

Creditreform Bank Rating

Norddeutsche Landesbank (Group) as parent of
Nord/LB Luxembourg S.A. Covered Bond Bank

Rating Object	Rating Information
Nord/LB Luxembourg S.A. Covered Bond Bank Creditreform ID: 2190020765	Long Term Issuer Rating / Outlook: A- / stable Short Term: L2 Stand Alone Rating: BBB Type: Update / Unsolicited
Rating Date: 17 October 2023 Monitoring until: withdrawal of the rating Rating Methodology: CRA "Bank Ratings v.3.2" CRA "Rating of Bank Capital and Unsecured Debt Instruments v.2.1" CRA "Government-Related Banks v.2.1" CRA "Environmental, Social and Governance Score for Banks v.1.0" CRA "Rating Criteria and Definitions v.1.3" CRA "Institutional Protection Scheme Banks v1.0"	Rating of Bank Capital and Unsecured Debt Instruments: Preferred Senior Unsecured: A- Non-Preferred Senior Unsecured: BBB+ Tier 2: BB+ Additional Tier 1: BB
Rating History: www.creditreform-rating.de	

Our rating of Nord/LB Luxembourg S.A. Covered Bond Bank is reflected by our rating opinion of Norddeutsche Landesbank (Group) due to its group structure. Therefore we refer to our rating report of Norddeutsche Landesbank (Group) from 17 October 2023.

Rating Action

Creditreform Rating upgrades Nord/LB Luxembourg S.A. Covered Bond Bank's Long-Term Issuer Rating to A- (Outlook: stable)

Creditreform Rating (CRA) upgrades Nord/LB Luxembourg S.A. Covered Bond Bank's Long-Term Issuer Rating to A-. The rating outlook is stable.

CRA upgrades Nord/LB Luxembourg S.A. Covered Bond Bank's Preferred Senior Unsecured Debt to A-.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

Analysts

Tobias Stroetges
t.stroetges@creditreform-rating.de
Lead-Analyst







Johannes Kühner
j.kuehner@creditreform-rating.de
Senior Analyst

Artur Kapica
a.kapica@creditreform-rating.de
Person Approving Credit Ratings
Neuss, Germany

Key Rating Drivers

- Continued unsustainable operating profitability
- Ongoing reduction of the non performing loan exposure
- A continued sufficient capitalisation
- Stableity due to institution-specific protection system (IPS)

Executive Summary

Quantitative:	Satisfactory	
Earnings	Unsatisfactory	
Assets	Good	
Capital	Satisfactory	
Liquidity	Good	
Qualitative:	Satisfactory	

Creditreform Rating (CRA) upgrades Norddeutsche Landesbank's (Group) Long-Term Issuer Rating to A-. The rating outlook is stable. The rating was upgraded due to the positive financial year of the Sparkassen-Finanzgruppe in 2022. Furthermore, the low write-offs of assets and the improved half-year result 2023 of NORD/LB are responsible for the rating upgrade. We are also positive about the fact that NORD/LB continues to steadily improve its asset quality by further reducing the NPL portfolio. As with the other Landesbanken, NORD/LB also benefits from the institution-specific protection system of the Sparkassen Finanzgruppe.

In the Institutional Support Assessment, Creditreform Rating examines the extent to which an existing cross-guarantee system or IPS can have an influence on NORD/LB's rating. As a result, Creditreform Rating comes to the conclusion that in the case of NORD/LB's Long-Term Issuer Rating, there is a strong connection between Sparkassen Finanzgruppe and NORD/LB due to Sparkassenunterstützungsfonds of the regional Sparkassen and Giro associations, the Guarantee Fund of the Landesbausparkassen and the Guarantee Reserve of the Landesbanken and Girozentralen. This enables additional notching. In the opinion of Creditreform Rating, a stand-alone rating of NORD/LB is thus not appropriate due to its affiliation with Sparkassen Finanzgruppe. The rating is prepared on the basis of consolidated statements, where possible.

Company Overview

Norddeutsche Landesbank Girozentrale (hereinafter referred to as NORD/LB) was established in 1970 through the merger of the four previously independent predecessor institutions: Braunschweigische Staatsbank (founded in 1765), Hannoversche Landeskreditanstalt (founded in 1840), Niedersächsische Landesbank Girozentrale (founded in 1917) and Niedersächsische Wohnungskreditanstalt Stadtschaft (founded in 1918).

