concrete forecast. However, based on the current business development, we are sticking to our target of achieving a better consolidated result in 2022 than in the previous year," said Jörg Frischholz, Chairman of the Managing Board of NORD/LB. "As the bank of the energy transition and transformation financier, we will actively support the major challenges currently facing our society. In doing so, we will support our customers with our many years of experience in the field of renewable energies, among other things," Frischholz continued.

**Contact:** Mario Gruppe, Tel.: +49 (0) 511 361 9934, [mario.gruppe@nordlb.de](mailto:mario.gruppe@nordlb.de)

## **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 2022

INCOME STATEMENT (IFRS, in million euros)	1.1.-30.09. 2022	1.1.-30.09. 2021 <sup>1</sup>	Change in million euros	Change in %
Net interest income	671	652	19	3
Net commission income	112	32	80	> 100
Profit/loss from fair value measurement	- 69	174	- 243	> 100
Risk provisioning	97	42	55	> 100
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss	- 31	- 14	- 17	> 100
Profit/loss from hedge accounting	5	- 7	12	> 100
Profit/loss from shares in companies	5	11	- 6	- 55
Profit/loss from investments accounted for using the equity method	37	- 6	43	> 100
Administrative expenses	- 655	- 669	14	- 2
Other operating profit/loss	- 75	- 35	- 40	> 100
<b>Profit before restructuring, transformation and taxes</b>	<b>97</b>	<b>180</b>	<b>- 83</b>	<b>- 46</b>
Result from restructuring and transformation	- 66	- 62	- 4	6
<b>Earnings before taxes</b>	<b>31</b>	<b>118</b>	<b>- 87</b>	<b>- 74</b>
Income taxes	6	9	- 3	- 33
<b>Consolidated profit/loss</b>	<b>37</b>	<b>127</b>	<b>- 90</b>	<b>- 71</b>
Other comprehensive income (OCI)	367	- 45	412	> 100
<b>Total comprehensive income for the period</b>	<b>404</b>	<b>82</b>	<b>322</b>	<b>&gt; 100</b>

<sup>1</sup> Previous year's figures adjusted

BALANCE SHEET FIGURES (IFRS, in million euros)	30.09. 2022	31.12. 2021 <sup>1</sup>	Change in million euros	Change in %
Total assets	120 236	114 631	5 605	5
Equity	6 241	5 848	393	7

REGULATORY KEY FIGURES (CRR / CRD IV / IFRS)	30.09. 2022	31.12. 2021 <sup>3</sup>	Change in million euros	Change in %
CET1 capital (in € million)	5 643	5 788	- 145	- 3
Own funds (in € million)	7 148	7 436	- 288	- 4
Total risk exposure amount (in € million)	38 742	37 528	1 214	3
CET1 capital ratio <sup>1</sup> (in %)	14,6	15,4		
Total capital ratio <sup>2</sup> (in %)	18,5	19,8		
Leverage ratio (in %)	4,7	5,2		

<sup>1</sup> CET1 Capital Ratio; <sup>2</sup> Total Regulatory Capital Ratio; <sup>3</sup> Previous year's figures adjusted