

Group financial report Q1 2023

Munich, 11 May 2023

 Finanzgruppe

 Bayern LB

Financing progress.

Contents

- › Financial performance
- › Appendix

Q1 2023 highlights

- + Strong profit before taxes thanks to good operating performance in all customer segments

- + Net interest and net commission income jumps to EUR 868 m (Q1 2022: EUR 541 m), buoyed in particular by the interest rate inflection

- + Savings at BayernLB core Bank keep administrative expenses stable, despite strategic investments at DKB

- + Capital base still very sound: CET1 ratio at 17.4%; higher deposits reflect investors' confidence in the Bank

Profit before taxes

EUR 447 m

Consolidated profit/loss

EUR 341 m

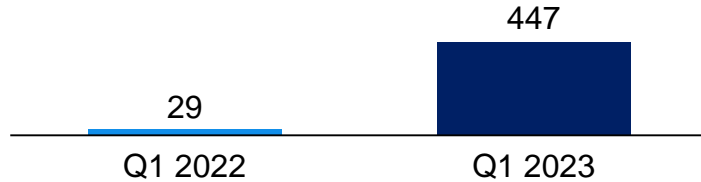
CET1 ratio

17.4 percent

Earnings significantly outperform year-before period

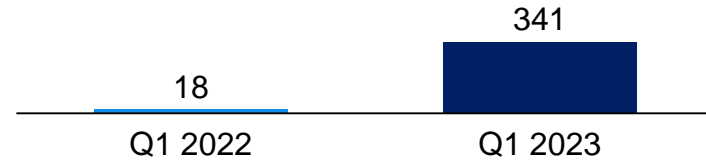
Profit before taxes

EUR m



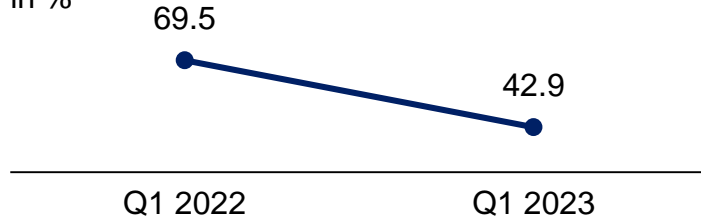
Consolidated profit/loss

EUR m



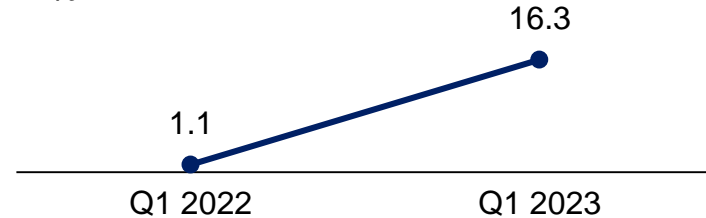
CIR

in %



RoE

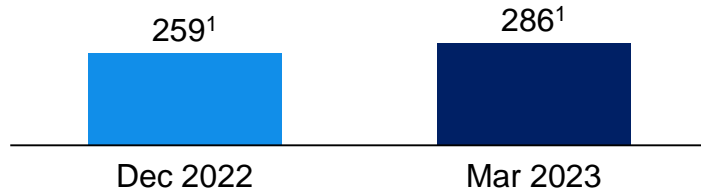
in %



Capital base stable and very solid

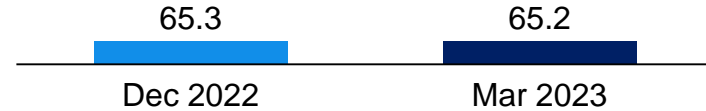
Total assets

EUR bn



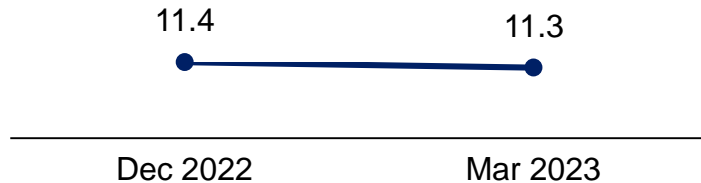
RWA

EUR bn



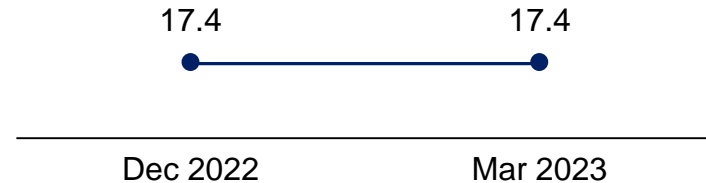
CET1 capital

EUR bn



CET1 capital ratio

in %

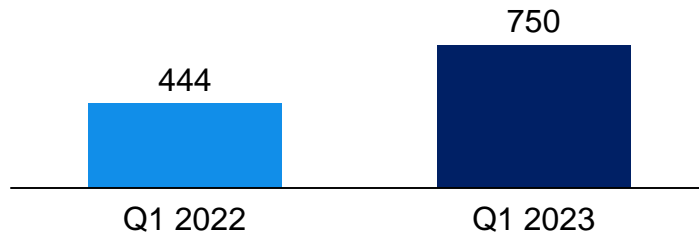


¹ Including TLTRO III volume as at Dec 2022 / Mar 2023: EUR 8.5 bn.

