NORD/LB
Die norddeutsche Art.

NORD/LB Group result as at 31 March 2021

27 May 2021

Finanzgruppe

Operationally strong and customer-focused in line with the transformation.

- The foundations of our **operational strength** are our close ties to customers and our focus on selected business segments
- Even during the COVID-19 pandemic, we keep our promises: as a **reliable partner,** we stand by our clients and generate **profitable new business**

- **Sustainability** is more than just a trendy topic for us, but follows our conviction
- Establishment of a **Sustainability Board at the** beginning of 2021
- **NORD/LB Green Loan** for customers: We link sustainability with the energy industry

- We understand **digitalisation** as a holistic approach
- The **full integration of Deutsche Hypo** enables us to act even more efficiently and further expand our sustainability portfolio
- **Outsourcing** of **IT services** streamlines Group IT

1Q highlights: Strong performance in transformation.

Group result before restructuring, transformation and taxes

€ -30 m

- Net interest income declines due to reduction of the loan portfolio
- Guarantee fees decrease due to reduction of ship portfolio
- Preventive risk provisioning through COVID-19-related model adjustments 2020 could be slightly reduced

Risk reduction in the credit portfolio, few COVID-19 charges

- 3 %

- NPL ratio stable at low level of 1.3 per cent
- Reduction of ship portfolio to € 1.8 billion; approx. 89 per cent included in guarantees
- Aircraft portfolio at € 3.6 billion; ca. 55 per cent covered by guarantees

Transformation programme

76 % in implementation

- NORD/LB 2024 strategy programme bundles efficiency enhancement programmes and implements business model adjustments as planned
- Planned reduction of total assets progresses: total assets reduced to € 119.8 billion

CET1 ratio strengthened at

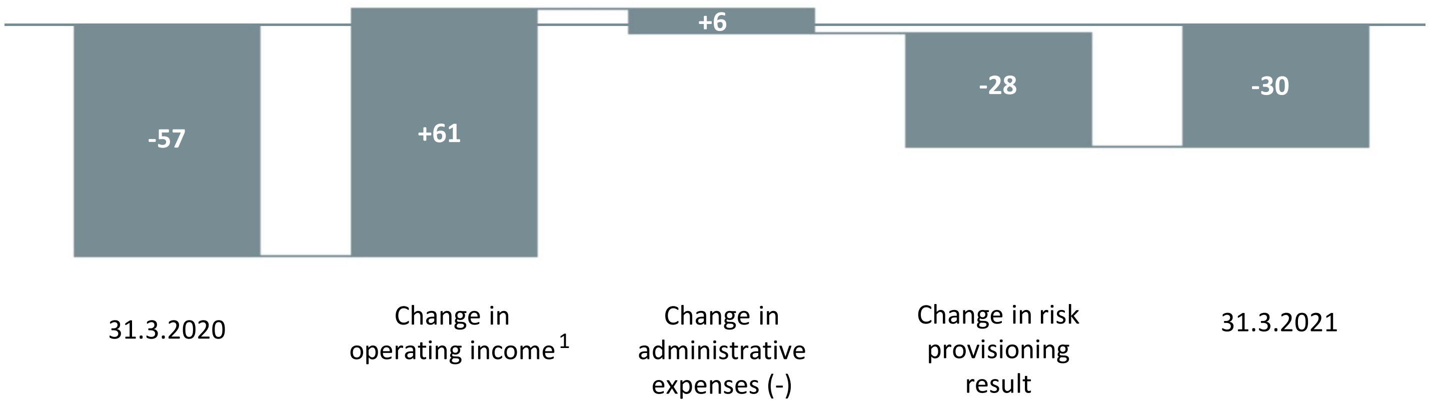
14.9 %

- Strong capital ratios with large buffer to SREP requirements:
- Common equity tier 1 ratio (CET1) at 14.9 per cent (SREP: 8.7 per cent)
- Total capital ratio 19.6 per cent (SREP: 13.3 per cent)

Profit benefits from market recovery.

