PRESS-RELEASE

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Good start into the 2024 financial year for OLB

- **Targeted growth in both operating business segments achieved**
- **Prudent risk provisioning reflects economic environment**
- **Focus on strategic projects in transition year: Integration of Degussa Bank post April 2024 closing and shift to ECB supervision**

OLB (or 'Bank') has made a successful operational start to 2024. The Bank expanded its activities in both business segments, Private & Business Customers and Corporates & Diversified Lending. As of 31 March 2024, the loan volume exceeded the EUR 20 billion (bn) mark for the first time with EUR 20.1bn in total (first quarter in 2023: EUR 18.3bn), corresponding to 9.6% growth compared to the previous year. The operating result was once again driven by the increase in net interest income of around 8% to EUR 130.6 million (m) (previous year: EUR 120.6m). The sum of net interest income and net commission income as core revenues improved by around 4% year-on-year. The operating income of EUR 156.5m was slightly below the previous year's figure of EUR 160.8m since Q1 2023 was positively influenced by an extraordinary non-recurring one-off gain of around EUR 7m. The return on equity after taxes[1] amounted to 13.5% (previous year: 16.1%), reflecting a prudently higher risk provisioning of EUR 18.5m (previous year: EUR 2.9m) and substantial increase in total IFRS shareholders' equity. The cost-income ratio[2] was at 40.1% (previous year: 36.8%).

"In the midst of a challenging economic environment, we maintained our profitability and efficiency ratios at a high level in the first quarter. Through selective growth, prudent risk provisioning and targeted investments in strategic projects, we not only expanded our solid position, but also further strengthened our resilience," says Stefan Barth, CEO of OLB.

Resilient business model in volatile markets

OLB's balanced business model once again proved its resilience in a highly volatile market environment. Despite declining short-term interest rates, the Private & Business Customers segment delivered stable operating income of EUR 84.2m (previous year: EUR 85.1m). The volume of private mortgage financing, which grew to a new high of more than EUR 8bn (previous year: EUR 7.4bn), made a significant contribution to this. A large part of this growth was attributable to the successful cooperation with the mortgage platform Tulp in the Netherlands. Commission business with securities also increased as a result of higher customer activity. In the Corporates & Diversified Lending segment, the loan volume in the sub-segments increased further year on year, although OLB deliberately slowed the pace of growth here.

All figures based on IFRS unless otherwise stated

[1] Based on average IFRS shareholders' equity deducted by accrued dividends and excluding expenses related to Degussa Bank acquisition (€1.5m in Q1 2023, €3.2m in Q1 2024)

[2] Excluding expenses related to Degussa Bank acquisition (€1.5m in Q1 2023, €3.2m in Q1 2024)

As the loan volume grew, customer deposits also rose to a new all-time high and grew to EUR 17.4bn as of 31 March 2024 (previous year: EUR 16.1bn), up by 8.4% compared to the previous year. The Bank's granular customer deposits continue to serve as the primary source of refinancing for loan growth.

Investments in OLB's future characterised the development of costs. The increase in operating expenses to EUR 65.9m (previous year: EUR 59.3m) was driven by expenses related to the Degussa Bank transaction totalling EUR 3.2m as well as to other strategic projects and to the sustained adjustment of internal structures to future regulatory standards with regards to the expected ECB supervision.

Prudent risk provisioning reflects subdued economic environment
Following the better-than-expected previous quarters, the bank consistently took the difficult macroeconomic development into account in the first three months of 2024 with a prudent increase in risk provisions. Risk provisions amounted to EUR 18.5m (previous year: EUR 2.9m) or 37 basis points (previous year: 6 basis points). OLB expects the need for risk provisions to normalise again in the course of the second half of the year. At 1.6%, the ratio of non-performing loans was unchanged from the previous two quarters (previous year: 1.3%).

Despite the deliberately higher risk provisioning and the absence of the one-off gain from the previous year, OLB achieved a solid quarterly result with earnings before taxes of EUR 70.8m, or EUR 74.1m respectively excluding expenses for the Degussa Bank transaction, due to the robust strength of its operating business model (previous year: EUR 83.6m resp. EUR 85.0m).

In the further course of the year, OLB will benefit, among other things, from the expected IFRS badwill of around EUR 70m related to the acquisition of Degussa Bank in the second quarter with additional positive merger effects to be realised following the legal and technical merger with Degussa Bank planned for 30 August 2024. As a result, OLB will report Degussa Bank as a subsidiary in its financial reporting for the second quarter of 2024 and as a combined entity from the third quarter of 2024.