Today, NORD/LB functions as a Landesbank (of Lower Saxony and Saxony-Anhalt) and acts as a Girozentrale for the savings banks in Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania. The universal bank focuses on the northern German region and, in addition to the full range of financial services, offers structured finance in particular. Following the ongoing reduction of the shipping portfolio, the bank's business model focuses on German SMEs and on financing international special and project finance in the fields of renewable energies, infrastructure, commercial real estate and aircraft.

NORD/LB's main brands are the core bank NORD/LB with the business segments *Private and Commercial Customers, Corporate Customers, Markets, Special Finance* (including aircraft), *Real Estate* and *Special Credit and Portfolio Optimization* (hereinafter: SCPO; wind-down unit, including ships). Other core brands are Braunschweigische Landessparkasse, which serves private and business customers, and NORD/LB Covered Bond Bank Luxembourg, which finances municipal companies and public projects. As part of the NORD/LB 2024 project, it was decided to discontinue the covered bond business actively conducted from the Covered Bond Bank from 2022. But the bank will remain an integral part of NORD/LB. Deutsche Hypothekenbank AG was already integrated into the core bank as of July 1, 2021, and the commercial real estate business will continue to be conducted in the core bank.

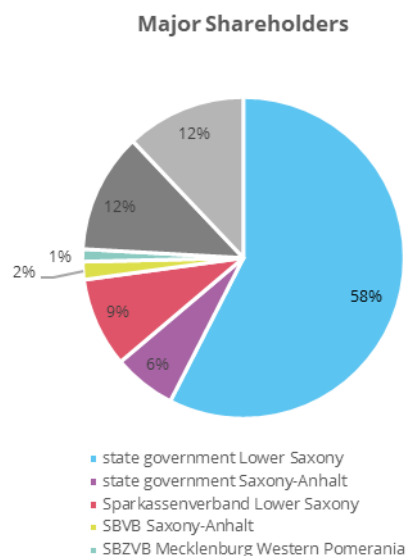
NORD/LB is a member of the Sparkassen-Finanzgruppe. The Sparkassen-Finanzgruppe (hereinafter: SFG) has an institution-specific protection system (IPS). This has been recognized as a deposit guarantee system in accordance with the German Deposit Guarantee Act (Einlagensicherungsgesetz, EinSiG) since 03 July 2015. Under the statutory deposit guarantee scheme, customers are entitled to reimbursement of their deposits of up to EUR 100k against the guarantee scheme.

The Joint Liability Scheme of the SFG is divided into three elements, the Sparkassenstützungsfonds (Savings Banks Support Fund) of the regional Sparkassen- und Giroverbände (Savings Banks and Giro Associations), the Sicherungsfonds der Landesbausparkassen (Guarantee Fund of the Landesbausparkassen) and the Sicherungsreserve der Landesbanken und Girozentralen (Guarantee Reserve of the Landesbanken und Girozentralen). Together, these three guarantee funds ensure the continued existence of each individual Sparkasse and Landesbank.

The primary objective of the IPS is to avoid a support case and to protect the institutions themselves, i.e. to ensure liquidity and solvency. The protection of the institutions can be ensured, for example, by the following measures: Injection of equity capital, assumption of guarantees and sureties, and compliance with third-party claims. Mergers with other institutions may also occur. The regional Sparkassen associations have a total of 11 support funds for Sparkassen. The individual guarantee funds are interlinked. There is a supra-regional equalization between them, which takes place in the event that the funds available in a region are not sufficient for a so-called support case of an institution. In this case, the resources of all funds are available if

necessary. If necessary, all the guarantee funds stand together as part of the system-wide equalization: all the Sparkassen guarantee funds, the guarantee reserve of the Landesbanken and the guarantee fund of the Landesbausparkassen. This applies in the event that the resources of one of the three guarantee schemes concerned are insufficient. This equalization means that all the funds of all the protection schemes are available for measures in the event of a crisis. The members of the protection scheme pay annual contributions to the Sparkassen deposit guarantee scheme. These are pooled in a special fund that is used to rescue the affected member institution in the event of a crisis.

