



OLB continues its successful course

9M 2022 results presentation (IFRS)



1

OLB Group Financials

OLB continues its successful course

Reporting in accordance with IFRS for the first nine months 2022

Strong growth

+14.8%

Operating income yoy



- › Successful business performance driving double-digit growth rate

Strict cost management

44.3%

CIR



- › Inflation related price increases countered by strict cost management

High profitability

14.3%

RoE after tax



- › Continuous focus on further improved profitability

Solid capital base

13.1%

CET1 ratio

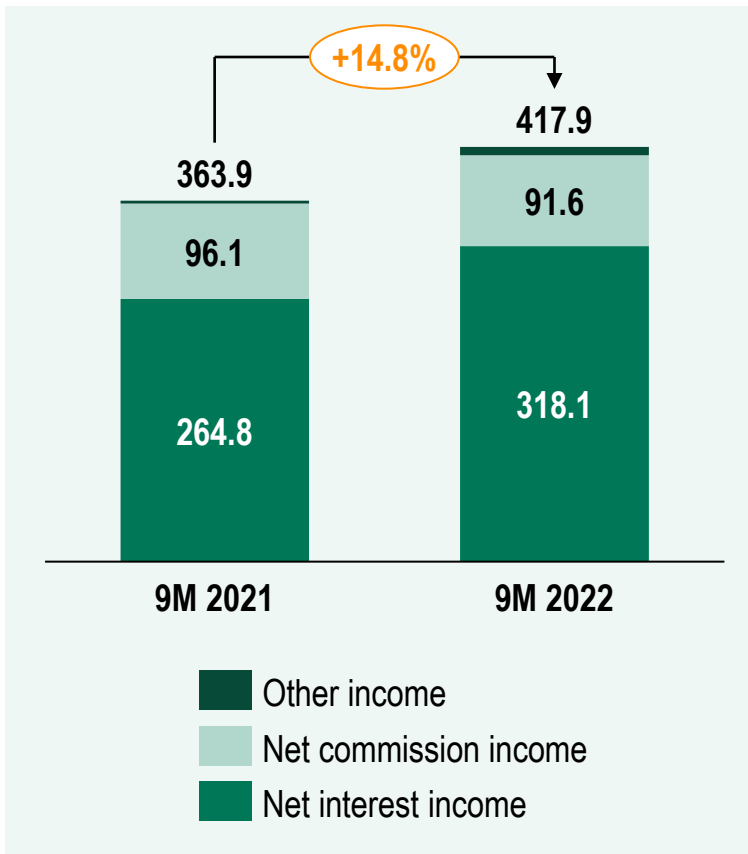


- › Solid capitalization strengthened by profit retention

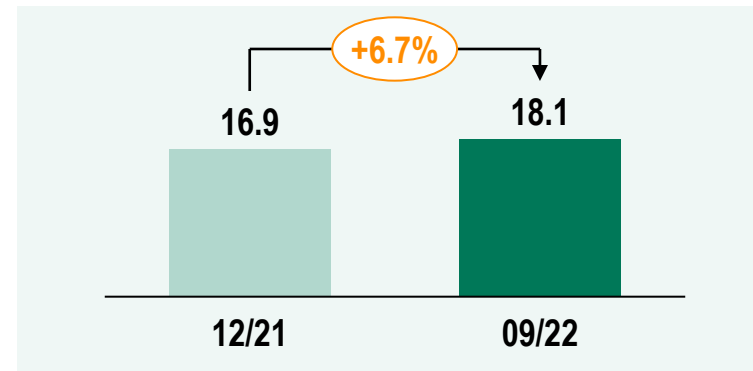
Prudent risk provisioning in view of overall recession outlook

Significantly higher income driven by strong business performance

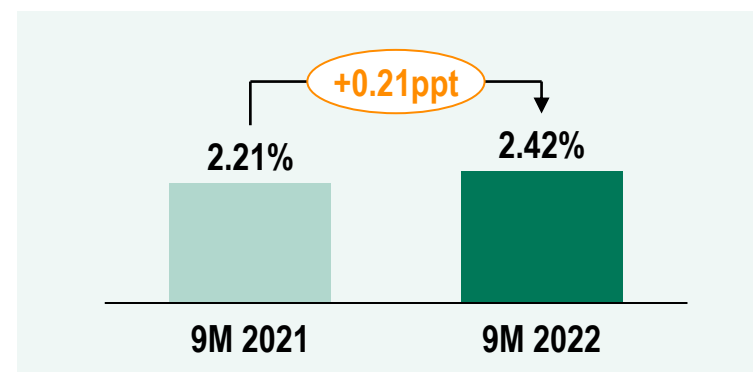
Operating income [€m]



Loan volume [€bn]



Net interest margin



Comments

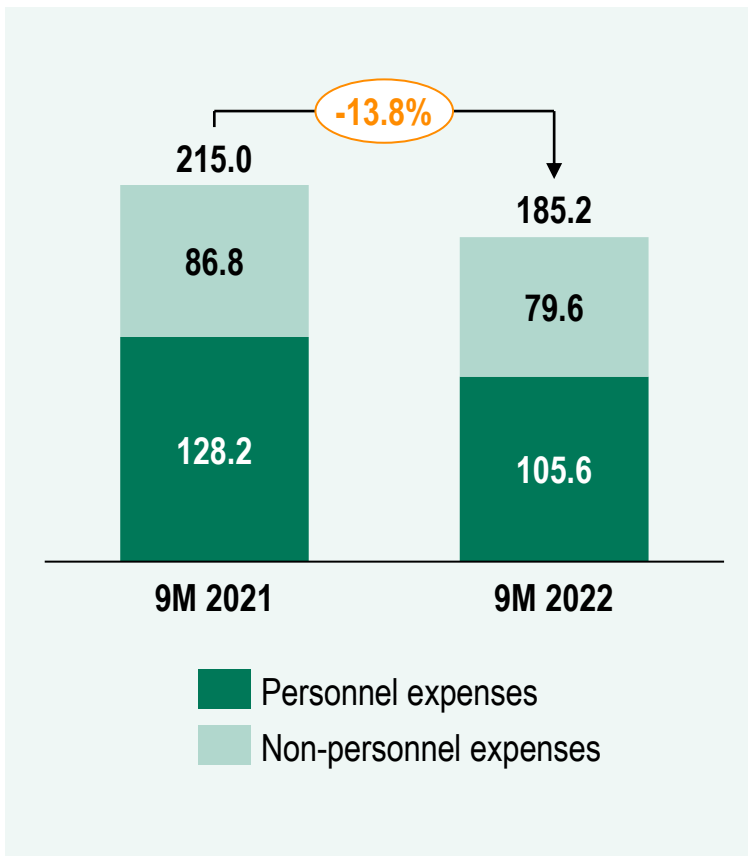
- › Operating income increased by €54m or almost 15%
- › Significantly increased net interest income and strong customer business contributed to positive earnings momentum
- › Net interest margin considerably improved to 2.42%
- › Decline in net commission income primarily due to lower market values of securities held by customers
- › Loan volume grew 6.7% since year-end 2021
- › Tighter underwriting standards in light of economic development