Profit before restructuring, transformation and taxes

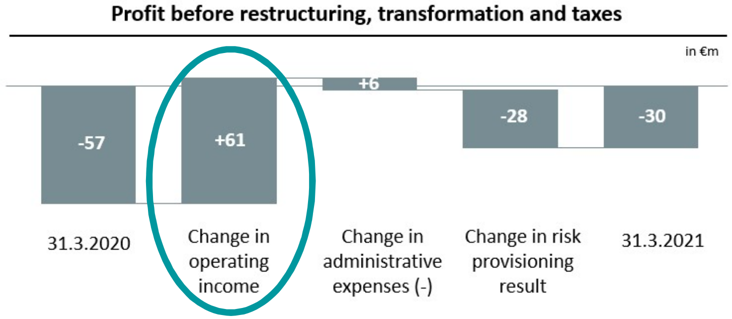
in €m



- **Operating income** rises due to **fair value valuation catch-up** after market distortions **in Q1 2020 due to COVID-19**
- **Successful transformation programme** already reflected in lower personnel expenses
- **Model adjustments due to the** COVID-19 pandemic (MAC-19) could be reduced in Q1 2021 **thanks to a lower needs** by € 22 million to € 364 million
- **Return on equity** at **-2.9 per cent** and **cost-income ratio** at **119.3 per cent**

1) Net interest and commission income as well as net trading, valuation and other result

Adjusted net commission income clearly positive.



Net interest income
31 March 2021: € 227 million
31 March 2020: € 271 million

- Decrease due to the further reduction of the loan portfolio
- As expected, negative effect from prudent RWA management 2020
- Negative interest rate influences interest income mainly on the liabilities side (no deposit money)

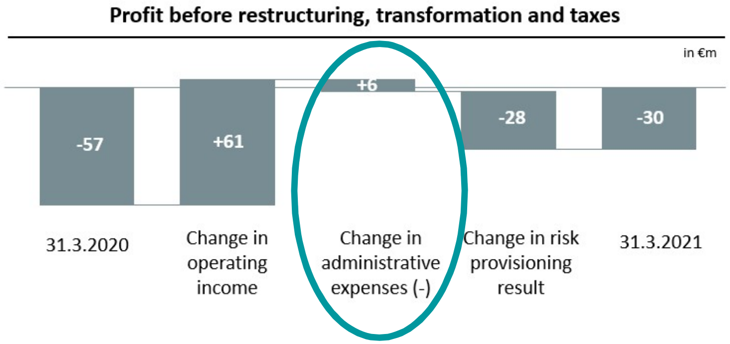
Net commission income
31 March 2021: € 5 million
31 March 2020: € -19 million

- Positive effect from lower guarantee fees for the guarantee of the State of Lower Saxony (€ -27 million commission expense)
- Net commission income adjusted for guarantee and securitisation transaction fees at € 35 million

Fair value result (incl. Hedge Accounting)
31 March 2021: € 54 million
31 March 2020: € -48 million

Increase mainly due to result from financial assets measured at fair value through profit or loss (€ 45 million), mainly ships, and default risk on derivatives totalling € 30 million

Administrative expenses: Cost savings through staff reductions.



Personnel expenses
31 March 2021: € 116 million
31 March 2020: € 126 million

- Effective FTE[1] reduction of 717 in 2020, 334 in the first quarter of 2021
- Full staff reduction not achieved before end of 2023; further expense reductions expected in the coming periods

Result from restructuring and transformation
31 March 2021: € -18 million
31 March 2020: € -8 million