Chart 1: Major Shareholders of NORD/LB | Source: Website of NORD/LB



With the transformation program "NORD/LB 2024", which was launched in 2019 in parallel with the recapitalization, the bank aims to achieve a value contribution of up to EUR 600mn by 2024, consisting of earnings growth of EUR 200mn and cost savings of EUR 400mn. In concrete terms, a package of measures worth almost EUR 500mn has already been decided, meaning that a large part of the planned value contributions is already being implemented. The transformation encompasses the entire bank; specifically, the subsidiary Deutsche Hypothekbank AG has already been merged with NORD/LB as of July 1, 2021. The bank expects to save around EUR 41mn per year as a result of the merger. In addition, it has been decided to reduce the workforce, as a result of which around one third of Group-wide jobs will be cut by 2024. Almost a quarter of employee capacity has already been cut as part of the "One Bank" program. A further 1,650-1,850 jobs are to be cut across the Group. In the core bank, the reduction of 1,100 jobs has already been contractually agreed.

Business Development

Profitability

Creditreform Rating AG follows a structural approach in the presentation of the income statement and balance sheet as well as in the calculation of key ratios. The presentation may therefore differ from that of the bank. Creditreform Rating pursues the goal of making financial statements of different banks as well as within the scope of consolidation as comparable as possible. Certain key ratios are also taken or calculated from the Bank's Pillar III Report for reasons of comparability. Balance sheet and income statement figures are taken from the consolidated financial statements of the respective years. One-off or exceptional items are, where possible, relegated to the line items non-recurring revenue and expense.

The operating earnings position of NORD/LB did not change significantly in the 2022 financial year despite the stable year-end result. Operating income fell by more than 6% compared to the previous year, while operating expenses decreased by just under 2% despite a decline in personnel expenses. As a result, operating profit was negative at EUR -38mn, compared with EUR +11mn in the previous year. Due to a positive contribution to earnings from risk costs of EUR 142mn, net profit for the year was more than twice as high as in the previous year at EUR 89mn.

In detail, the decrease in operating earnings is mainly due to the sharp decline in net income from fair value measurement, caused on the one hand by net trading income of EUR -747mn in the area of fixed-income securities and receivables, and on the other hand by the decrease in net trading income from interest rate derivatives of EUR-381mn. In contrast to the fair value result, net interest income developed positively in the current market environment. However, compared with the other Landesbanken, the increase in net interest income was below average. The increase in net fee and commission income is mainly attributable to lower fee and commission expenses for the guarantee provided by the State of Lower Saxony and to the EUR 24mn increase in fee and commission income in the lending and guarantee business and in the loan brokerage business.

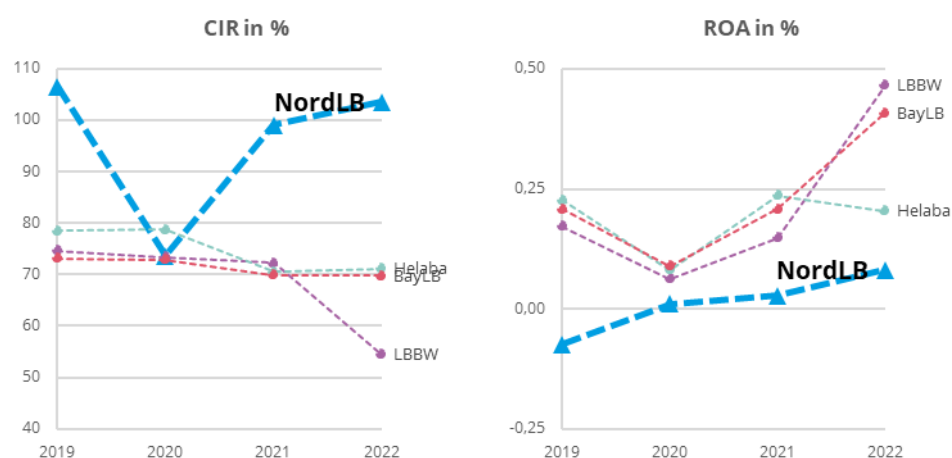
On the operating expenses side, a slight decrease of approximately 2% was achieved compared to the previous year, which is attributable to slightly lower personnel expenses and IT costs. The number of employees was reduced from 4.426 to 4.228, and NORD/LB continues to strive for further staff reductions. The decline in personnel costs is therefore continuing consistently in small steps. However, a comparison with the sharper fall in income in relation to expenses shows that NORD/LB is only making slow progress in its transformation process (see in particular CIR).