Outlook

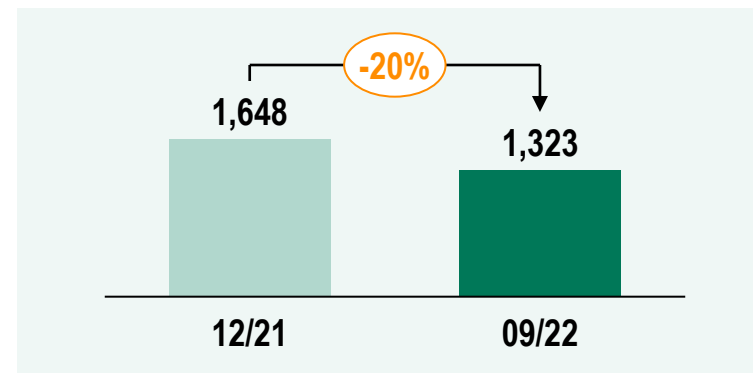
- › Net interest income will be further boosted by interest rate environment

Strict cost management even in an inflationary environment

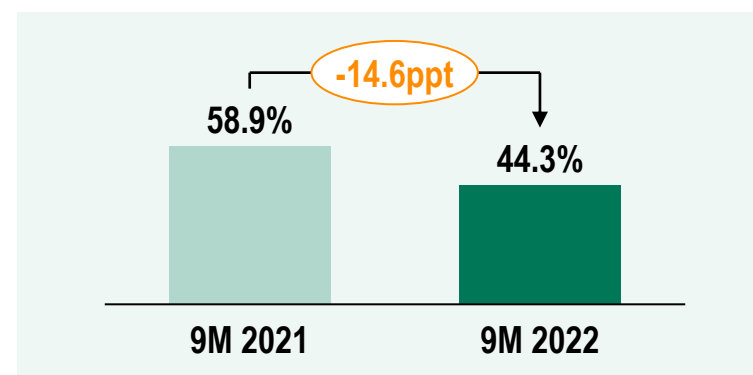
Operating expenses [€m]



FTE development



Cost-Income-Ratio



Comments

- › Operating expenses substantially reduced
- › Reduction of FTE to 1,323
- › Cost-income ratio reduced by around 15 ppt to 44.3%
- › One-off consulting costs in a low single-digit million range for strategic projects booked in Q3, e.g. in context with the Degussa Bank acquisition

Outlook

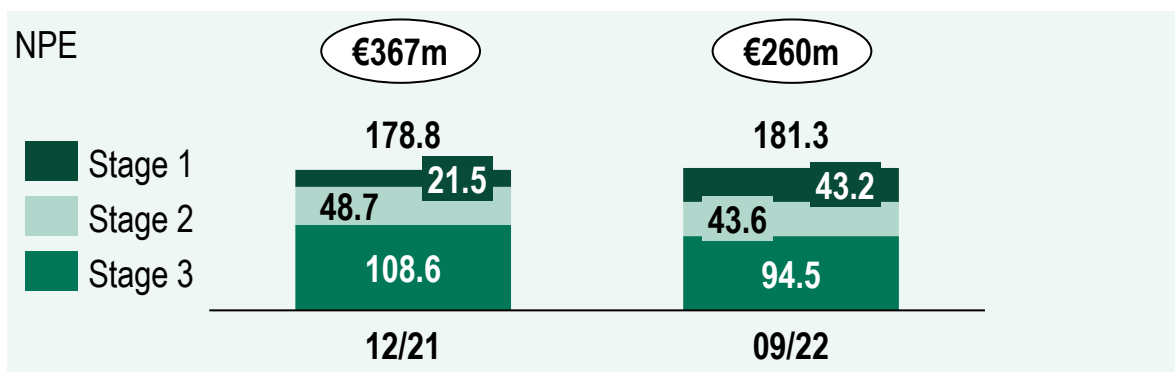
- › Inflation related price increases were countered by strict cost management

Prudent risk provisioning in view of overall recession prospects

Risk provisioning in the lending business [€m] and cost of risk



Loan loss provisions and non performing exposures [€m]



Comments

- › Previous year's risk result marked by reversals
- › Unchanged high portfolio quality - actual credit rating provisioning in the first nine months at €14.4m
 - › Thereof net €3.1m Stage 1 LLP due to first-time application of risk model for AQF portfolio acquisition from NIBC. Further €2.3m to follow in Q4
- › In addition, building of a post model adjustment (PMA) of €5m in Q3 to reflect the generally deteriorating market environment
- › The stock of risk provisions as of 30.09.2022 already includes an amount of €17.3m, which was originally formed in connection with the COVID 19 pandemic and can now be used to mitigate macroeconomic risks
- › NPL ratio improved to 1.4% (31.12.2021: 1.9%)

Outlook

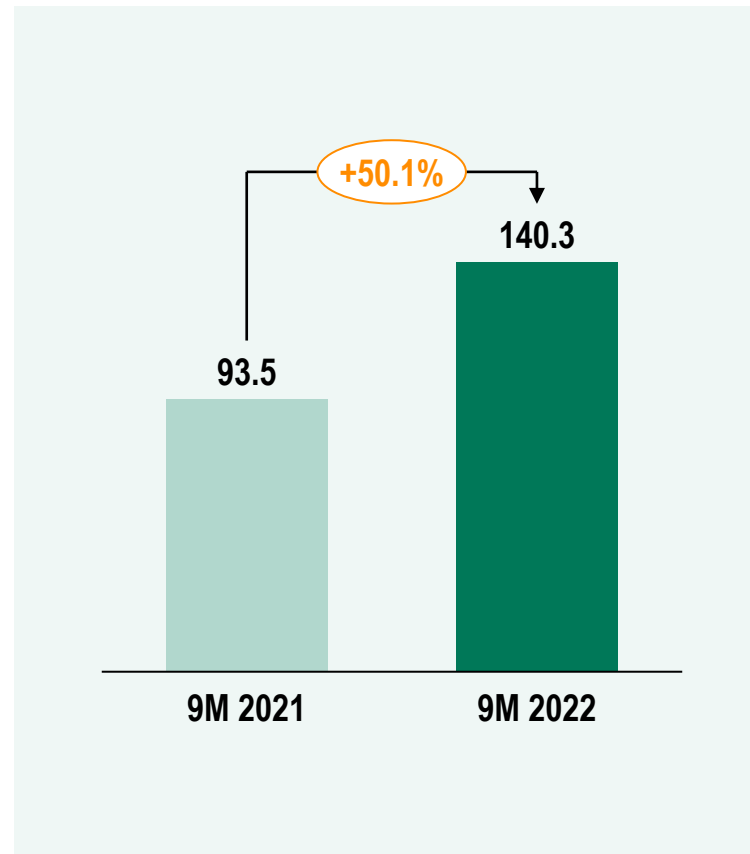
- › Management expects further PMA formation in Q4 in view of deteriorating economic expectations

