



INVESTOR RELATIONS NEWS

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OLB presents nine months results and continues its successful course

- **Operating income increased by 15 percent year on year**
- **Cost-income ratio excluding regulatory expenses reduced to 44.3 percent**
- **Net profit up by 50 percent to 140.3 million euros**
- **Return on Equity (after taxes) significantly improved to 14.3 percent**
- **Prudent risk provisioning in view of overall recession outlook**
- **OLB confirms its medium-term targets**

Oldenburgische Landesbank AG ("OLB" or the "Bank") continued its successful business performance in the first nine months of 2022. As of September 30, 2022, operating income increased by around 15 percent to EUR 417.9 million (m) (previous year: EUR 363.9 m). A significant increase in net interest income and strong customer business contributed to the positive earnings momentum. The operating result improved significantly to EUR 232.7 m (previous year: EUR 148.9 m). Strict cost management led to a reduction in operating expenses by EUR 29.8 m and reduced the cost-income ratio (excluding regulatory expenses) to 44.3 percent (previous year: 58.9 percent). Inflation-related price increases were countered by strict cost discipline. OLB's net profit grew by 50 percent to EUR 140.3 m (previous year: EUR 93.5 m). The Return on Equity (after taxes) significantly improved to 14.3 percent (previous year: 10.3 percent).

"Our high profitability reflects OLB's earning power as well as its solid business model. We have thus improved the Bank's profitability on a long-term basis. In what is a very challenging environment for all financial institutions, we are on course to achieve our medium-term targets. Given OLB's strong performance, we have every reason to be proud and optimistic about the future", says Stefan Barth, the CEO of OLB.

The Bank's lending volume grew by 6.7 percent since year-end 2021 to a total of EUR 18.1 billion (bn) (previous year: EUR 16.9 bn). A very successful mortgage business in the Private & Business Customers segment, strong organic growth in all Corporate & Diversified Lending sub-segments and the acquisition of NIBC Bank's leveraged loan portfolio contributed to this encouraging increase. Against the backdrop of the emerging economic trend, OLB is applying tighter underwriting standards.

Net interest income rose to EUR 318.1 m (previous year: EUR 264.8 m). Besides OLB's successful growth strategy, this also reflected the European Central Bank's change of monetary policy. Net commission income fell slightly to EUR 91.6 m (previous year: EUR 96.1 m), primarily due to lower market values of securities held by customers.



OLB was able to reduce its operating expenses by around 14 percent to EUR 185.2 m (previous year: EUR 215.0 m). This was predominantly driven by the sustained reduction of personnel expenses. At the same time, operating expenses included one-off consulting costs for strategic projects, among others in connection with the acquisition of Degussa Bank announced in September 2022, in the low single-digit million range.

Reserves established for deteriorating macroeconomic environment

The quality of the Bank's loan portfolio remains high. Creditworthiness-driven risk provisioning rose to EUR 14.4 m in the first nine months of the year (previous year: net release of EUR 1.2 m). This includes the build-up of EUR 3.5 m in Stage 1 loan loss provisions due to the first-time application of the risk model to the acquisition financing portfolio acquired from NIBC. In this context, a further EUR 2.5 m in risk costs (Stage 1 loan loss provisions) will be recognized in the fourth quarter. In addition, the Bank has established a post-model adjustment of EUR 5.0 m, to appropriately reflect the generally deteriorating market environment in the risk models. Moreover, the Board of Managing Directors intends to recognize a further post-model adjustment in the fourth quarter. The portfolio of risk provisions as of September 30, 2022 already includes an amount of EUR 17.3 m that was originally recognized in connection with the COVID-19 pandemic and can now be used to cushion macroeconomic risks. The problem loan ratio (NPL ratio) improved to 1.4 percent at the end of September after 1.9 percent at year-end 2021.

Despite strong loan volume growth, risk-weighted assets (RWA) increased only slightly to EUR 9.7 bn when compared to year-end 2021. The Bank transferred sub-portfolios to the F-IRBA calculation approach. Combined with a generally strict RWA management approach, the RWA density decreased by 2.6 percentage points to 53.7 percent. Common Equity Tier 1 capital rose to EUR 1.27 bn after retention of the half-year net profit (year-end 2021: EUR 1.15 bn). The CET1 ratio improved to 13.1 percent as of September 30, 2022 (year-end 2021: 12.0 percent). "Our capitalization is very solid and our balance sheet structure is balanced and robust," says Dr. Rainer Polster, CFO of OLB. "We are well prepared in the event of a further deterioration in the macroeconomic environment in the coming months." The rating agency Moody's has also confirmed that OLB is well positioned for the future. It recently raised the outlook for OLB's Baa2 investment grade rating from "stable" to "positive".

OLB confirms its medium-term targets

In the coming months, OLB expects to benefit from the higher level of interest rates in the Eurozone, thanks to its high, stable deposit base – customer deposits increased to EUR 15.4 bn (year-end 2021: EUR 14.1 bn). In the turbulent economic environment, the Bank will continue to pursue its growth strategy but will do so cautiously, while establishing prudent risk provisions. OLB confirms its medium-term targets of the upper end of the 13 to 15 percent Return on Equity (after taxes) range, a CET1 ratio of at least 12.25 percent and a cost-income ratio of about 40 percent – in particular, in view of the synergy effects which are expected to result from the acquisition of Degussa Bank.

Financial figures 9M 2022 (IFRS)

EUR m	01/01-09/30/2022	01/01-09/30/2021	Changes ¹
Net interest income	318.1	264.8	20.1%
Net commission income	91.6	96.1	-4.7%
Other operating income	-4.4	2.1	n.a.
Result from non-trading portfolio	12.6	0.9	n.a.
Operating income	417.9	363.9	14.8%
Operating expenses	-185.2	-215.0	-13.8%
Operating result	232.7	148.9	56.3%
Expenses from bank levy and deposit protection	-17.6	-12.5	41.0%
Risk provisioning in the lending business	-19.4	1.2	n.a.
Result from restructurings	0.3	-0.2	n.a.
Result before taxes	195.9	137.3	42.7%
Income taxes	-55.6	-43.8	26.9%
Result after taxes (profit)	140.3	93.5	50.1%
Return on equity (after taxes)	14.3%	10.3%	4.0 ppt
Cost-income ratio (CIR)	44.3%	58.9%	-14.6 ppt

Additional financial figures 9M 2022 (IFRS)

EUR m	09/30/2022	12/31/2021	Changes ¹
Receivables from customers	18,086.1	16,943.1	6.7%
Risk-weighted assets	9,710.8	9,538.9	1.8%
Common Equity Tier 1 capital ratio ²	13.1%	12.0%	1.1 ppt

About OLB

Oldenburgische Landesbank AG (OLB) is a modern, customer-oriented bank with roots in northwestern Germany and strong regional and international expertise. OLB operates in two strategic business segments: Private & Business Customers and Corporates & Diversified Lending. OLB serves more than 600,000 customers and has total assets of approximately EUR 24 billion.

You can also visit us at www.olb.de and www.neelmeyer.de as well as on [Facebook](#), [Instagram](#) and [YouTube](#).

¹ May contain rounding differences

² Based on German Commercial Code (HGB)



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