As already mentioned, the positive risk costs are primarily responsible for the net profit for the year. The risk result was improved by EUR 124mn due to reversals of provisions recognized in connection with the Corona pandemic and the Ukraine war. Without these reversals, net income would have been negative. The tax burden was also positively impacted by the reversal of deferred tax liabilities and tax refunds for prior years of a foreign subsidiary, resulting in net income for the year of EUR 89mn.

The fact that NORD/LB still has a longer transformation process ahead of it in operational terms becomes clear from our calculated CIR. On balance, CRA calculates a cost income ratio (CIR) of just over 103% with the loss-making trading profit; without the volatile trading profit, NORD/LB

still achieves a CIR of just over 93%. Due to the continued low net income, the other earnings ratios are only slightly above zero, as in the previous year, and significantly lower than those of the other Landesbanks. A comparison of our calculated CIR for the Landesbanks in particular highlights NORD/LB's weakening earnings situation. In contrast to the other three Landesbanks in the peer group comparison, there is still no positive trend in CIR for NORD/LB (Chart 3). Neither the income side nor the cost side of NORD/LB has shown any significant improvement in recent years. The peer group comparison also shows that NORD/LB is lagging behind the other Landesbanks in terms of funds employed.

Chart 2: CIR and ROA of Nord/LB in comparison to the peer Group | Source: eValueRate / CRA



In the first half of 2023, the bank achieved a consolidated profit of EUR 109mn (first half of previous year: EUR -63mn), mainly due to strong net interest income and net commission income. Here, NORD/LB benefits from a significantly improved interest margin as a result of the rising interest rate market environment. The trading profit, which was still negative in the previous year, also improved to +0, at least in the first half of the year. NORD/LB also benefited from a positive risk provisioning result, which boosted net income for the year. Personnel expenses remained almost constant. The improved earnings situation is also evident from our calculated key earnings figures. At 79.1%, the CIR is significantly improved compared with the previous year. All other key earnings indicators were also better than in the previous year. The gap to the earnings figures of the other Landesbanks is still considerable. In addition to the institutional cross-guarantee system, the improvement at the end of the first half of the year was a key factor in the upgrading of NORD/LB.

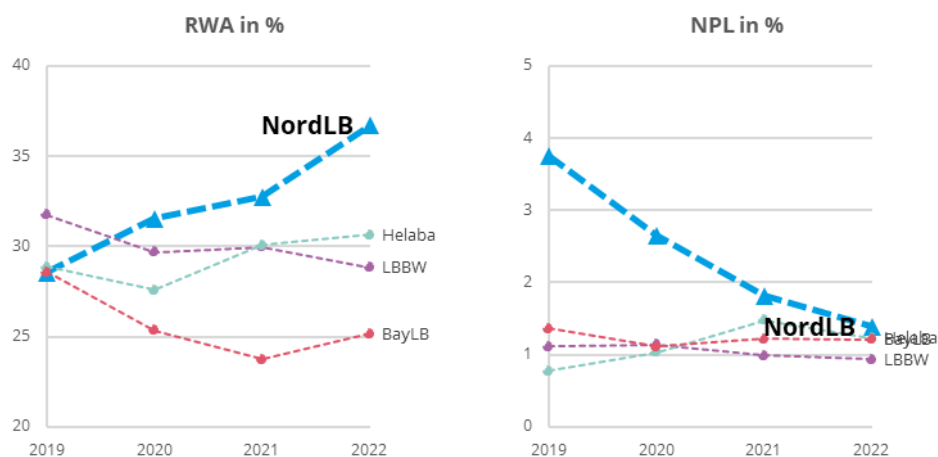
Asset Situation and Asset Quality

The contraction process of recent years was systematically continued in 2022, with total assets falling by 4.6% to EUR 109.3bn. The reduction in total assets to EUR 110bn by 2024 targeted under the strategic plan has therefore already been achieved. However, the decrease is largely the result of negative valuation effects due to the increased interest rate environment. By contrast, the loan portfolio actually increased slightly thanks to new business with non-financial corporations. Otherwise, the asset side of the balance sheet remained largely constant.