Result after taxes increased by more than 50 percent

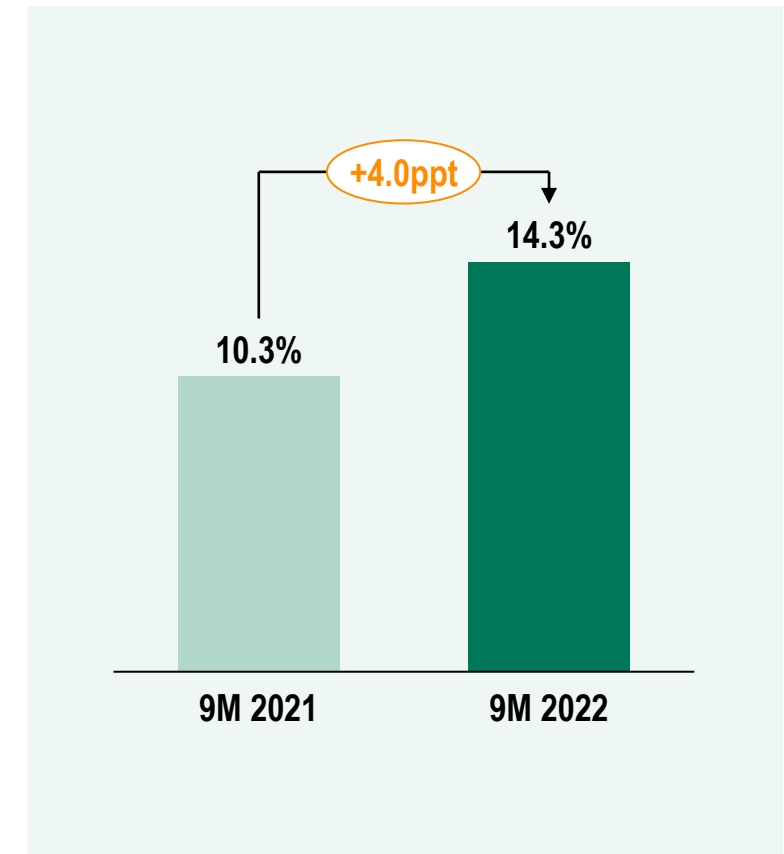
Comments

- › Regulatory costs (bank levy and deposit insurance) at €17.6m, up 40% compared to previous year
- › Result after taxes increased by 50% to around €140m
- › Return on Equity improved significantly to 14.3%

Result after taxes [€m]

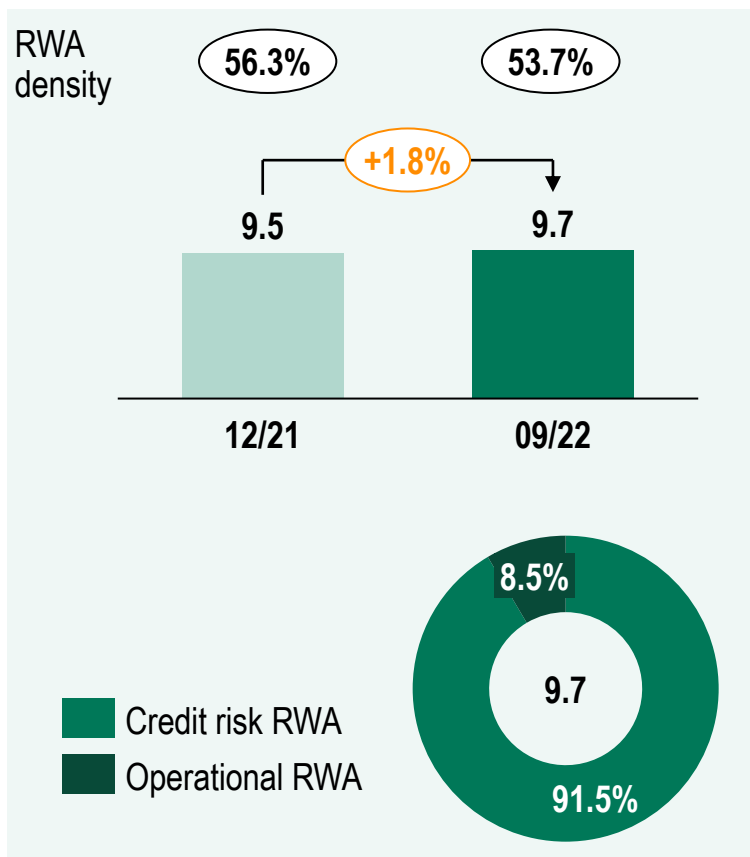


Return on Equity after taxes

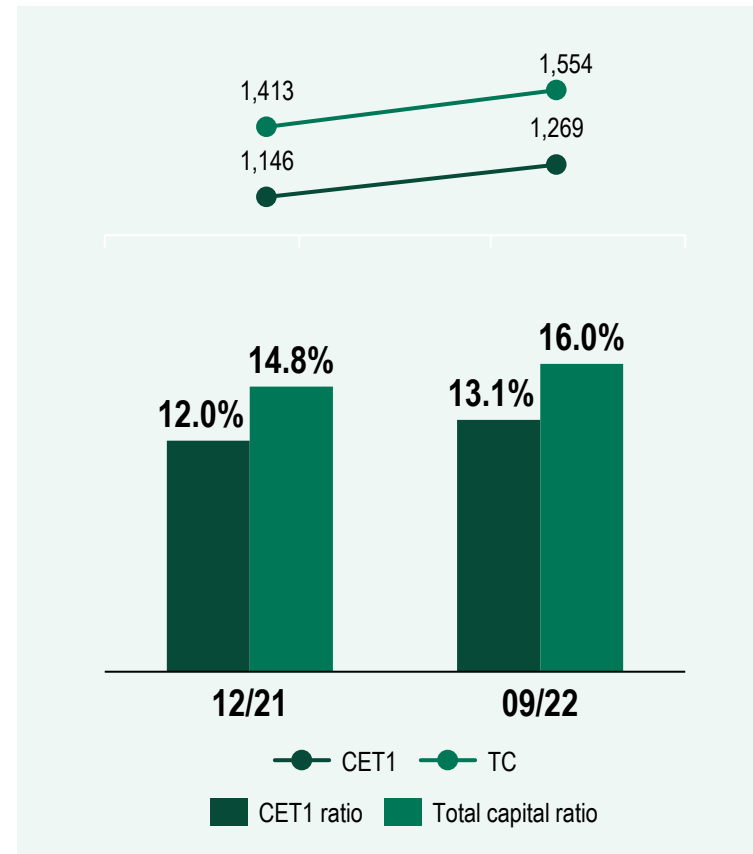


Solid capitalization strengthened by profit retention

RWA [€bn]



Regulatory capital¹⁾ [€m]



Comments

- › RWA density decreased by 2.6 ppt given the transfer of sub-portfolios to F-IRBA and a rigorous RWA management
- › Despite strong loan volume growth RWA increased only slightly to €9.7bn when compared to year-end 2021
- › Retention of €110m from net profit for the first half of the year improves CET1 ratio to 13.1%

