



## PRESS-RELEASE

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### **Strong first half of 2023: OLB continues its profitable growth path**

- **Result before taxes increases 6% to €155 million**
- **Return on equity and cost-income ratio remain at top level**
- **Continued discipline regarding costs, risk and capital**
- **Expansion of customer business**
- **New record result for 2023 year-end within reach**

Oldenburgische Landesbank AG (“OLB” or “Bank”) has had a successful first half of 2023. Its profitable growth and efficient cost management allowed the bank to increase its result before taxes (as of June 30, 2023) by 6.3% year-on-year to reach €155.2 million (m) (previous year: €146.1m)<sup>1</sup>. This was also the first time that OLB’s result after taxes passed the €100m threshold by the date of mid-year reporting. At €104.8m (previous year: €99.7m), the result after taxes thus confirms OLB in its successful course – and already puts a record annual result for 2023 within reach.

“In the first half of 2023, we once again showed strength and reached our profitability and efficiency targets. We are especially pleased that we continued to significantly expand our customer business. We will keep driving our dynamic business growth and are looking forward to the upcoming integration of Degussa Bank. Today we are even more convinced that this acquisition will markedly strengthen our national market presence”, says Stefan Barth, CEO of OLB.

### **Successful customer business**

As of June 30, 2023, OLB had again expanded its customer business in the Private & Business Customers and Corporates & Diversified Lending segments. In all, the Bank provided its customers with a loan volume of €18.7 billion (bn) (June 30, 2022: €17.7bn). The market-induced downturn in mortgage financing for private customers in Germany in the first half of the year was almost entirely compensated for by the successful cooperation with the platform Tulp in the Dutch market. The private mortgage loan volume increased to €7.6bn (June 30, 2022: €7.0bn). The Bank deliberately pursued a more conservative approach than in the previous year regarding consumer loans. The Private & Business Customers segment was able to increase its operating income by 30% and shows an overall outstanding profitability and efficiency level. Strong growth was likewise evident in the Corporates & Diversified Lending segment. Especially the newer business segments such as Fund Finance and Football Finance noticeably expanded its market share. The lending volume of the Corporates & Diversified Lending segment was expanded by 7.5% and operating income increased by more than 18%. With a very balanced risk/return profile, Corporates & Diversified Lending achieved a return on regulatory capital<sup>2</sup> of 18.9%.

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<sup>1</sup> Unless otherwise noted, all figures are preliminary and based on IFRS

<sup>2</sup> Return on Equity @12.5% CET1 ratio

In the current market interest rate environment, the increase in loan volume led to a significant rise in net interest income to €243.4m (previous year: €212.2m). At €58.9m, net commission income remained virtually unchanged (previous year: €60.1m). Overall operating income increased by 7.3% to €304.2m (previous year: €283.6m).

### **Above-average efficiency and profitability ratios**

Costs were kept at a stable level by strict management despite high inflation. In the course of the announced acquisition of Degussa Bank, OLB incurred one-off consultant costs of €5.2m in the first half of 2023. Excluding this one-off effect, operating expenses dropped down by 1.3% to €117.4m (previous year: €119.0m).

The adjusted cost-income ratio improved by 3.4 percentage points to 38.6%; without considering the one-off effect, the cost-income ratio was 40.3% (previous year: 42.0%). The significantly increased result led to a high above-average return on equity of 14.3%. Taking into account, on a pro rata basis, the bank levy already paid in January 2023 as well as adjusting for the consulting costs in the context of the acquisition of Degussa Bank, the return on equity was even 15.3%.

### **Normalised level of risk costs**

In the first half of the year, risk provisioning in the lending business amounted to €15.0m (previous year: €3.6m). OLB thus continues to perform positively, and risk costs were at a normalised level of around 16 basis points and in line with planning. The very low previous year's figure of 4 basis points was characterised by high reversals. Rating migrations, which had been expected due to the demanding economic environment, did not occur.

In the face of the imminent finalisation of the Degussa Bank acquisition, OLB is deliberately retaining high capital and liquidity reserves. With a liquidity coverage ratio of roughly 180%, the Bank's liquidity position was solid as usual (June 30, 2022: approximately 146%) and significantly above the minimum requirement of 100%. The Common Equity Tier 1 (CET1) capital ratio improved to 14.4% (December 31, 2022: 13.6%) and remained well above the regulatory requirements, and also significantly above OLB's own target CET1 ratio of at least 12.25%. Risk-weighted assets amounted to €9.4bn (December 31, 2022: €9.4bn). The total capital ratio reached 16.9% (December 31, 2022: 16.6%). This also ensures OLB's continued dynamic growth.

OLB is increasingly expanding its capital markets presence. In January 2023, the Bank placed its first senior preferred bond on the market at a volume of €400m. This transaction earned OLB the Global Capital Bond Award in the category "Most impressive debut unsecured issuer" in June 2023. Nevertheless, OLB's largely regional customer deposits continue to form the stable foundation on which the refinancing is built. In line with this focus, customer deposits increased in volume to €16.2bn (June 30, 2022: €14.9bn).