In contrast, NORD/LB was able to maintain the high quality of the asset side in many aspects in 2022. Both non-performing loans and potential problem loans were further reduced in relation to loans to customers and are above average. Due to the reduced allowance for losses on loans

and advances, the write-off ratios are negative, which has a positive effect on our asset quality assessment; at the same time, the allowance for losses on loans and advances continues to decline in relation to NPLs, which we assess negatively. These effects roughly offset each other in the valuation. We assess the strong increase in RWAs relative to total assets slightly negative, which is also evident from chart 4. Here too, a comparison with the other Landesbanks shows that they have been able to reduce their RWAs considerably better in recent years than NORD/LB. As already mentioned, NORD/LB has been able to consistently reduce its NPL portfolio in recent years, so that the NPL ratio is already comparable with those of the other Landesbanks, which have largely kept their NPL ratio constant in recent years. We have also included this strict NPL reduction positively in the rating.

Chart 3: RWA ratio and NPL ratio of NORD/LB. | Source: eValueRate / CRA / Pillar 3



Asset quality has improved further as of the first half of 2023. The NPL ratio and the Stage 2 ratio were further reduced. As there was no significant change on the asset side of the balance sheet and total assets remained almost constant, we consider the efforts to further reduce NPLs to be positive. The reduction in risk-weighted assets is progressing only slowly.

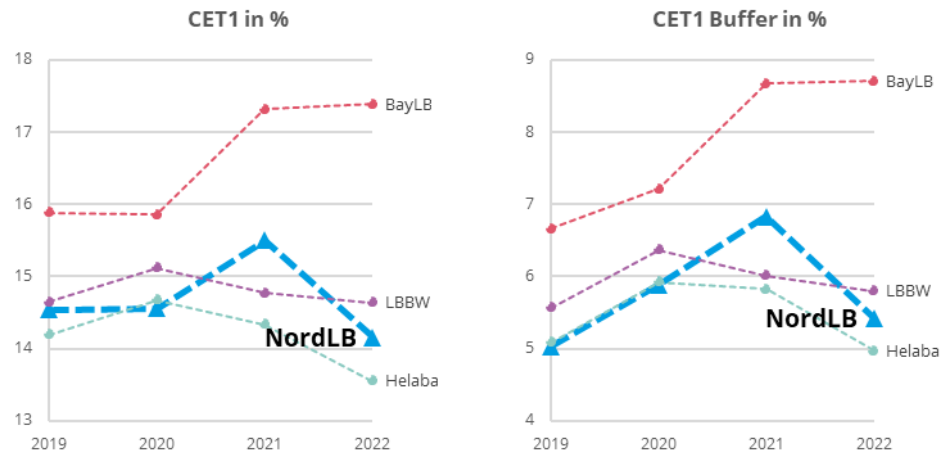
Refinancing, Capital Quality and Liquidity

The decrease in total assets was naturally accompanied by a decline in various items on the liabilities side. Apart from reported equity, every other significant item decreased compared with the previous year, be it customer deposits (-2.8%), securitized liabilities (-34.5%) or bank deposits (-0.1%). On-balance sheet equity increased sharply in 2022 due to a revaluation of the net defined benefit liability of EUR 1,027mn, but this was offset by negative changes from financial assets measured at fair value through other comprehensive income of EUR -849mn. Added to this is a capital increase of EUR 44mn, with the result that equity as shown in the balance sheet increased by EUR 452mn year-on-year to EUR 6,300mn.

This significant improvement in balance sheet equity also had a positive impact on the balance sheet ratios. By contrast, the regulatory ratios have become weaker due to the disproportionate increase in risk-weighted assets. NORD/LB's balance sheet capital ratios are approaching an average valuation, especially if the debt capital positions continue to be reduced. A comparison

with the other Landesbanks shows that the regulatory capital ratios, with the exception of BayernLB, are at a similar level with a congruent negative trend. In particular, the gap to the regulatory minimum capital ratios should not fall further.

Chart 4: CET1 Ratio and CET1 Buffer of NORD/LB. | Source: eValueRate / CRA / P3



At the end of the first half of 2023, further equity was built up on the balance sheet due to the positive result. However, it remains to be seen how the year-end result will turn out. We see an improvement in both the balance sheet and regulatory capital ratios.

Due to NORD/LB's bank capital and debt structure, the Group's Preferred Senior Unsecured Debt instruments are (not) notched down in comparison to the Long-Term Issuer Rating. Due to the seniority structure, NORD/LB's Non-Preferred Senior Unsecured debt is rated BBB+. NORD/LB's Tier 2 Capital is rated BB+ based on the NORD/LB's capital structure and seniority in accordance with our rating methodology. Additional Tier 1 Capital is rated BB, reflecting the capital structure, seniority and a high bail-in risk in the event of resolution.