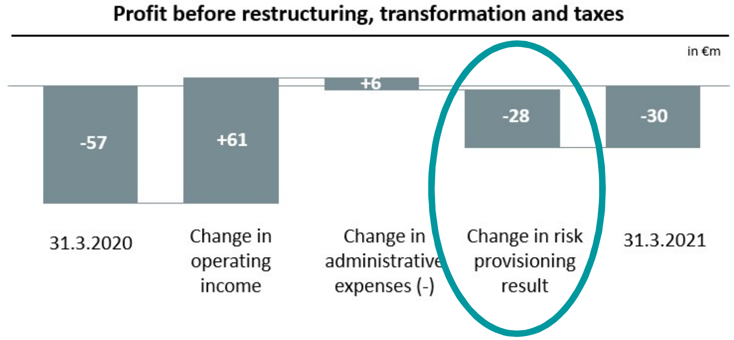
Influenced mainly by project-related consultations on the implementation of the NORD/LB 2024 transformation programme

Other administrative expenses
31 March 2021: € 112 million
31 March 2020: € 96 million

Forward-looking decision for New Bank Management: extensive investments in the Bank's IT architecture

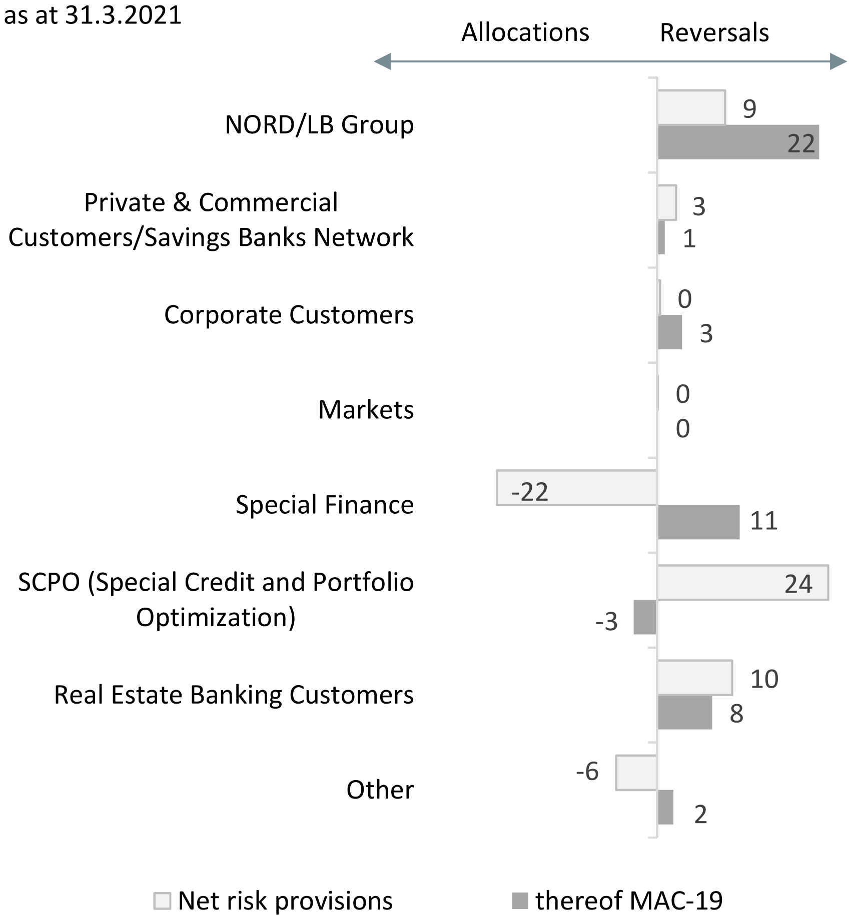
1) FTE – Full-time equivalents

Risk provisioning: Few allocations, MAC-19 provisioning slightly reduced.