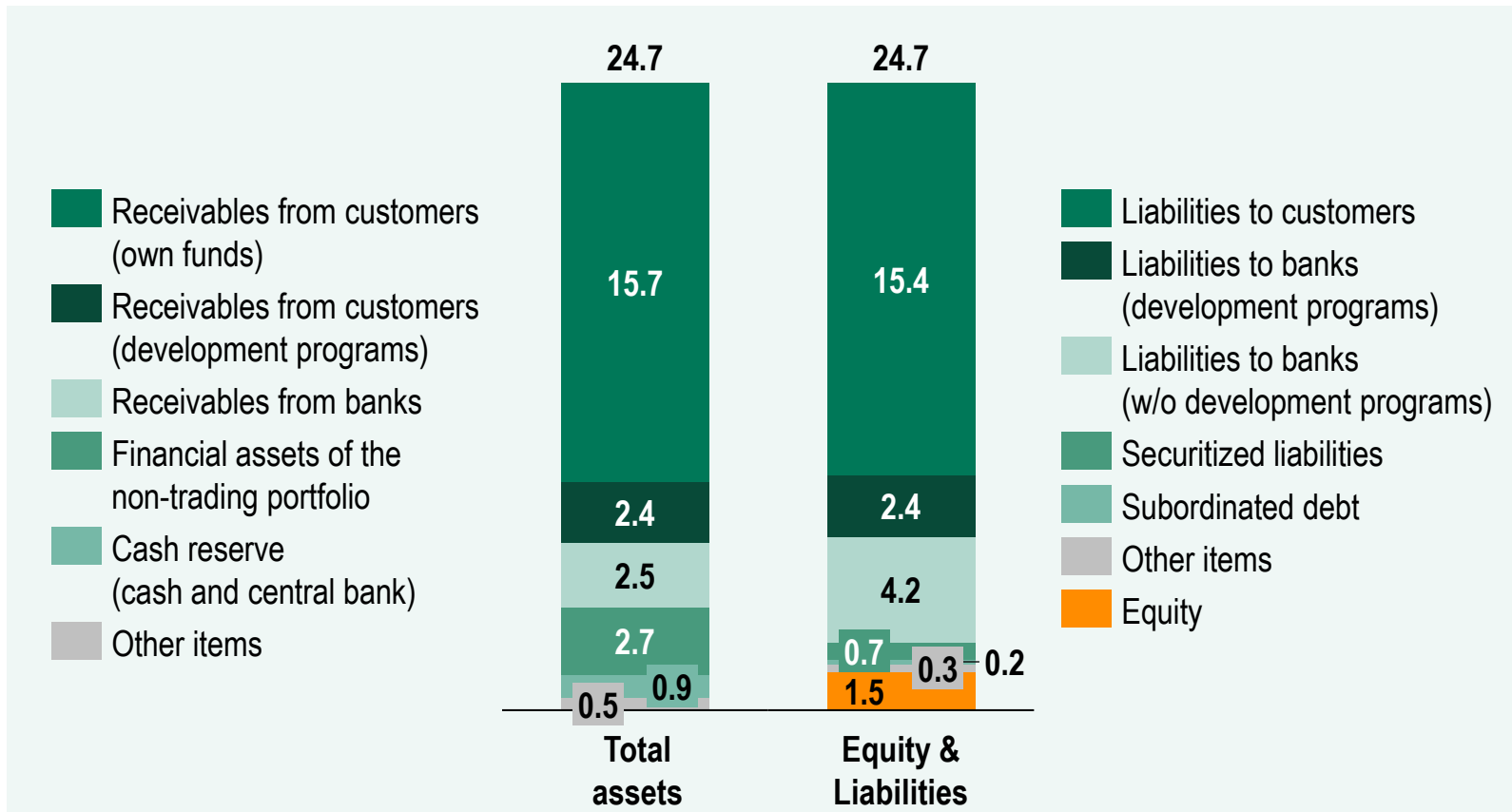
Outlook

- › Slight increase in RWA expected due to EBA parameter adjustments in Q4

1) Regulatory capital position, therefore HGB

Sound and simple balance sheet structure with strong funding base

Balance sheet composition [€bn]



Comments

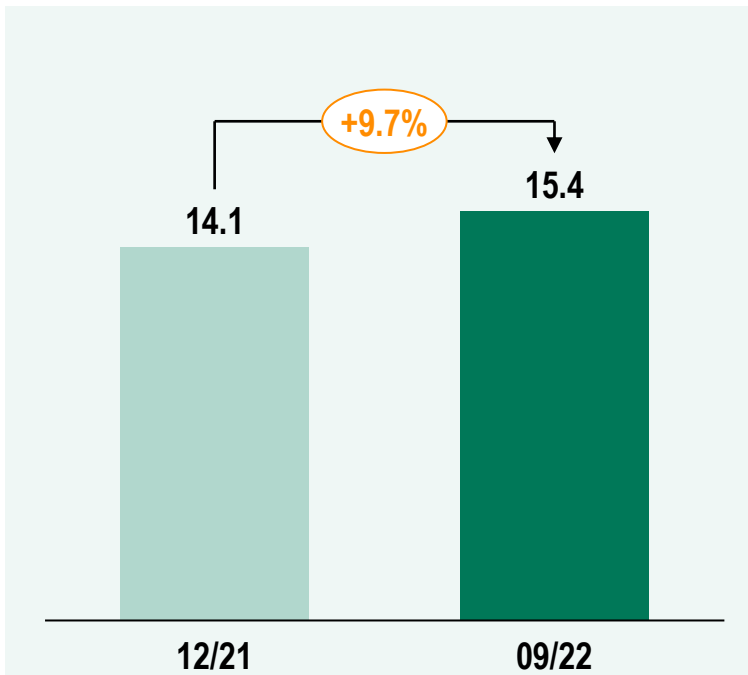
- › Low dependence on the capital market, as receivables from and liabilities to customers are well balanced
- › Matched funding in the amount of €2.4bn provided by development banks
- › Investment portfolio used for regulatory liquidity reserve consists almost exclusively of public sector bonds and covered bonds with excellent ratings
- › Liquidity ratios as per 30.09.2022 stood at LCR 147.3% and NSFR at 113.9%

Outlook

- › Partial repayment of TLTRO

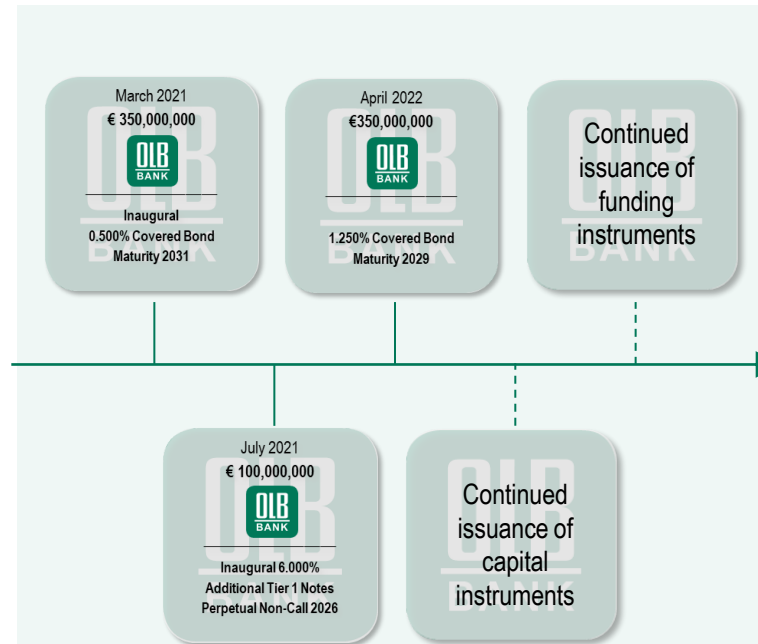
Regular issuer for debt and capital instruments

Liabilities to customers [€bn]



- › Positive trend of deposit inflows from Retail and SME/Corporate customers continued throughout first nine months of 2022

Active capital market participant



- › Gradual increase of issuance activity in covered, senior and capital instruments intended from 2023 onwards

Stable rating with positive outlook

- › Stable Investment Grade rating since initial assignment in 2019
- › Moody's raised the outlook from stable to positive

Current ratings	Moody's
Senior preferred / deposit / issuer rating	Baa2
Outlook	Positive

MOODY'S INVESTORS SERVICE

CREDIT OPINION
29 September 2022

Update

Oldenburgische Landesbank AG
Update following rating affirmation and outlook change to positive

Summary
On 15 September, we affirmed the Baa2 deposit and issuer ratings of [Oldenburgische Landesbank AG \(OLB\)](#) and changed the outlook to positive from stable. At the same time, we affirmed all other ratings and rating inputs of OLB.

