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NORD/LB CBB presents H1 2019 results

NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB) closed the first half of 2019 with a profit after tax of EUR 7.6 million. “Customer confidence in our performance is having a sustained positive effect, particularly in the lending business. We are very satisfied with performance in the first half of 2019,” explains Manfred Borchardt, Member of the Managing Board at NORD/LB CBB.

The development of operating earnings at the end of the first half of the year is following a positive trend. Despite low interest rates and persistently very challenging market conditions, net interest income rose by more than 12%. With a volume of EUR 16.5 billion, total assets fell slightly compared with 31 December 2018 (EUR 17.2 billion).

Compared to the first half of 2018, administrative expenses were reduced by 18 percent to EUR 14.7 million as part of the Group-wide OneBank cost programme.

The valuation result from financial instruments at fair value through profit or loss, hedge accounting and loan loss provisions performed positively compared with the first half of 2018 and amounted to EUR 2.6 million.

Thorsten Schmidt, Member of the Managing Board of NORD/LB CBB, added: “After successfully placing a US dollar benchmark issue on the market last year, we further expanded our benchmark curve in 2019 with a EUR 500 million issue. Over 90 investors resulted in an order book of EUR 1.4 billion. The majority of investors came from Germany, accounting for 40 percent, followed by investors from BeNeLux at 13 percent and buyers from Austria and Switzerland at 12 percent. The continuing

demand for our Lettres de Gage publiques demonstrates the relevance of the Luxembourg market for investors.”

Further information including the full report as at 30 June 2019 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.

Summary of key data

NORD/LB Luxembourg S.A. Covered Bond Bank

(Data in accordance with IFRS)

Business performance	30.06.2019 (in € million)	31.12.2018 (in € million)	Change (in € million)	Change (in %)
Cash reserve	12.8	443.4	-430.5	-97
Trading assets	195.8	191.2	4.6	2
Financial assets at fair value through profit or loss	956.1	1,042.3	-86.2	-8
Financial assets at fair value directly in equity	1,988.8	2,101.7	-112.9	-5
Financial assets at amortised cost	12,921.7	13,103.0	-181.2	-1
Positive fair values from hedge accounting derivatives	327.5	218.8	108.7	50
Other assets	105.2	98.9	6.3	6
Total assets	16,508.0	17,199.3	-691.3	-4
Trading liabilities	111.2	81.1	30.2	37
Financial liabilities at fair value through profit or loss	1,552.8	1,634.1	-81.4	-5
Financial liabilities at amortised cost	13,578.5	14,320.4	-741.9	-5
Negative fair values from hedge accounting derivatives	515.5	438.5	77.0	18
Provisions	8.9	9.8	-0.9	-9
Other liabilities	39.2	34.0	5.2	15
Reported equity	702.0	681.4	20.6	3
Total liabilities and equity	16,508.0	17,199.3	-691.3	-4

Earnings performance	First half of 2019 (in € thousand)	First half of 2018 (in € thousand)	Change (in € thousand)	Change (in %)
Net interest income	60,259	53,911	6,349	12
Net commission income	-25,046	-22,002	-3,044	14

Press information

Profit/loss from fair value measurement	-8,909	-18,952	10,044	-53
Net valuation allowance from financial instruments not measured at fair value through profit or loss	3,479	1,226	2,253	> 100
Net disposal result from financial instruments not measured at fair value through profit or loss	-6	0	-6	< -100
Profit/loss from hedge accounting	8,008	-7,734	15,742	< -100
Foreign exchange result	51	143	-93	-65
Profit/loss from shares in companies	64	0	64	100
Administrative expenses	-14,722	-17,876	3,154	-18
Current amortisation and depreciation	-1,988	-1,300	-688	53
Other operating profit/loss	-10,468	-4,802	-5,666	> 100
Income taxes	-3,137	4,509	-7,646	< -100
Earnings after taxes	7,586	-12,877	20,463	< -100
Key performance indicators	First half of 2019	First half of 2018	Change (absolute)	Change (in %)
Cost/income ratio in %	70.8%	3,404.1%	-3,333.3%	-98
RoRaC in %	6.3%	-9.7%	16.0%	< -100
Key regulatory indicators	30.06.2019 (in € million)	31.12.2018 (in € million)	Change (in € million)	Change (in %)
Total risk exposure amount	4,209.1	4,443.1	-234.0	-5
Tier 1 capital	654.5	613.1	41.5	7
Own funds	654.7	613.3	41.4	7
Tier 1 capital ratio	15.6%	13.8%	1.8%	13
Total capital ratio	15.6%	13.8%	1.8%	13

Workforce	30.06.2019	31.12.2018	Change (absolute)	Change (in %)
Number of employees	165	173	-8	-5