



## PRESS-RELEASE

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### **Successful start to financial year 2023: OLB continues highly profitable and efficient growth path in volatile market environment**

- **Result after taxes increased by 40.7% year-on-year to EUR 56.7 million**
- **Earnings and return ratios sustainably at high levels**
- **High credit quality due to a diversified portfolio and conservative lending standards**
- **Granular and sticky customer deposits as a solid basis for refinancing**

Oldenburgische Landesbank AG ("OLB" or "Bank") once again impressed with growth, profitability and solidity in the first quarter of 2023, increasing its result after taxes to EUR 56.7 million (m) as of 31 March 2023 (Q1 2022: EUR 40.3 m)<sup>1</sup>. Compared to the first quarter of 2022, this represents an increase of 40.7%. The return on equity after taxes (RoE) improved to 15.5%, or 17.5% when considering the bank levy on a pro rata basis (Q1 2022: 12.7% and 14.2% respectively). The cost-income ratio improved to 36.8% (Q1 2022: 43.6%).

"We had a strong start to the year 2023, bolstered by our balanced business model, high liquidity and capital resources, as well as a solid balance sheet structure. All this provides us with an excellent position in the current volatile market environment. With this proven setup, we want to continue our highly profitable and efficient growth path," says Stefan Barth, CEO of OLB.

### **Strong customer business drives double-digit operating growth**

In the first three months of 2023, OLB further expanded its customer business in both segments, Private & Business Customers and Corporates & Diversified Lending. The customer loan volume grew by more than 6% year-on-year to EUR 18.3 billion (bn) (Q1 2022: EUR 17.1 bn). In particular, Diversified Lending contributed to this improvement. Against the backdrop of rising interest rates, the demand for new private mortgage financing declined as expected. Nevertheless, the portfolio volume of private mortgage financing increased to EUR 7.4 bn (Q1 2022: EUR 6.8 bn). The high level of customer confidence in the Bank is reflected in the increase in customer deposits to EUR 16.1 bn (Q1 2022: EUR 14.2 bn).

In conjunction with the improved interest rate environment, the higher loan volume led to an increase in net interest income of more than 20% to EUR 120.6 m (Q1 2022: EUR 99.8 m). Net commission income was slightly above the first quarter 2022 level at EUR 31.3 m (Q1 2022: EUR 31.1 m). Overall, operating income rose by more than 18% to EUR 160.8 m (Q1 2022: EUR 136.1 m).

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<sup>1</sup> Unless otherwise stated, all figures are based on IFRS



In addition to its strong customer business, OLB continues to emphasize rigorous cost management, which enables the Bank to actively counteract the current inflationary trends. With continuous investments in growth, products and technology, as well as other expenses in connection with the acquisition of Degussa Bank, operating expenses totalled EUR 59.3 m (Q1 2022: EUR 59.4 m).

The high quality of the credit portfolio, ensured by a diversified portfolio and conservative lending standards, leads to persistently low risk costs. As of 31 March 2023, risk provisioning amounted to EUR 2.9 m (Q1 2022: EUR 6.4 m), or 6 basis points (Q1 2022: 15 basis points). The volume of the non-performing exposure was reduced from around EUR 343 m in the first quarter 2022 to around EUR 258 m.

### **Targeted high capital resources in view of volatile market environment**

In a market environment dominated by global macroeconomic uncertainties, OLB continues to consciously focus on a high level of liquidity and capital resources. The liquidity position remains very solid with a liquidity coverage ratio (LCR) of more than 210% (31 December 2022: ~174%) and is well above the minimum requirements of 100%. This shows that OLB maintains a high level of first-class liquid assets. The Common Equity Tier 1 capital ratio (CET1 ratio) improved to 14.1% (31 December 2022: 13.6%), which is well above the regulatory requirement of 9.3% (MDA threshold) and the self-imposed minimum CET1 ratio target of 12.25%. Part of the improvement is due to the synthetic risk transfer of a portfolio of corporate client loans that OLB implemented in March 2023. The transaction reduced risk-weighted assets (RWA) by more than EUR 400 m. RWA amounted to EUR 9.5 bn (31 December 2022: EUR 9.4 bn). The total capital ratio rose to 17.0% in the reporting period (31 December 2022: 16.6%).