RATINGS
Oldenburgische Landesbank AG
Domestic: Oldenburg, Germany
Long Term CRR: Baa1
Type: LF Counterparty Risk Rating - High Curr.

OLB's Baa2 (positive) deposit and issuer ratings reflect the bank's baa3 Baseline Credit Assessment (BCA) and the application of our Advanced Loss Given Failure (LGF) analysis to its liabilities, which indicates a low loss given failure and results in one notch of rating uplift. OLB's ratings do not benefit from a government support uplift because of its small size in the context of the German banking sector.

2

OLB Segment Financials

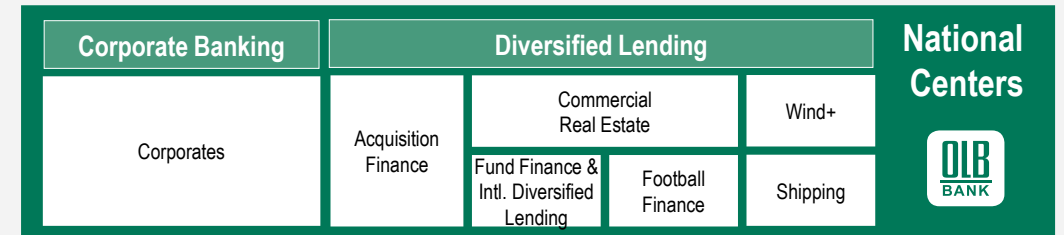
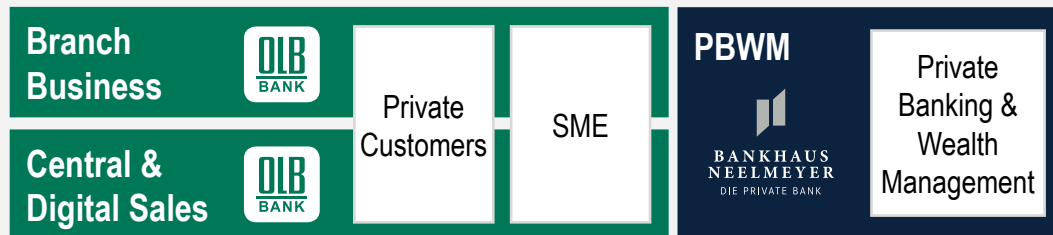
Balanced and sustainably profitable business model



Share of receivables from customers and operating income



Customer groups

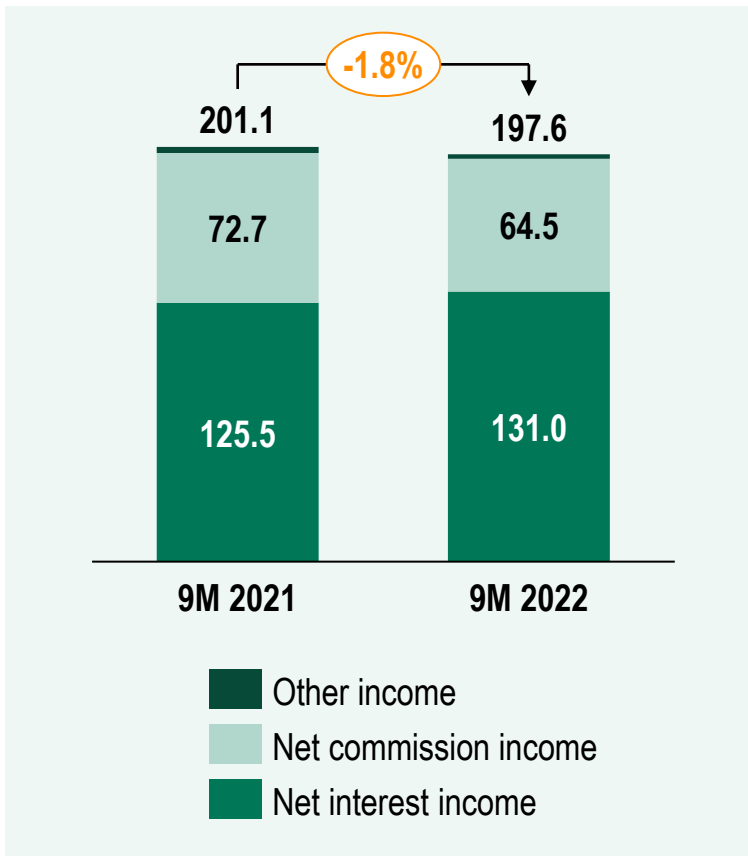


1) 9M 2022, remainder of operating income located in segment Corporate Center not explicitly shown

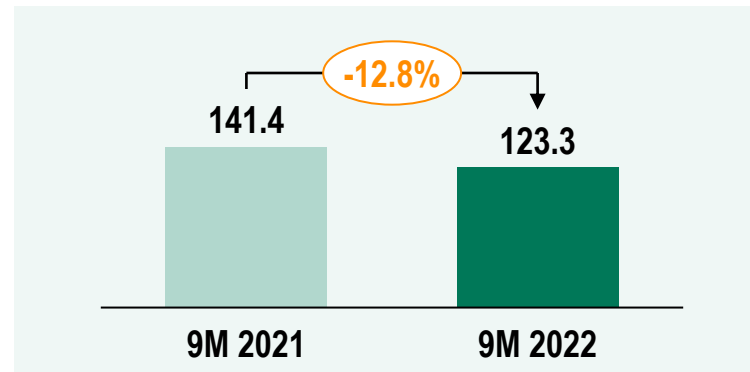
2) As of 30.09.2022, negative loan volume located in segment Corporate Center not explicitly shown

P&BC with stable operating income at significantly lower costs...