Net interest and net commission income surge

Net interest income

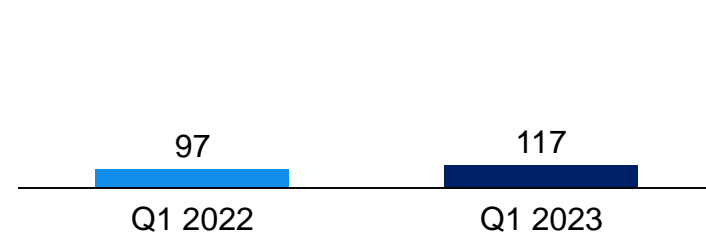
EUR m



- › Increase in net interest income driven by expansion in operating customer business and the positive impact of the interest-rate environment
- › Net interest income includes bonus from tender participation of around EUR 8 m (Q1 2022: EUR 24 m)

Net commission income

EUR m

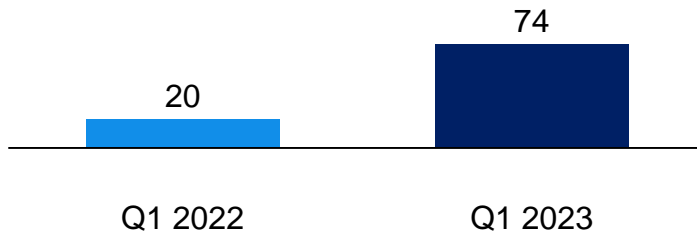


- › Net commission income bolstered by good lending business in the Corporates Division at BayernLB and income from payment services and the card business at DKB

Fair value gains and low risk provisions

Gains or losses on fair value measurement

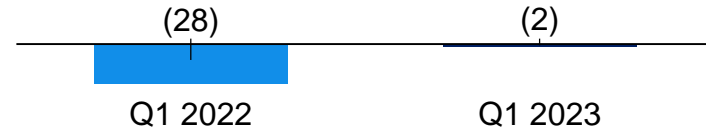
EUR m



- › Good operating customer business with financial markets products and measurement gains on CO₂ certificates and DKB's own funds investments

Risk provisions

EUR m

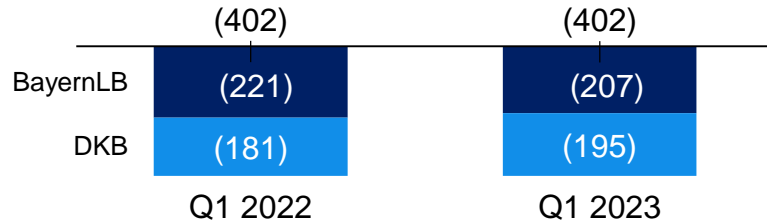


- › Low net risk provisions reflect the overall high quality of the credit portfolio
- › Post-model adjustments remain high at EUR 335 m (Dec 2022: EUR 362 m)

Strict cost management maintained

Administrative expenses

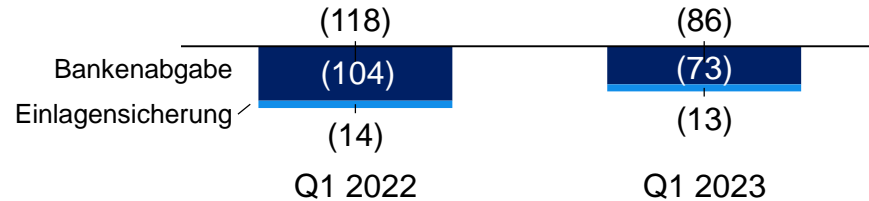
EUR m



- › Cost base still falling at BayernLB, owing to the streamlining strategy at the core Bank
- › DKB posts higher expenses under its growth strategy

Expenses for the bank levy and deposit guarantee scheme

EUR m



- › Bank levy down year on year due to a general reduction in the target volume of the Single Resolution Fund

