

# Press Release

11 May 2023

## BayernLB kicks off the year well and posts a first-quarter profit before taxes of EUR 447 million

- Strong profit before taxes thanks to good operating performance in all customer segments
- Net interest and net commission income jumps to EUR 868 million (Q1 2022: EUR 541 million), 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 percent; higher deposits reflect investors' confidence in the Bank

**Munich** – BayernLB generated a **profit before taxes** of EUR 447 million for the first quarter of 2023 (Q1 2022: EUR 29 million). This includes expenses for the bank levy and deposit guarantee scheme for the year of EUR 86 million. The results were also marked by good operating performance in all customer segments, which boosted net interest and net commission income to a combined EUR 868 million (Q1 2022: EUR 541 million). **Consolidated profit** (after taxes) stood at EUR 341 million (Q1 2022: EUR 18 million).

“We started the year with a lot of momentum and boosted our earnings significantly,” said Stephan Winkelmeier, CEO of BayernLB. “We are especially pleased that the increase doesn’t only stem from the interest rate inflection, but also reflects good operating performance in all customer business areas,” Winkelmeier continued.

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## Financial data for the first quarter of 2023

**Net interest income** of the BayernLB Group jumped to EUR 750 million (Q1 2022: EUR 444 million). The expansion of operating customer business and the positive impact of the changed interest-rate environment drove the increase. Net interest income includes a bonus of EUR 8 million from participating in the ECB tender (Q1 2022: EUR 24 million). **Net commission income** rose to EUR 117 million (Q1 2022: EUR 97 million), bolstered by good lending business in the Corporates Division at BayernLB and income from payment services and the card business at DKB.

Due to the good quality of its loan portfolio, the BayernLB Group's risk provisions remained very low at EUR 2 million (Q1 2022: EUR 28 million), despite the difficult environment. The portfolio of **general risk provisions (post-model adjustments)**, which were established in readiness for potential loan defaults (e.g. due to the war between Russia and Ukraine, the escalation of supply chain problems and further rises in interest rates), stood at EUR 335 million (31 December 2022: EUR 362 million).

**Gains or losses on fair value measurement** climbed to EUR 74 million (Q1 2022: EUR 20 million). It was marked by good operating customer business with financial markets products and measurement gains on CO<sub>2</sub> certificates and DKB's own funds investments.

Despite strategic growth initiatives at DKB and the related expenses, the BayernLB Group's **administrative expenses** remained unchanged at EUR 402 million (Q1 2022: EUR 402 million). BayernLB core Bank continued steadfastly on its road to transformation in the first quarter of 2023 and further reduced its administrative expenses.

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**Expenses for the bank levy and deposit guarantee scheme** dropped to EUR 86 million (Q1 2022: EUR 118 million). This item comprises a bank levy charge of EUR 73 million (Q1 2021: EUR 104 million) and the likewise mandatory contribution of EUR 13 million to the deposit guarantee scheme (Q1 2022: EUR 14 million). The decline in the bank levy stems from the general reduction in the target volume of the Single Resolution Fund.

BayernLB's **total assets** amounted to EUR 286 billion (31 December 2022: EUR 259 billion), while risk-weighted assets (RWAs) stood at EUR 65.2 billion (31 December 2022: EUR 65.3 billion).

The Group still has a very solid capital base, with a **CET1 ratio** of 17.4 percent (31 December 2022: 17.4 percent).

The **cost/income ratio (CIR)** improved considerably to 42.9 percent (Q1 2022: 69.5 percent) and **return on equity (RoE)** climbed to 16.3 percent (Q1 2022: 1.1 percent).

*Additional details about the BayernLB Group's financial figures in the first quarter of 2023 can be found in the supplemental IR presentation at [www.bayernlb.com](http://www.bayernlb.com).*

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## Performance of the BayernLB Group

### Results of operations

EUR million	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 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
Other earnings components	(5)	17	–
<b>Gross earnings</b>	<b>937</b>	<b>579</b>	<b>61.8</b>
Administrative expenses	(402)	(402)	(0.2)
Risk provisions	(2)	(28)	(91.3)
Gains or losses on restructuring	0	(3)	(89.2)
<b>Earnings before taxes, bank levy and deposit guarantee scheme</b>	<b>533</b>	<b>146</b>	<b>&gt;100.0</b>
Expenses for the bank levy and deposit guarantee scheme	(86)	(118)	(27.1)
<b>Profit before taxes</b>	<b>447</b>	<b>29</b>	<b>&gt;100.0</b>
Income taxes	(105)	(10)	>100.0
<b>Profit/loss after taxes</b>	<b>341</b>	<b>18</b>	<b>&gt;100.0</b>
Profit/loss attributable to non-controlling interests	–	–	–
<b>Consolidated profit/loss</b>	<b>341</b>	<b>18</b>	<b>&gt;100.0</b>

Rounding differences may occur in the tables.

### Balance sheet (IFRS)

EUR billion	31 Mar 2023	31 Dec 2022	Change In %
Total assets	285.7	259.3	10.1
Subordinated capital	2.5	2.5	0.3
Equity	13.7	13.5	1.0

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## Segment overview

EUR million	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)
<b>Gross earnings</b>	<b>193</b>	<b>156</b>	<b>534</b>	<b>54</b>	<b>937</b>
Administrative expenses	(96)	(63)	(195)	(48)	(402)
Risk provisions	(12)	22	(12)	0	(2)
Gains or losses on restructuring	0	0	0	0	0
<b>Earnings before taxes, bank levy and deposit guarantee scheme</b>	<b>86</b>	<b>114</b>	<b>327</b>	<b>5</b>	<b>533</b>
Expenses for the bank levy and deposit guarantee scheme	0	0	(51)	(35)	(86)
<b>Profit/loss before taxes</b>	<b>86</b>	<b>114</b>	<b>276</b>	<b>(30)</b>	<b>447</b>
Return on equity (RoE) (%)	17.7	16.4	30.5	–	16.3
Cost/income ratio (CIR) (%)	49	41	36	–	43