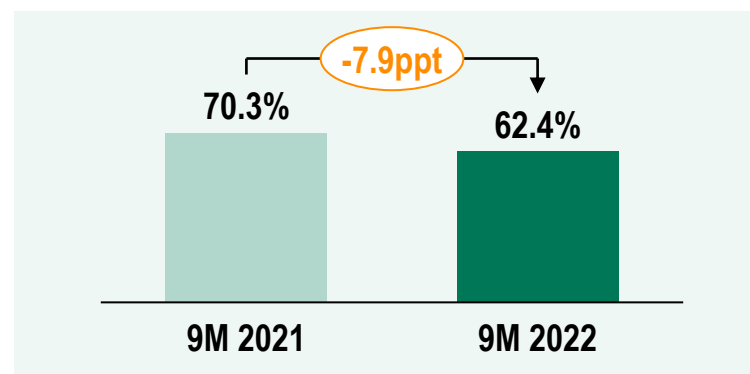
Operating income [€m]



Operating expenses [€m]



Cost Income Ratio

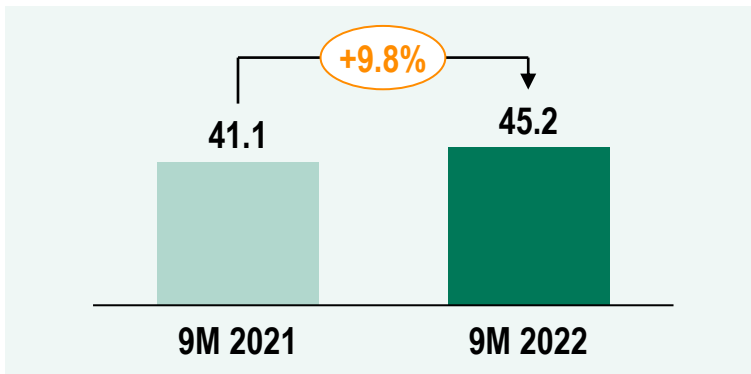


Comments

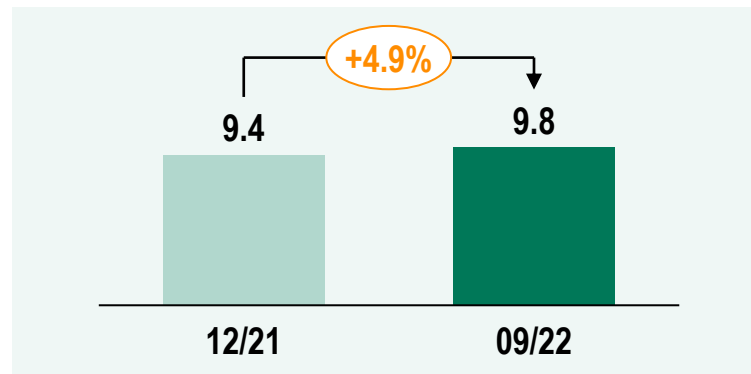
- › Increase in net interest income due to higher loan volume as well as rise of deposit interest rates in the third quarter
- › Decline in net commission income primarily due to lower market values of securities held by customers
- › Operating expenses significantly reduced through continuous cost management

... leading to a significantly improved profitability

Result after taxes [€m]



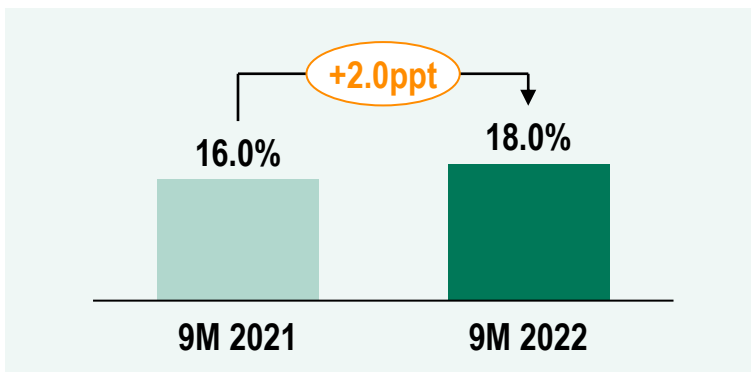
Loan volume [€bn]



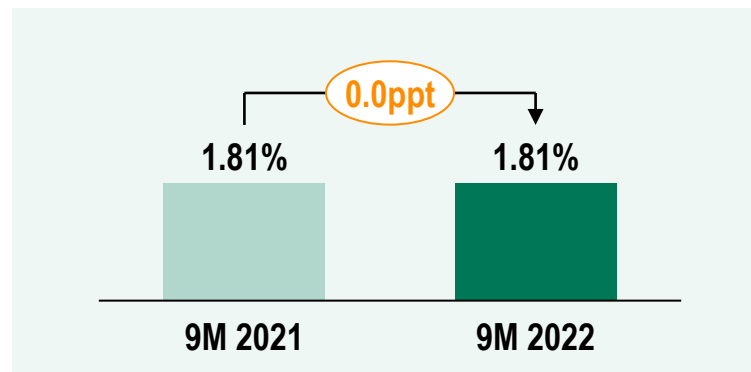
Comments

- › Higher interest income and significantly lower cost base overcompensate for lower net commission income
- › Result after taxes improved to €45.2m
- › Return on Equity further improved by 2 ppt to 18%
- › Interest margin for 9 months still at unchanged level, with increases anticipated

Return on Equity after taxes [@12.25% CET1]