"We continue to demonstrate high stability in our balance sheet. On the deposits side, we have achieved a strong result. Meanwhile, we're seeing the right dynamics in all our business segments, coupled with our conservative risk management. That leaves us well-positioned for reaching our annual targets. We are already highly confident that we will achieve a new record result by year's end", said Dr Rainer Polster, OLB's CFO.

### Outlook: Organic capital generation supports further business growth

The closing of the Degussa Bank acquisition is expected to take place in the second half of 2023. Intensive preparations are already underway for the subsequent planned migration. With the acquisition of Degussa Bank, the OLB balance sheet will reach a size that involves a transition to European Central Bank supervision.

The Bank continues to plan a potential IPO depending on a suitable time window in a stabilized market environment. The decision of when or whether to go public remains with the Bank's owners. Irrespective of any decision regarding a public offering, OLB remains committed to its publicized mid-term targets: a cost-income ratio of 40% or lower, a return on equity after tax of 14–16% across the business cycle and a CET1 ratio well above 12.25%. Strong organic capital generation supports further business growth and offers shareholders attractive pay-out potential with a pay-out ratio of 50% or more.

### Income statement OLB Group<sup>3</sup>

EURm	01.01.-30.06.2023	01.01.-30.06.2022	Changes in %
Net interest income	243.4	212.2	14.7
Net commission income	58.9	60.1	-2.0
Trading result	5.2	0.1	> 100.0
Result from hedging relationships	-13.2	-0.2	> 100.0
Other income	9.0	2.1	> 100.0
Result from non-trading portfolio	0.8	9.2	-91.4
<b>Operating income</b>	<b>304.2</b>	<b>283.6</b>	<b>7.3</b>
Personnel expenses	-68.7	-70.4	-2.4
Non-personnel expenses	-42.3	-36.4	16.2
Depreciation, amortization and impairments of intangible and tangible fixed assets	-11.0	-11.7	-5.8
Other expenses	-0.6	-0.6	-1.1
<b>Operating expenses</b>	<b>-122.6</b>	<b>-119.0</b>	<b>3.0</b>
<b>Operating result</b>	<b>181.6</b>	<b>164.6</b>	<b>10.3</b>
Expenses from bank levy and deposit protection	-11.1	-15.2	-26.8
Risk provisioning in the lending business	-15.0	-3.6	> 100.0
Result from restructurings	-0.2	0.3	<-100.0
<b>Result before taxes</b>	<b>155.2</b>	<b>146.1</b>	<b>6.3</b>
Income tax	-50.4	-46.3	8.9
<b>Result after taxes (profit)</b>	<b>104.8</b>	<b>99.7</b>	<b>5.0</b>

<sup>3</sup> Rounding differences may occur

Return on Equity after taxes	14.3% (15.3% <sup>4</sup> )	15.3%	-1.0 ppt
Cost-income ratio	40.3% (38.6% <sup>5</sup> )	42.0%	-1.7 ppt

### Selected balance sheet figures OLB Group

EURm	30.06.2023	31.12.2022	30.06.2022
Receivables from customers	18,740.0	18,008.9	17,690.7
Liabilities to customers	16,206.1	16,192.5	14,935.8
<b>Equity</b>	<b>1,583.5</b>	<b>1,517.4</b>	<b>1,425.2</b>
<b>Total assets</b>	<b>24,805.1</b>	<b>24,081.6</b>	<b>24,147.2</b>

### Capital and liquidity<sup>6</sup>

EURm	30.06.2023	31.12.2022	30.06.2022
Common Equity Tier 1 capital (CET1)	1,352.0	1,275.2	1,142.9
Tier 1 capital	1,453.3	1,416.4	1,284.5
Share capital and reserves	1,584.3	1,557.4	1,426.5
<b>Risk assets</b>	<b>9,391.0</b>	<b>9,362.8</b>	<b>9,398.7</b>
Common Equity Tier 1 capital ratio	14.4%	13.6%	12.2%
Tier 1 capital ratio	15.5%	15.1%	13.7%
Aggregate capital ratio	16.9%	16.6%	15.2%

	30.06.2023	31.12.2022	30.06.2022
Liquidity coverage ratio (LCR)	180%	174%	146%

### About OLB

Oldenburgische Landesbank AG is a profitable and growing universal bank for private and corporate customers in Germany and neighbouring European countries. Under its OLB Bank and Bankhaus Neelmeyer brands, OLB advises its more than 600.000 customers in person and via digital channels in its Private & Business Customers and Corporates & Diversified Lending segments. The Bank has more than EUR 24 bn of total assets.

Feel free to visit us at [www.olb.de](http://www.olb.de) and [www.neelmeyer.de](http://www.neelmeyer.de) as well as on [Facebook](#), [Instagram](#) and [YouTube](#).

<sup>4</sup> Without €5.2m expenses related to Degussa Bank acquisition and taking into account the bank levy in the total amount of €8.1m (paid in full in January) on a pro rata basis

<sup>5</sup> Without €5.2m expenses related to Degussa Bank acquisition

<sup>6</sup> Based on German GAAP (HGB)



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