Environmental, Social and Governance (ESG) Score Card

NordLb has one significant and two moderate ESG rating drivers

- Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the Corporate Governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated neutral due to NordLB's weak earning figures in the last years, which looked better for the first time this year, the widespread ESG policies and its ambitious ESG targets.

- Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. While Green Financing / Promoting is rated neutral due to relatively low amount of green bonds, Coporate Behaviour is rated positive due to its activities in line with the law and the believes of our society.

ESG Bank Score

3,2 / 5

Score Guidance

> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
<= 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	()
	1.2 Exposure to Environmental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	()
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)

Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	2	(-)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	()

Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	4	()
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
()	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage <https://creditreform-rating.de/en/about-us/regulatory-requirements.html>. In addition, we refer to CRA's position paper "Considering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of Norddeutsche Landesbank is stable. In the medium term, CRA expects further growth for NORD/LB in the core segments, such as *Private and Business Customers* and *Corporate Customers & Verbundgeschäft*. As a result, we expect a profitable business model, even with lower interest margins. Due to the low RWA ratio and the good write-offs, we do not expect a weakening economy to jeopardise the good asset quality.

Best-case scenario: A

Worst-case scenario: BBB+

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Scenario Analysis

In a scenario analysis, the bank is able to reach a Long-Term Issuer Rating of A in the “Best-Case-Scenario” and a Long-Term Issuer Rating of BBB+ in the “Worst-Case-Scenario”. The ratings of Bank Capital and Senior Unsecured Debt would respond similarly based on our rating methodology. These ratings are especially sensitive to changes in total equity and to the bank capital and debt structure in general. Likewise, material change with regard to the IPS and/or Sparkassenfinanzgruppe may precipitate up or down notching.

We might upgrade Norddeutsche Landesbank’s Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to continued high income in the Sparkassen sector and higher profitability in the coming years at NORD/LB himself, while at the same time increasing equity through retained earnings for the year.

By contrast, a downgrade of Norddeutsche Landesbank’s Long-Term Issuer Rating and the ratings of Bank Capital and Senior Unsecured Debt due to a further weakening of the economy in Germany and the resulting higher write-offs on the loan portfolio or a higher NPL ratio. A softening of the IPS among the Landesbanken could also have a negative impact on the rating.

Appendix

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

Long-Term Issuer / Outlook / Short-Term **A- / L2 / stable**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred Senior Unsecured: **A-**
 Non-Preferred Senior Unsecured: **BBB+**
 Tier 2 (T2): **BB+**
 Additional Tier 1 (AT1): **BB**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	25.09.2017	BBB- / stable / L3
Rating Update	13.07.2018	BBB- / stable / L3
Rating Update	12.12.2019	BBB- / watch / L3
Rating Update	24.03.2020	BBB- / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	07.10.2021	BBB+ / stable / L3
Rating Update	10.10.2022	BBB+ / stable / L3
Rating Update	17.10.2023	A- / stable / L2
Bank Capital and Debt Instruments	Rating Date	Result
Senior Unsecured / T2 / AT1 (Initial)	13.07.2018	BBB- / B+ / -
PSU / T2	12.12.2019	BBB- / B+ (UNW)
PSU / T2	24.03.2020	BBB- / B+ (NEW)
PSU / NPS / T2 / AT1	15.09.2020	BBB- / BB+ / B+ / B
PSU / NPS / T2 / AT1	07.10.2021	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	10.10.2022	BBB+ / BBB / BB / BB-
PSU / NPS / T2 / AT1	17.10.2023	A- / BBB+ / BB+ / BB
Subsidiaries of the Bank		
NORD/LB Luxembourg S.A. Covered Bond Bank		
Initialrating	13.07.2018	BBB- / stable / L3

Creditreform Bank Rating

Norddeutsche Landesbank (Group) as parent of
Nord/LB Luxembourg S.A. Covered Bond Bank