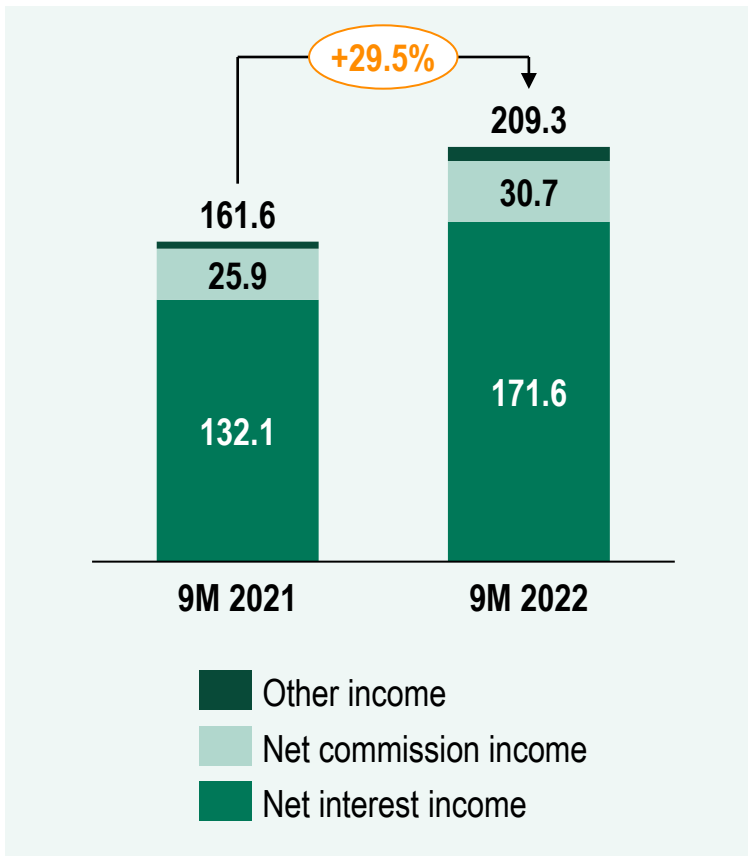


Net interest margin

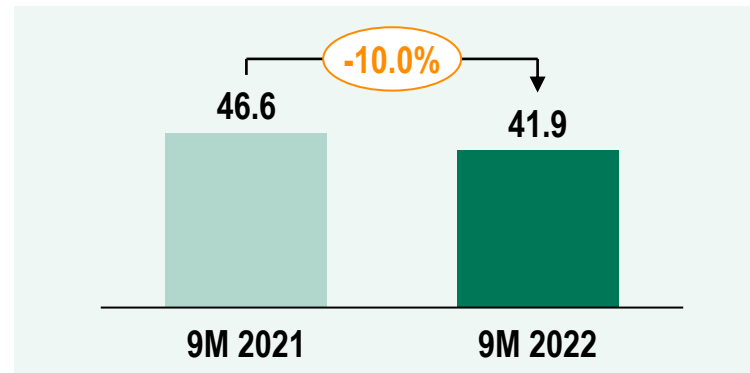


C&DL with continued strong business momentum

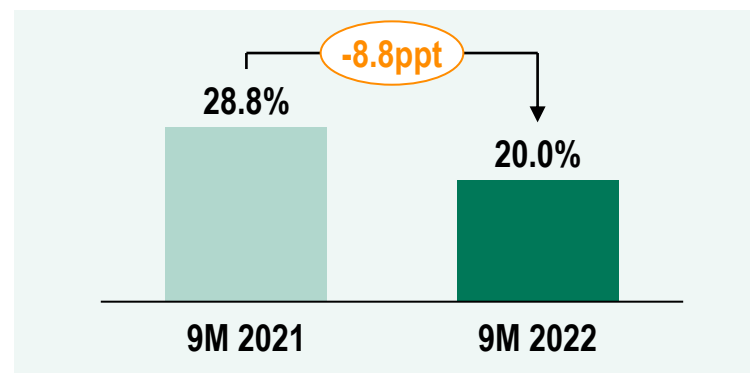
Operating income [€m]



Operating expenses [€m]



Cost Income Ratio

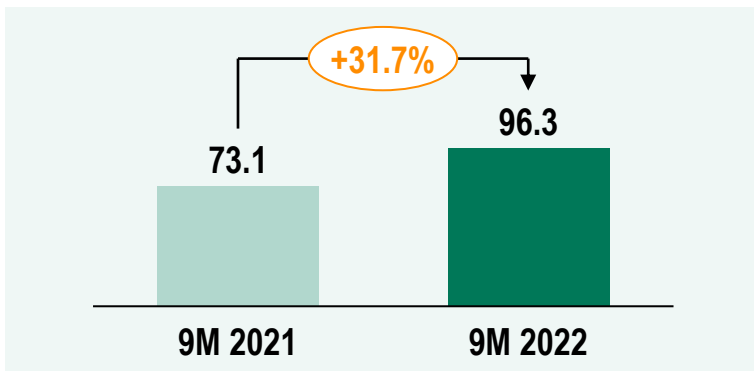


Comments

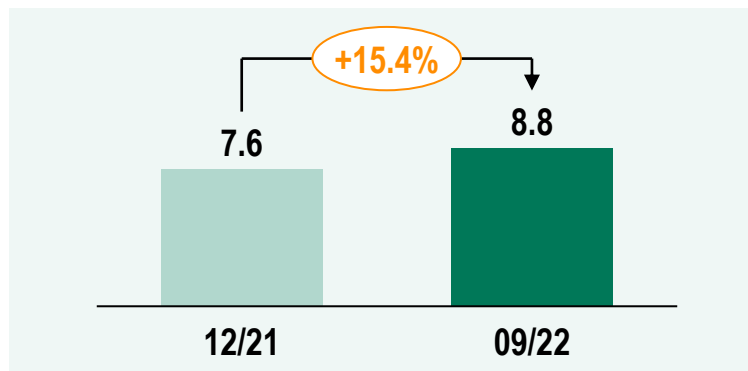
- › Operating income increased by around 30% to €209m
- › Strong increase in business driven by organic growth in all sub-segments as well as the acquisition of the AQF portfolio from NIBC
- › Operating expenses reduced by 10% to €42m
- › Cost-income ratio significantly reduced to 20%

Result after taxes increased by more than 30%

Result after taxes [€m]



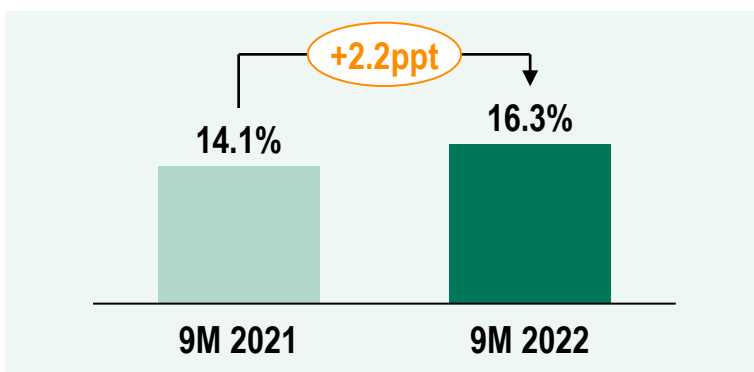
Loan volume [€bn]



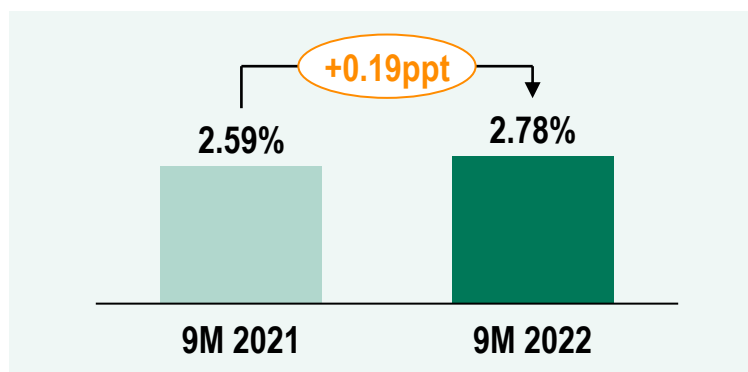
Comments

- › Result after taxes improved by more than 30% to over €96m
- › Despite a selective loan policy and increased collateral requirements, loan volume increased by more than €1bn to €8.8bn
- › Tighter underwriting standards in light of economic development
- › Return on Equity improved to 16.3% as a result of significantly higher result after taxes

Return on Equity after taxes [@12.25% CET1]



Net interest margin



3

Update & Outlook

OLB on a successful growth path

1 Organic growth P&BC

- › Utilise platforms
- › Improve client penetration via cross- and upselling
- › Focus on consumer, mortgage and investment loans
- › Expand German-wide market share
- › Fully digital client onboarding process

2 Organic growth C&DL

- › Stable platform with established business
- › Number of growth opportunities identified, rebalance the business to stronger risk return profile with key growth drivers
 - › Football Finance
 - › Acquisition Finance
 - › IDL and Fund Finance
 - › Geographic expansion

3 Inorganic growth

2014	 BKB Bank <i>seit 1863</i>
2017	 BANKHAUS NEELMEYER DIE PRIVATE BANK
2018	 Oldenburgische Landesbank
2019	 wüstenrot Bank AG Pfandbriefbank  ERSTE ABWICKLUNGS ANSTALT Portfolio Acquisition
2022	 NIBC Portfolio Acquisition
2023	 DEGUSSA BANK ¹⁾

1) Closing of transaction is subject to customary regulatory and other closing conditions

Acquisition of Degussa Bank – Excellent addition to OLB’s retail banking business

Material strategic benefits for OLB

Adding significant scale to OLB’s retail banking franchise

- › Acquisition of 340k¹⁾ retail customers in core German market
- › Geographically complementary customer base in areas where OLB is underrepresented (e.g. Ruhr area/economic centres)
- › Adding c. 60 worksite-focused retail bank shops