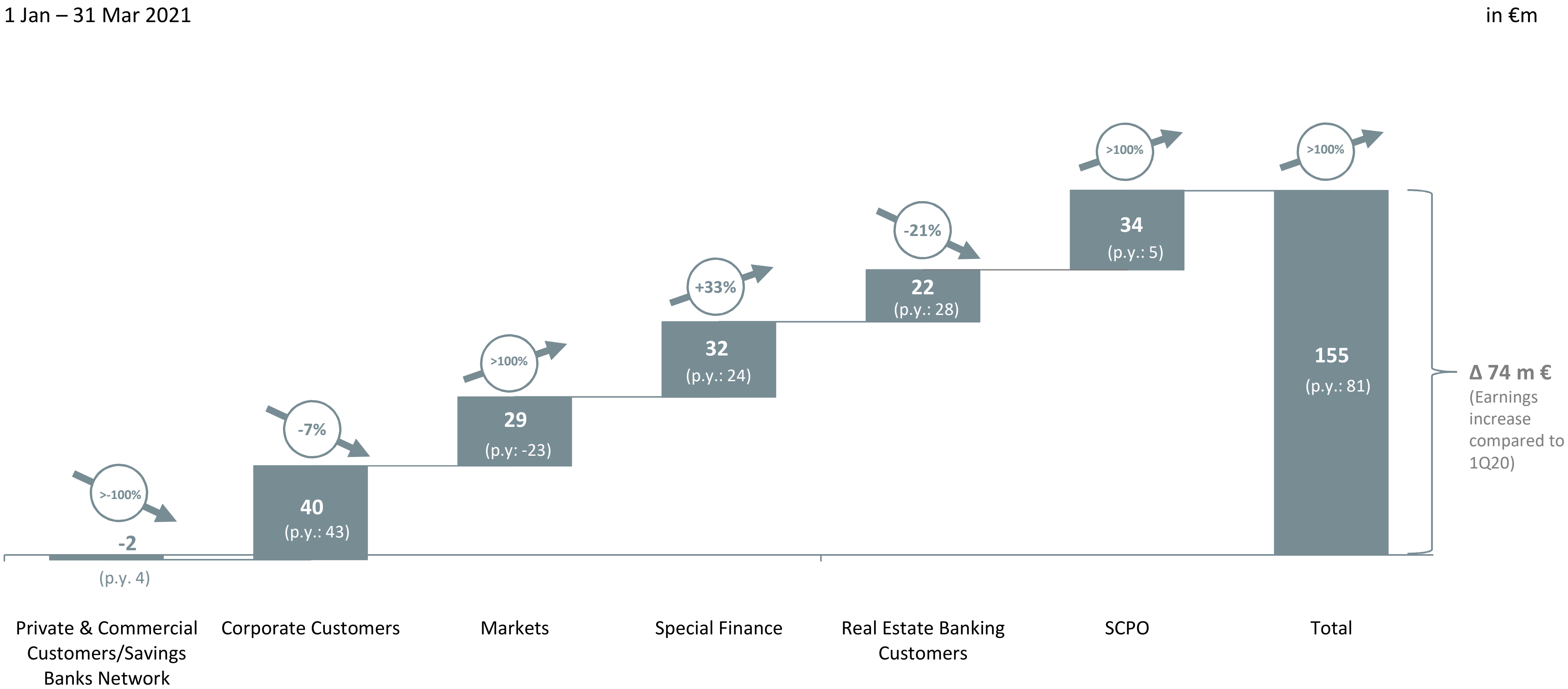
- **Risk provisioning result:** € -22 million of the change results from the model adjustment reduced to € 364 million in the first quarter of 2021 (€ 386 million as at 31.12.2020)
- The majority of the new loan loss provisions (€ 20 million) came from the aircraft financing area.
- Overall **high portfolio quality**: 81 per cent in the highest category
- **NPL ratio** stable at **1.3 per cent**

Risk provisioning result by segment



Operationally strong in the core segments.

Operating result[1,2]



1) Profit before risk provisioning result, restructuring, transformation and taxes
2) Slight deviations may occur due to rounding.

Lagging effect from previous year.
Filled new business pipeline not yet visible in Q1.