Rating Update	12.12.2019	BBB- / watch / L3
Rating Update (Corona bedingt)	24.03.2020	BBB- / NEW / L3
Rating Update	15.09.2020	BBB- / stable / L3
Rating Update	07.10.2021	BBB+ / stable / L3
Rating Update	10.10.2022	BBB+ / stable / L3
Rating Update	17.10.2023	A- / stable / L2
Bank Capital and Debt Instruments of NORD/LB Luxembourg S.A. Covered Bond Bank		
Senior Unsecured / T2 / AT1 (Initial)	25.09.2018	BBB- / B+ / -
PSU / T2	12.12.2019	BBB- / B+ (UNW)
PSU / T2	24.03.2020	BBB- / B+ / (NEW)
PSU / T2	15.09.2020	BBB- / B+
PSU / T2	07.10.2021	BBB+ / n.r.
PSU	10.10.2022	BBB+
PSU	17.10.2023	A-

Tables Group (if applicable)

Figure 2: Income statement¹ | Source: eValueRate / CRA

Income Statement (EUR m)	2022	%	2021	2020	2019
Income					
Net Interest Income	882	+10,0	802	1.281	1.014
Net Fee & Commission Income	166	> +100	52	-38	71
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	-117	< -100	139	225	156
Equity Accounted Results	41	> +100	17	-24	37
Dividends from Equity Instruments	14	+0,0	14	5	10
Other Income	71	-31,1	103	62	181
Operating Income	1.057	-6,2	1.127	1.511	1.469
Expense					
Depreciation and Amortisation	76	+8,6	70	73	97
Personnel Expense	453	-3,0	467	484	516
Tech & Communications Expense	229	-3,8	238	231	230
Marketing and Promotion Expense	14	+16,7	12	11	15
Other Provisions	-16	> +100	-7	-19	-21
Other Expense	339	+0,9	336	332	728
Operating Expense	1.095	-1,9	1.116	1.112	1.565
Operating Profit & Impairment					
Operating Profit	-38	< -100	11	399	-96
Cost of Risk / Impairment	-142	> +100	-18	426	-29
Net Income					
Non-Recurring Income	-	-	-	-	-
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	104	> +100	29	-27	-67
Income Tax Expense	15	< -100	-3	-40	36
Discontinued Operations	-	-	-	-	-
Net Profit	89	> +100	32	13	-103
Attributable to minority interest (non-controlling interest)	-	-	-	-6	6
Attributable to owners of the parent	89	> +100	32	19	-109

Figure 3: Key earnings figures | Source: eValueRate / CRA and Pillar III

Income Ratios (%)	2022	%	2021	2020	2019
Cost Income Ratio (CIR)	103,60	+4,57	99,02	73,59	106,54
Cost Income Ratio ex. Trading (CIRex)	93,27	-19,68	112,96	86,47	119,19
Return on Assets (ROA)	0,08	+0,05	0,03	0,01	-0,07
Return on Equity (ROE)	1,41	+0,87	0,55	0,23	-1,77
Return on Assets before Taxes (ROAbT)	0,10	+0,07	0,03	-0,02	-0,05
Return on Equity before Taxes (ROEbT)	1,65	+1,15	0,50	-0,47	-1,15
Return on Risk-Weighted Assets (RORWA)	0,22	+0,14	0,09	0,03	-0,26
Return on Risk-Weighted Assets before Taxes (RORWAbT)	0,26	+0,18	0,08	-0,07	-0,17
Net Financial Margin (NFM)	0,71	-0,12	0,83	1,21	0,85
Pre-Impairment Operating Profit / Assets	-0,03	-0,04	0,01	0,32	-0,07

Change in %-Points

¹ Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2022	%	2021	2020	2019
Cash and Balances with Central Banks	2.464	-64,4	6.930	6.031	3.454
Net Loans to Banks	13.107	-6,6	14.029	14.949	20.701
Net Loans to Customers	71.705	+4,2	68.810	74.105	81.896
Total Securities	14.718	-14,4	17.191	20.851	22.819
Total Derivative Assets	2.982	-23,7	3.906	5.983	5.870
Other Financial Assets	2.487	+34,8	1.845	2.205	2.514
Financial Assets	107.463	-4,7	112.711	124.124	137.254
Equity Accounted Investments	400	-4,8	420	449	499
Other Investments	143	+13,5	126	131	122
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	0	-	0	67	81
Tangible and Intangible Assets	369	-8,9	405	428	478
Tax Assets	460	-3,2	475	481	454
Total Other Assets	490	-0,8	494	496	706
Total Assets	109.325	-4,6	114.631	126.176	139.594