Moving towards
~1m
customers
on a combined basis

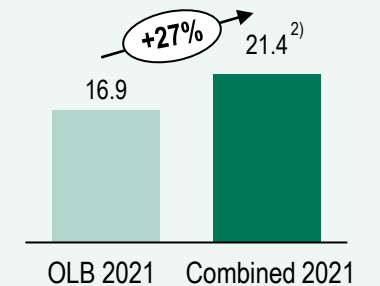
Strengthening OLB’s capabilities and unlocking redeployment benefits

- › Significant enhancement of OLB’s online banking presence through Degussa Bank’s advanced digital banking shop
- › Upside from Degussa Bank’s corporate partnership proposition and cross-selling potential (e.g. securities business, real estate asset management cooperation)
- › Profitable redeployment of Degussa Bank’s excess capital within OLB upon merger

Material cost synergy potential, driven by low complexity

- › Immediately additive on the asset side, with low integration complexity
- › IT & back office landscape similar to OLB (same core banking system)
- › Relevant Degussa non-core subsidiaries already sold / to be sold before closing

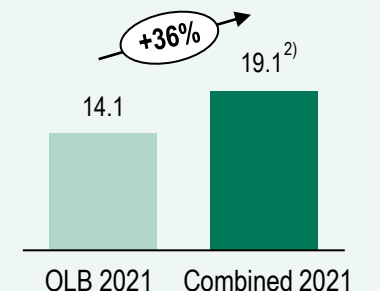
Customer loans (in €bn)



Expanding deposit base

- › Acquisition of €5bn¹⁾ deposit base, mainly comprising low-cost, sticky retail deposits
- › Highly attractive in current environment given interest rate changes
- › Funding cost benefit for OLB

Customer deposits (in €bn)



1) As of 31/12/2021 based on German GAAP (HGB)

2) OLB figures based on IFRS. Degussa Bank figures based on German GAAP (HGB).

OLB on track to achieve its medium-term targets

Strict cost management

44.3%

9M 2022

CIR



~40%

Medium-term target

High profitability

14.3%

9M 2022

RoE after tax



Upper end of

13-15% range

Medium-term target

Solid capital base

13.1%

09/22

CET1 ratio




>12.25%

Medium-term target


Key takeaways



Considered growth course in a difficult market environment - organically and inorganically




Continuous focus on further improvement of profitability



Prudent risk provisioning in view of general recession expectations



Solid capitalization strengthened by profit retention



OLB on track to achieve its medium-term targets



Appendix

Income statement and key ratios

OLB Group



P&L [€m]	9M 2022	9M 2021	Δ
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 %
Personnel expenses	-105.6	-128.2	-17.6%
Other administrative expenses	-58.4	-64.4	-9.3%
Depreciation on fixed assets	-20.8	-19.7	5.6%
Other expenses	-0.5	-2.7	-83.5%
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 %

Key ratios	9M 2022	9M 2021	Δ
RoE after taxes	14.3 %	10.3 %	4.0 ppt
CIR	44.3 %	58.9 %	-14.6 ppt
Net interest margin	2.42 %	2.21 %	0.21 ppt

Capital & RWA [€m]	30.09.2022	31.12.2021	Δ
CET1 capital ¹⁾	1,269.5	1,146.2	10.8%
Total capital ¹⁾	1,553.7	1,413.4	9.9%
Risk weighted assets	9,710.8	9,538.9	1.8 %
CET1 ratio ¹⁾	13.1 %	12.0 %	1.1 ppt
Total capital ratio ¹⁾	16.0 %	14.8 %	1.2 ppt

Rounding differences may occur

1) Regulatory capital position, therefore HGB

Balance sheet OLB Group



Assets [€m]	30.09.2022	31.12.2021
Cash reserve	899.1	2,154.2
Trading portfolio assets	189.3	82.2
Positive fair values of derivative hedging instruments	0.6	24.3
Receivables from banks	2,521.5	970.0
Receivables from customers	18,086.1	16,943.1
Financial assets of the non-trading portfolio	2,668.3	2,676.6
Tangible fixed asset	60.0	68.3
Intangible assets	27.5	29.9
Other assets	146.2	229.3
Income tax assets	1.4	0.0
Deferred tax assets	71.0	73.2
Non-current assets held for sale	0.7	0.2
Total assets	24,671.7	23,251.4

Equity & Liabilities [€m]	30.09.2022	31.12.2021
Trading portfolio liabilities	-	55.3
Negative fair values of derivative hedging instruments	-	15.4
Liabilities to banks	6,550.2	6,872.3
Liabilities to customers	15,432.4	14,073.5
Securitized liabilities	706.2	379.1
Subordinated debt	165.5	166.5
Income tax liabilities	56.7	19.1
Provisions	87.1	232.9
Other liabilities	171.3	81.7
Amounts paid to fund the approved capital increase	0.0	-
Equity	1,502.3	1,355.6
Total equity and liabilities	24,671.7	23,251.4

Income statement and key ratios

Segment reporting

P&L 01.01.-30.09.2022 [€m]	Private & Business Customers	Corporates & Diversified Lending	Corporate Center	OLB Group
Net interest income	131.0	171.6	15.5	318.1
Net commission income	64.5	30.7	-3.6	91.6
Other operating income	2.1	7.0	-13.6	-4.4
Result from non-trading portfolio	-	-	12.6	12.6
Operating income	197.6	209.3	10.9	417.9
Operating expenses	-123.3	-41.9	-20.0	-185.2
Operating result	74.3	167.5	-9.1	232.7
Expenses from bank levy and deposit protection	-8.5	-6.5	-2.6	-17.6
Risk provisioning in the lending business	-0.3	-21.4	2.2	-19.4
Result from restructurings	-	-	0.3	0.3
Result before taxes	65.5	139.5	-9.1	195.9
Income taxes	-20.3	-43.3	7.9	-55.6
Result after taxes (profit)	45.2	96.3	-1.2	140.3

CIR [in %]	62.4	20.0	n.a.	44.3
RoReC after tax [in %, segment reporting @12.25% CET1]	18.0	16.3	n.a.	14.3

P&L 01.01.-30.09.2021 [€m]	Private & Business Customers	Corporates & Diversified Lending	Corporate Center	OLB Group
Net interest income	125.5	132.1	7.2	264.8
Net commission income	72.7	25.9	-2.5	96.1
Other operating income	2.9	3.6	-4.4	2.1
Result from non-trading portfolio	-	-	0.9	0.9
Operating income	201.1	161.6	1.1	363.9
Operating expenses	-141.4	-46.6	-27.0	-215.0
Operating result	59.7	115.0	-25.9	148.9
Expenses from bank levy and deposit protection	-4.9	-3.7	-3.9	-12.5
Risk provisioning in the lending business	4.7	-5.4	1.8	1.2
Result from restructurings	-	-	-0.2	-0.2
Result before taxes	59.6	106.0	-28.3	137.3
Income taxes	-18.5	-32.8	7.5	-43.8
Result after taxes (profit)	41.1	73.1	-20.8	93.5

CIR [in %]	70.3	28.8	n.a.	58.9
RoReC after tax [in %, segment reporting @12.25% CET1]	16.0	14.1	n.a.	10.3

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