Corporate Customers
Income: € 74 million (p.y.: € 85 million)
Risk provisions: € 0 million (p.y.: € 0 million)

- New business 2020 COVID-19-driven rather cautious, pipeline currently well-filled
- Positioning as an efficient, modern bank for small and medium-sized enterprises shows first successes

Special Finance
Income: € 70 million (p.y.: € 65 million)
Risk provisions: € -22 million (p.y.: € -18 millio

- New business pipeline well filled in energy and infrastructure; we are "fully on the brakes" in aviation
- Allocations to loan loss provisions mainly due to aircraft (€ -20 million)

Real Estate Banking Customers
Income: € 42 million (p.y.: € 43 million)
Risk provisions: € 10 million (p.y.: € 3 million)

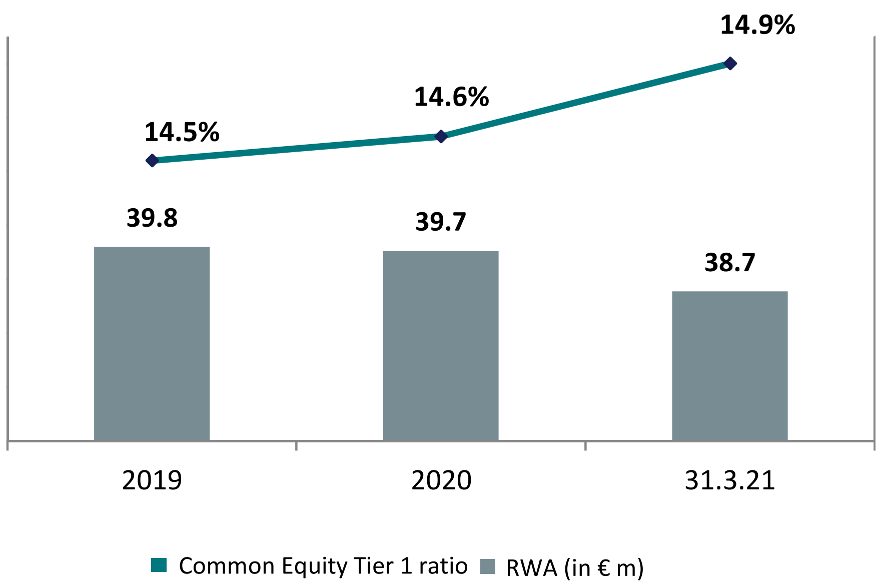
- Full integration of Deutsche Hypo expected to take place on 1 July 2021
- New business (away from the COVID 19-burdened sectors) is starting up well

Markets
Income: € 65 million (p.y.: € 5 million)
Risk provisions: € 0 million (p.y.: € -0 million)

Normalised result after market recovery. At the beginning of 2020, the widening of spreads, among other things, weighed on the trading result after the outbreak of the COVID-19 pandemic

Solid equity base leaves room for new business.

Common Equity Tier 1 ratio[1]



- Decrease in Common Equity Tier 1 capital (€ -46 million) mainly due to decrease in retained earnings
- Total capital ratio1 at 19.6 per cent (31.12.2020: 19.2 per cent); increase in total capital ratio mainly due to decrease in RWA, own funds almost unchanged
- MREL rate at 48.1 per cent
- Leverage ratio at 4.5 per cent
- Liquidity Coverage Ratio (LCR) at 146.7 per cent
- RWA target for 2021 at € 41.5 billion

1) CRR/Basel III (phase-in); Fully-loaded CET1 ratio: 14.9 percent; Total capital ratio: 19.5 percent

Positive trend in operating business, burdens from COVID-19 possible.

- Making all employees **home office-ready** by March 2020
- Implementation of the **COVID-19 occupational health and safety standard**
- Development of an **access concept for** branch operations

- After cautious business orientation in the previous year**, positive trend in Q1 2021, new business picks up**
- **Strong demand for financing solutions** in the Special Finance, Corporate Customers and Real Estate Banking Customers segments
- **Reliable partner** for our regional and international customers
- **Targeted investments** in the Bank's IT infrastructure
- Stronger alignment of the business model with **sustainable principles**

- **Reduction of NPL ratio** through SCPO reduction; quality of total exposure increases
- Further **MAC-19 risk provisioning** likely for 2021
- **RWA target** for 2021 at € 41.5 billion
- **Cost reductions** to be expected through staff cuts

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