"We manage the Bank conservatively in terms of capital and liquidity. We have maintained comfortable capital resources to be well positioned for further organic or inorganic growth, even in the current volatile environment," says Dr Rainer Polster, CFO of OLB.

### **Continued outperformance in uncertain macroeconomic environment**

OLB confirms its medium-term targets of achieving a cost-income ratio of 40% or lower, a return on equity after taxes in the target range of 14% to 16% through the economic cycle, and a CET1 ratio well above 12.25%.

The Bank is set to continue its top line expansion and strict cost management compensating the inflationary environment and supporting its cost-income ratio. Strong revenue momentum, cost discipline and risk management are expected to lead to a return on equity ahead of target. The currently high capitalization reflects the uncertain macroeconomic outlook and the pending Degussa Bank acquisition.

After the closing of the Degussa Bank acquisition, which is expected to take place in the second half of 2023, OLB will focus on Degussa Bank's smooth and efficient integration. In addition, the Bank continues to plan a potential IPO depending on a suitable time window in a stabilized market environment.

## Income statement OLB Group <sup>2</sup>

EURm	01.01.-31.03.2023	01.01.-31.03.2022	Changes in %
Net interest income	120.6	99.8	20.9
Net commission income	31.3	31.1	0.4
Trading result	0.7	0.3	> 100.0
Other income	7.5	2.0	> 100.0
Result from non-trading portfolio	0.7	2.9	-76.4
<b>Operating income</b>	<b>160.8</b>	<b>136.1</b>	<b>18.2</b>
Personnel expenses	-34.5	-36.2	-4.5
Non-personnel expenses	-18.8	-16.5	14.3
Depreciation, amortization and impairments of intangible and tangible fixed assets	-5.3	-6.1	-12.8
Other expenses	-0.5	-0.6	-12.3
<b>Operating expenses</b>	<b>-59.3</b>	<b>-59.4</b>	<b>-0.2</b>
<b>Operating result</b>	<b>101.6</b>	<b>76.7</b>	<b>32.4</b>
Expenses from bank levy and deposit protection	-15.1	-11.0	37.7
Risk provisioning in the lending business	-2.9	-6.4	-55.2
Result from restructurings	0.0	0.0	-63.5
<b>Result before taxes</b>	<b>83.6</b>	<b>59.3</b>	<b>40.9</b>
Income tax	-26.9	-19.0	41.5
<b>Result after taxes (profit)</b>	<b>56.7</b>	<b>40.3</b>	<b>40.7</b>
Return on Equity after taxes	15.5%	12.7%	2.8 ppt
Return on Equity after taxes (pro-rata bank levy)	17.5%	14.2%	3.3 ppt
Cost-income ratio	36.8%	43.6%	-6.8 ppt
Cost-income ratio (including regulatory expenses)	46.2%	51.7%	-5.4 ppt

## Selected balance sheet figures OLB Group

EURm	31.03.2023	31.12.2022	31.03.2022
Receivables from customers	18,302.8	18,008.9	17,146.8
Liabilities to customers	16,063.6	16,192.5	14,237.5
<b>Equity</b>	<b>1,578.2</b>	<b>1,517.4</b>	<b>1,338.2</b>
<b>Total assets</b>	<b>24,536.7</b>	<b>24,081.6</b>	<b>23,208.1</b>

<sup>2</sup> Rounding differences may occur

## Capital and liquidity<sup>3</sup>

EURm	31.03.2023	31.12.2022	31.03.2022
Common Equity Tier 1 capital (CET1)	1,337.0	1,275.2	1,149.8
Tier 1 capital	1,478.3	1,416.4	1,291.4
Share capital and reserves	1,614.4	1,557.4	1,427.4
<b>Risk assets</b>	<b>9,479.1</b>	<b>9,362.8</b>	<b>9,089.7</b>
Common Equity Tier 1 capital ratio	14.1%	13.6%	12.6%
Tier 1 capital ratio	15.6%	15.1%	14.2%
Aggregate capital ratio	17.0%	16.6%	15.7%

	31.03.2023	31.12.2022	31.03.2022
Liquidity coverage ratio (LCR)	210.81%	173.94%	126.44%
Net stable funding ratio (NSFR)	117.90%	117.84%	114.55%

### 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.

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<sup>3</sup> Based on German Commercial Code (HGB)

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