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NORD/LB CBB presents 2020 annual results

NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB) closed financial year 2020 with a loss after taxes of € 8.8 million.

“We had a very challenging financial year owing to the COVID-19 pandemic and finished with a negative result. This was mainly due to increased risk provisioning,” explained Manfred Borchardt, Member of the Managing Board of NORD/LB CBB.

Because of the significant decline in **total assets** by € 2.8 billion to € 12.7 billion as at 31 December 2020, the bank’s net interest income also fell by 7 per cent.

Compared to financial year 2019, **administrative expenses** were reduced by 4 per cent to € 29.3 million through a Group-wide cost reduction programme.

The **profit/loss from allowances for losses** fell from € 2.6 million to € -4.9 million in 2020. This included an increase in risk provisioning of € 10.0 million in sectors that were hit particularly hard by the COVID-19 pandemic.

The **other operating profit/loss** improved year on year to € -3.2 million (previous year: € -7.5 million) and was primarily influenced by the bank levy of € -7.2 million (previous year: € -6.1 million) included therein.

Thorsten Schmidt, Member of the Managing Board of NORD/LB CBB, explains: “In January 2020, we very successfully placed the world’s first green bond under Luxembourg law on the market with a volume of € 300 million. The demand was overwhelming and the order book was

oversubscribed almost four times. The interest shown by investors in our Lettre de Gage Renewable Energy demonstrates the importance of innovations in the green capital market that accord with the spirit of the times and the growing demand from investors for green products. This product innovation was made possible by a modern financial centre like Luxembourg.”

Outlook

In addition to the measures to boost NORD/LB’s capital, the European Commission last year also declared a comprehensive transformation of the NORD/LB Group’s business model to be free of state aid. As a result of this transformation programme, which is already in the process of being implemented, a comprehensive redimensioning of NORD/LB CBB is envisaged.

Further information as well as the full Annual Report as at 31 December 2020 can be found at www.nordlb.lu.

NORD/LB CBB, with its registered office in Luxembourg, is a wholly-owned subsidiary of NORD/LB Norddeutsche Landesbank Girozentrale.

NORD/LB Luxembourg S.A. Covered Bond Bank – key data at a glance

(disclosures in accordance with IFRS)

Business performance	31.12.2020 (in € million)	31.12.2019* (in € million)	Change (in € million)	Change (in %)
Cash reserve	82.3	11.6	70.7	> 100
Trading assets	170.7	123.3	47.4	38
Financial assets at fair value through profit or loss	740.0	822.2	-82.2	-10
Financial assets at fair value through other comprehensive income	1,590.0	1,939.4	-349.4	-18
Financial assets at amortised cost	9,679.8	12,233.1	-2,553.3	-21
Positive fair values from hedge accounting derivatives	370.5	312.9	57.6	18
Other assets	100.8	106.8	-6.0	-6
Total assets	12,734.0	15,549.3	-2,815.3	-18
Trading liabilities	87.7	131.6	-43.9	-33
Financial liabilities at fair value through profit or loss	1,359.6	1,560.1	-200.5	-13
Financial liabilities at amortised cost	10,078.1	12,645.3	-2,567.2	-20
Negative fair values from hedge accounting derivatives	491.0	480.2	10.8	2
Provisions	8.5	11.6	-3.2	-27
Other liabilities	30.8	31.8	-1.1	-3
Reported equity	678.3	688.5	-10.2	-1
Total liabilities	12,734.0	15,549.3	-2,815.3	-18

Earnings performance	2020 (in € thousand)	2019* (in € thousand)	Change (in € thousand)	Change (in %)
Net interest income	112,587	120,923	-8,336	-7
Net commission income	-59,159	-53,127	-6,032	11
Profit/loss from measurement at fair value	-18,450	-34,973	16,522	-47
Net valuation allowance from financial instruments not measured at fair value through profit or loss	-4,933	2,627	-7,559	< -100
Modification profit/loss	404	-163	567	< -100
Net profit/loss on disposal from financial instruments not measured at fair value through profit or loss	-3,079	736	-3,815	< -100
Profit/loss from hedge accounting	1,925	6,654	-4,730	-71
Foreign exchange result	135	-275	411	< -100
Profit/loss from shares in companies	0	64	-64	-100
Administrative expenses	-29,312	-30,535	1,223	-4
Current amortisation and depreciation	-5,756	-4,784	-973	20
Other operating profit/loss	-3,156	-7,542	4,386	-58
Income taxes	0	231	-231	-100
Earnings after taxes	-8,794	-163	-8,631	> 100

Key regulatory indicators	31.12.2020 (in € million)	31.12.2019* (in € million)	Change (in € million)	Change (in %)
Total risk exposure amount	2,642.7	3,567.0	-924.2	-26
Tier 1 capital	645.9	646.3	-0.4	0
Own funds	654.7	648.5	6.1	1
Common equity tier 1 capital ratio	24.4 %	18.1 %	6.3 %	35
Total capital ratio	24.8 %	18.2 %	6.6 %	36

Key performance indicators	31.12.2020	31.12.2019*	Change (in %)
Cost/income ratio**	103.5 %	109.0 %	-5
RoRaC**	-3.5 %	-0.1 %	> 100

*) The previous year's figures have been adjusted for individual items. See Note (2)

**) For the definition of the cost/income ratio (CIR) and the RoRaC, see also the 2019 Annual Report, Note (19)

Workforce	31.12.2020	31.12.2019	Change (absolute)	Change (in %)
Number of employees	140	155	-15	-10