Contents

- › Financial performance
- › Appendix

Year-on-year earnings comparison

EUR m	Q1 2023	Q1 2022	Change in %
Net interest income	750	444	69.0
Net commission income	117	97	20.3
Gains or losses on fair value measurement	74	20	>100.0
Gains or losses on hedge accounting	(37)	9	–
Gains or losses on derecognised fin. assets	(1)	1	–
Gains or losses on financial investments	2	2	0.8
Other income and expenses	30	4	>100.0
Other earnings components	(5)	17	–
Gross earnings	937	579	61.8
Administrative expenses	(402)	(402)	(0.2)
Risk provisions	(2)	(28)	(91.3)
Gains or losses on restructuring	0	(3)	(89.2)
Profit before taxes, bank levy and deposit guarantee scheme contribution	533	146	>100.0
Expenses for the bank levy and deposit guarantee scheme	(86)	(118)	(27.1)
Profit before taxes	447	29	>100.0
Income taxes	(105)	(10)	>100.0
Profit/loss after taxes	341	18	>100.0
Profit/loss attributable to non-controlling interests	–	–	–
Consolidated profit/loss	341	18	>100.0

Segment overview

EUR m	Real Estate & Savings Banks/FI	Corporates & Markets	DKB	Central Areas & Others	Group
Net interest income	118	83	503	47	750
Net commission income	61	31	29	(3)	117
Gains or losses on fair value measurement	13	43	17	1	74
Other earnings components	2	(1)	(15)	9	(5)
Gross earnings	193	156	534	54	937
Administrative expenses	(96)	(63)	(195)	(48)	(402)
Risk provisions	(12)	22	(12)	0	(2)
Gains or losses on restructuring	0	0	0	0	0
Profit before taxes, bank levy and deposit guarantee scheme contribution	86	114	327	5	533
Expenses for the bank levy and deposit guarantee scheme	0	0	(51)	(35)	(86)
Profit/loss before taxes	86	114	276	(30)	447
Return on equity (RoE) (%)	17.7	16.4	30.5	–	16.3
Cost/income ratio (CIR) (%)	49	41	36	–	43

Segment overview Q1 2022

EUR m	Real Estate & Savings Banks/FI	Corporates & Markets	DKB	Central Areas & Others	Group
Net interest income	89	67	255	33	444
Net commission income	71	16	16	(6)	97
Gains or losses on fair value measurement	22	19	(21)	0	20
Other earnings components	2	0	0	15	17
Gross earnings	184	103	250	42	579
Administrative expenses	(99)	(64)	(181)	(58)	(402)
Risk provisions	(1)	(31)	3	1	(28)
Gains or losses on restructuring	0	0	0	(3)	(3)
Profit before taxes, bank levy and deposit guarantee scheme contribution	84	7	72	(17)	146
Expenses for the bank levy and deposit guarantee scheme	0	0	(57)	(61)	(118)
Profit/loss before taxes	84	7	16	(78)	29
Return on equity (RoE) (%)	18.1	1.0	1.8	–	1.1
Cost/income ratio (CIR) (%)	54	63	72	–	69

Balance sheet

EUR bn	Mar 2023	Dec 2022	Change in %
Loans and advances to banks	86.0	61.4	39.9
Loans and advances to customers	168.0	165.9	1.2
Assets held for trading	13.4	11.5	16.6
Financial investments	17.5	18.0	(3.2)
Total assets	285.7	259.3	10.1
Liabilities to banks	68.8	61.0	12.8
Liabilities to customers	136.5	123.3	10.7
Securitised liabilities	50.0	45.8	9.2
Liabilities held for trading	11.4	10.9	4.7
Subordinated capital	2.5	2.5	0.3
Equity	13.7	13.5	1.0

Key capital figures

	Mar 2023	Dec 2022
CET1 capital (EUR bn)	11.3	11.4
CET1 ratio (%)	17.4	17.4
Total capital (EUR bn)	13.9	13.9
Total capital ratio (%)	21.3	21.3
RWAs (EUR bn)	65.2	65.3
Leverage ratio (%)	4.1	4.5

Disclaimer

This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of this information, May 2023. It is, to the best of our knowledge, based on generally accessible sources which are reliable and accurate. However, no liability can be accepted for any errors or inaccuracies in information derived from these sources. The information used in this publication has not been checked for accuracy, completeness or relevance to current events. We therefore cannot assume any liability as to the accuracy and completeness of this information. This publication is for the purposes of general information only and does not substitute in any way a personal consultation suited to your individual investment needs. The publication does not fully comply with the disclosure and valuation standards of IFRS. The results have not been audited and reviewed for accuracy.

For further information and updates, please feel free to contact us.



bayernlb.com



Financing progress.