At 14.4% (31 December 2023: 14.5%), the CET1 ratio[3] remained deliberately above OLB's target ratio of at least 12.25%. “We continue to manage the Bank conservatively in terms of capitalisation and liquidity. The capital requirements already reflect all mandatory items. With the issue of two subordinated bonds in the first quarter, we were able to further improve our capital efficiency,” says Dr Rainer Polster, CFO of OLB.

Strategic focus on the smooth integration of Degussa Bank
In the transition year 2024, OLB will develop into a bank with nationwide locations and even more relevance in the European banking sector. In the coming months, OLB will strategically focus on preparing the legal and technical merger with Degussa Bank. As a result of the increase in total assets to more than EUR 30bn following consolidation, OLB expects to be classified as a ‘significant institution’ in 2025 and to shift into direct supervision by the ECB. OLB is also continuing to prepare intensively for this. “The prospect of soon being one of the top-100-banks in Europe fills us with pride,” says Stefan Barth, “at the same time, we are aware of the responsibility this entails and take this responsibility very seriously.”

[3] Based on regulatory capital adjusted by accrued retention

Income statement OLB Group[4]

EURm	01.01.-31.03.2024	01.01.-31.03.2023	Changes in %
Net interest income	130.6	120.6	8.3
Net commission income	28.1	31.3	-10.2
Trading result	0.3	6.2	-95.2
Result from hedging relationships	0.4	-5.5	n/a
Other income	0.1	7.5	-98.7
Result from non-trading portfolio	-3.0	0.7	n/a
Operating income	**156.5**	**160.8**	**-2.7**
Personnel expenses	-34.5	-34.5	0.0
Non-personnel expenses	-25.4	-18.8	34.9
Depreciation, amortization and impairments of intangible and tangible fixed assets	-5.6	-5.3	4.0
Other expenses	-0.4	-0.5	-16.7
Operating expenses	**-65.9**	**-59.3**	**11.3**
Operating result	**90.6**	**101.6**	**-10.8**
Expenses from bank levy and deposit protection	-1.1	-15.1	-92.5
Risk provisioning in the lending business	-18.5	-2.9	>100.0
Result from restructurings	-0.1	0.0	n/a
Result before taxes	**70.8**	**83.6**	**-15.3**
Income tax	-21.8	-26.9	-19.0
Result after taxes (profit)	**49.1**	**56.7**	**-13.4**

Return on Equity after taxes	12.9% (13.5%[5])	15.8% (16.1%[5])	-2.9 ppt
Cost-income ratio	42.1% (40.1%)	36.8% (35.9%)	5.3 ppt
Cost-income ratio (including regulatory expenses)	42.8%	46.2%	-3.4 ppt
Net interest margin	2.63%	2.65%	-0.02 ppt

[4] Rounding differences may occur
[5] Based on average IFRS shareholders' equity deducted by accrued dividends and excluding expenses related to Degussa Bank acquisition (€1.5m in Q1 2023, €3.2m in Q1 2024)

Selected balance sheet figures OLB Group

EURm	31.03.2024	31.12.2023	31.03.2023
Receivables from customers	20,054.3	19,724.6	18,302.8
Liabilities to customers	17,416.3	16,917.6	16,063.6
Equity	**1,728.9**	**1,681.0**	**1,578.2**
Total assets	**26,071.7**	**25,878.6**	**24,536.7**

Capital and liquidity[6/7]

EURm	31.03.2024	31.12.2023	31.03.2023
Common Equity Tier 1 capital (CET1)	1,488.5	1,444.9	1,367.7
Tier 1 capital	1,589.8	1,546.2	1,508.9
Share capital and reserves	2,017.0	1,664.1	1,645.0
Risk-weighted assets (IFRS)	10,376.3	9,975.3	9,479.1
Common Equity Tier 1 capital ratio	14.4%	14.5%	14.4%
Tier 1 capital ratio	15.3%	15.5%	15.9%
Aggregate capital ratio	19.4%	16.7%	17.4%

% / IFRS	31.03.2024	31.12.2023	31.03.2023
Liquidity coverage ratio (LCR)	164%	147%	211%
Net stable funding ratio (NSFR)	118%	114%	118%

About OLB
OLB 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 about 665.000 customers in person and via digital channels in its Private & Business Customers and Corporates & Diversified Lending segments. The Bank has about EUR 26 bn of total assets.

Feel free to visit us at www.olb.de and www.neelmeyer.de as well as on Facebook, Instagram and YouTube.

[6] Based on German GAAP (HGB)
[7] Based on regulatory capital adjusted by accrued retention

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