Figure 5: Development of asset quality | Source: eValueRate / CRA and Pillar III

Asset Ratios (%)	2022	%	2021	2020	2019
Net Loans to Customers / Assets	65,59	+5,56	60,03	58,73	58,67
Risk-weighted Assets ¹ / Assets	36,72	+3,91	32,81	31,61	0,00
NPL ² / Loans to Customers ³	1,39	-0,43	1,82	2,66	3,76
NPL ² / Risk-weighted Assets ¹	2,04	-0,66	2,70	3,98	6,30
Potential Problem Loans ⁴ / Loans to Customers ³	5,53	-0,28	5,81	5,80	3,93
Reserves ⁵ / NPL ²	71,88	-4,40	76,28	84,38	93,30
Cost of Risk / Loans to Customers ³	-0,24	-0,21	-0,03	0,71	-0,04
Cost of Risk / Risk-weighted Assets ¹	-0,35	-0,31	-0,05	1,07	-0,07
Cost of Risk / Total Assets	-0,13	-0,11	-0,02	0,34	-0,02

Change in %-Points

1 RWA: Pillar 3, EU CR1

2 NPL: Gross: Non-Performing Loans of the categories Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

3 Loans to Customers: Gross: Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

4 Potential Problem Loans: Stage 2: Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

5 Reserves: Impairment & Provisions and Collateral & Guarantees; Households, Non-Financial Corporations, Other Financial Corporations as per Pillar 3, EU CR1

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2022	%	2021	2020	2019
Total Deposits from Banks	28.664	-0,1	28.705	30.460	35.517
Total Deposits from Customers	47.975	-2,8	49.357	52.414	57.887
Total Debt	21.184	-7,4	22.867	27.063	29.837
Derivative Liabilities	2.409	-34,5	3.680	6.074	6.342
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	20	+5,3	19	48	62
Total Financial Liabilities	100.252	-4,2	104.628	116.059	129.645
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	69	-19,8	86	93	99
Provisions	2.433	-33,1	3.636	3.909	3.751
Total Other Liabilities	271	-37,4	433	340	295
Total Liabilities	103.025	-5,3	108.783	120.401	133.790
Total Equity	6.300	+7,7	5.848	5.775	5.804
Total Liabilities and Equity	109.325	-4,6	114.631	126.176	139.594

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA and Pillar III

Capital Ratios and Liquidity (%)	2022	%	2021	2020	2019
Total Equity / Total Assets	5,76	+0,66	5,10	4,58	4,16
Leverage Ratio ¹	5,13	-0,06	5,19	4,29	4,11
Common Equity Tier 1 Ratio (CET1) ²	14,16	-1,34	15,50	14,56	14,54
Tier 1 Ratio (CET1 + AT1) ²	14,28	-1,35	15,64	14,68	15,33
Total Capital Ratio (CET1 + AT1 + T2) ²	17,62	-2,26	19,89	19,16	20,76
CET1 Minimum Capital Requirements ¹	8,73	+0,07	8,67	8,67	9,51
Net Stable Funding Ratio (NSFR) ¹	112,69	-14,15	126,83	n/a	n/a
Liquidity Coverage Ratio (LCR) ¹	150,15	+3,05	147,09	158,88	156,99

Change in %- Points

¹ Pillar 3 EU KM1

² Regulatory Capital Ratios: Pillar 3 EU KM1

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following table clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the following methodologies and [Rating Criteria and Definitions \(v1.3\)](#):

- [Bank ratings \(v3.2\)](#)
- [Rating of bank capital and unsecured debt instruments \(v2.1\)](#)
- [Government-Related Banks \(v2.1\)](#)
- [Institutional Protection Scheme Banks \(v1.0\)](#)
- [Environmental, Social and Governance Score for Banks \(v1.0\)](#)

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions are published on our homepage:

<https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html>

On 17 October 2023, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Norddeutsche Landesbank and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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2. Annual Report and interim reports
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4. Website of the rated bank
5. Public and internal market analyses
6. Internet research

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Creditreform Rating AG

Contact information

Creditreform Rating AG
Europadamm 2-6
D-41460 Neuss

Phone +49 (0) 2131 / 109-626
Fax +49 (0) 2131 / 109-627

E-Mail info@creditreform-rating.de
www.creditreform-rating.de

CEO: Dr. Michael Munsch

Chairman of the Board: Michael Bruns
HR Neuss B 10522