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## NORD/LB drives forward the Group's transformation

- > **Further progress in reducing total assets, capital ratio increased again**
- > **Special effects burden at the beginning of the year**
- > **Integration of Deutsche Hypo the next milestone in the Group's transformation**

NORD/LB Norddeutsche Landesbank achieved earnings before taxes of minus 48 million euros in the first quarter of 2021. The consolidated result was minus 41 million euros. The contribution for the bank levy for the full year 2021, fees for portfolio guarantees and investments in the Bank's IT infrastructure were primarily responsible for the negative result at the start of the year. In the first three months of the previous year NORD/LB achieved a pre-tax loss of 65 million euros.

Great progress was made in the targeted downsizing of the bank. Total assets were again reduced significantly to 120 billion euros (31 Dec 2020: 126.5 billion euros). The capital ratios also increased further. The CET1 capital ratio was increased to 14.9 per cent.

"Considering that we have been struggling with the challenges of a global pandemic for over one year, I am satisfied with our development," said Thomas Bürkle, Chairman of the Managing Board of NORD/LB. "We still have virtually no actual loan losses to process in connection with the COVID-19 pandemic. Of course we remain cautious at this point, but we are looking to the future with a certain optimism in view of the increasing success of the vaccinations. We at NORD/LB also want to make our contribution to the fight against the pandemic. At the beginning of June our vaccination centres will start at the various locations of the bank. We want to give all our employees the opportunity to be vaccinated at the bank.

"All this is happening as we continue to drive forward the transformation of the Bank. With the full integration of Deutsche Hypo on 1 July, we will reach the next milestone in the transformation process," Bürkle said. In addition, NORD/LB will invest a three-digit million sum in the renewal of its IT in the coming years. "Even if these investments initially burden our

result - in the long term they will make us faster, more efficient and more competitive. They are clearly an investment in our future," said Bürkle.

### **Income statement for the first three months of 2021**

The targeted reduction of the balance sheet total also had an impact on net interest income. **Net interest income** decreased in the first quarter to 227 million euros (same quarter of the previous year: 271 million euros). At the same time, **net commission income** improved in the first three months. Despite fees incurred for the financial guarantees of the State of Lower Saxony in the amount of 25 million euros, the result was positive with a net commission income in the amount of 5 million euros (minus 19 million euros).

The net release of **risk provisions** amounted to 9 million euros (37 million euros). In particular, the reduction of the ship portfolio led to a release of risk provisions. The Bank is benefiting from the current market recovery in the shipping segment, which is having a positive effect on both the development of sales prices and the valuation of the ship portfolio.

The Bank also benefited from a positive result from **fair-value** measurement of 54 million euros (minus 48 million euros). This was primarily due to the positive development of financial assets, which in the same period of the previous year had suffered from the considerable market uncertainty in connection with the COVID-19 pandemic.

**Administrative expenses** increased slightly in the first quarter and, at 245 million euros, were about 3 per cent above the corresponding figure for the previous year. This moderate increase is primarily due to the implementation of IT investments. NORD/LB will modernise its entire IT infrastructure by the end of 2023. Investments totalling around € 300 million are planned for this as part of the bank's transformation programme. On a positive note, personnel expenses declined once again. Personnel expenses decreased by 8 per cent compared to the same period of the previous year. This development also reflects the continuing reduction in personnel. By the end of 2023 NORD/LB will have reduced the number of its employees from currently around 4,500 to 2,800.

The other **operating result** of minus 63 million euros (minus 57 million euros) was mainly influenced by the bank levy and payments into the deposit guarantee scheme totalling a good 70 million euros. **Restructuring**

**and transformation expenses** in connection with the ongoing restructuring amounted to minus 18 million euros (minus 8 million euros) in the first quarter of 2021.

The **Common Equity Tier 1 capital ratio** (CET 1) was 14.9 per cent at the end of March 2021 (31.12.2020: 14.6 per cent), the total capital ratio was 19.6 per cent (19.2 per cent). Both ratios are thus significantly above the regulatory requirements.

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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, 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, Munich and Stuttgart. Outside Germany NORD/LB is represented by a Pfandbrief Bank (NORD/LB Covered Bond Bank) in Luxembourg and branches in London, New York, Singapore and Shanghai.

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## IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST THREE MONTHS OF 2021

INCOME STATEMENT (IFRS in € million)	1.1.-31.03. 2021	1.1.-31.03. 2020	Change in € million	Change in %
Net interest income	227	271	-44	-16
Risk provisioning	9	37	-28	-76
Net commission income	5	-19	24	> 100
Profit/loss at fair value (including hedge accounting)	54	-48	102	> 100
Result from financial instruments not measured at fair value through profit/loss	-10	-7	-3	43
Profit/loss from shares in companies	-	1	-1	-100
Profit/loss from investments accounted for using the equity method	-7	4	-11	> 100
Administrative expenses (-)	245	239	6	3
Other operating profit/loss	-63	-57	-6	11
<b>Earnings before restructuring, transformation and taxes</b>	<b>-30</b>	<b>-57</b>	<b>27</b>	<b>-47</b>
Expenses for restructuring and transformation	18	8	10	> 100
<b>Earnings before taxes (EBT)</b>	<b>-48</b>	<b>-65</b>	<b>17</b>	<b>-26</b>
Income taxes (-)	-7	2	-9	> 100
<b>Consolidated profit/loss</b>	<b>-41</b>	<b>-67</b>	<b>26</b>	<b>-39</b>

BALANCE SHEET FIGURES (IFRS in € million)	31.03. 2021	31.12. 2020	Change in € million	Change in %
Total assets	119 798	126 491	-6 693	-5
Equity (balance sheet)	5 941	5 821	120	2

REGULATORY RATIOS (CRR / CRD IV / IFRS)	31.03. 2021	31.12. 2020	Change in € million	Change in %
Common equity tier 1 capital (in € million)	5 759	5 805	-46	-1
Total regulatory capital (in € million)	7 566	7 640	-74	-1
Total risk exposure (in € million)	38 673	39 880	-1 207	-3
CET1 capital ratio, in %	14,9	14,6		
Total capital ratio, in %	19,6	19,2		
Common equity tier 1 capital ratio <sup>1</sup> (fully loaded, in %)	14,9	14,5		
Total regulatory capital ratio <sup>2</sup> (fully loaded, in %)	19,5	19,1		
Leverage ratio (in %)	4,5	4,3		

<sup>1</sup> CET1 capital ratio; <sup>2</sup> Total regulatory capital ratio