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NORD/LB CBB presents H1 2020 results

NORD/LB Luxembourg S.A. Covered Bond Bank (NORD/LB CBB) closed the first half of 2020 with a loss after tax of -2.0 million Euro. „The result in the first half of 2020 was influenced by the COVID-19-pandemic. Despite the slight decline in operating income before valuation changes and risk provisioning, we are satisfied with the development of the first half of the year in this challenging environment“, explains Manfred Borchardt, Member of the Managing Board at NORD/LB CBB.

Despite the challenging market environment and the decline in total assets by EUR 1.5 billion to EUR 14.1 billion as of June 30, 2020, net interest income remained largely constant.

Administrative expenses was reduced by 15 percent to EUR 12.6 million compared to the first half of 2019 as part of the group-wide cost-cutting program.

Net additions to risk provisioning had a negative impact of EUR 1.4 million on the bank's result in the first half of the year. Individual effects resulting from the COVID-19-pandemic also contributed to this.

The volatile and negative result from the fair value valuation of EUR -9.4 million as of June 30, 2020 had a negative impact as well as the bank levy of EUR -7.2 million included in the other operating profit/loss.

Thorsten Schmidt, Member of the Managing Board at NORD/LB CBB, explains: „Despite of falling yields in the Covered Bond Market and COVID-19 we extended our Lettres de Gage publiques Benchmark-curve

with a EUR 500 million Euro-Issue in June 2020. The issue with a maturity of seven years enjoyed great interest from the investors.“

Further information including the full report as at 30 June 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.

Summary of key data

NORD/LB Luxembourg S.A. Covered Bond Bank

(Data in accordance with IFRS)

Business performance	30.06.2020 (in € million)	31.12.2019 (in € million)	Change (in € million)	Change (in %)
Cash reserve	8.1	11.6	-3.5	-30
Trading assets	210.4	138.2	72.2	52
Financial assets at fair value through profit or loss	774.0	822.2	-48.2	-6
Financial assets at fair value through other comprehensive income	1,781.0	1,939.4	-158.4	-8
Financial assets at amortized cost	10,831.8	12,233.1	-1,401.3	-11
Positive fair values from hedge accounting derivatives	379.9	312.9	67.0	21
Other assets	101.6	104.2	-2.5	-2
Total assets	14,086.8	15,561.6	-1,474.8	-9
Trading liabilities	93.5	121.6	-28.1	-23
Financial liabilities designated at fair value through profit or loss	1,556.5	1,560.1	-3.6	0
Financial liabilities at amortized cost	11,094.9	12,645.3	-1,550.4	-12
Negative fair values from hedge accounting derivatives	593.5	480.2	113.3	24
Provisions	7.5	11.6	-4.1	-35
Other liabilities	34.6	35.5	-0.9	-2
Reported equity	706.2	707.2	-1.0	0
Total liabilities and equity	14,086.8	15,561.6	-1,474.8	-9

Earnings performance	First half of 2020 (in € thousand)	First half of 2019 (in € thousand)	Change (in € thousand)	Change (in %)
Net interest income	59,012	60,259	-1,247	-2

Net commission income	-29,819	-25,046	-4,774	19
Result from fair value measurement	-9,384	-8,909	-476	5
Net valuation allowance from financial instruments not measured at fair value through profit or loss	-1,368	3,760	-5,128	< -100
Modification profit/loss	-47	0	-47	-
Net profit/loss on disposal from financial instruments not measured at fair value through profit or loss	-3,031	-6	-3,025	> 100
Profit/loss from hedge accounting	4,553	8,008	-3,455	-43
Profit/loss from foreign exchange	512	51	462	> 100
Profit/loss from shares in companies	0	64	-64	-100
Administrative expenses	-12,553	-14,722	2,169	-15
Current amortisation and depreciation	-2,919	-1,988	-931	47
Other operating profit/loss	-7,638	-10,749	3,111	-29
Income taxes	668	-3,137	3,805	< -100
Earnings after taxes	-2,015	7,586	-9,600	< -100

Key performance indicators	First half of 2020	First half of 2019	Change (absolute)	Change (in %)
Cost-Income-Ratio in %	108.9%	70.8%	38.2%	54
RoRaC in %	-1.6%	6.3%	-7.9%	< -100

Key regulatory indicators	30.06.2020 (in € million)	31.12.2019 (in € million)	Change (in € million)	Change (in %)
Total risk exposure amount	2,891.3	3,567.0	-675.7	-19
Tier 1 capital	680.7	646.5	34.3	5
Own funds	685.7	648.7	37.0	6
Common equity tier 1 capital ratio	23.5%	18.1%	5.4%	30
Total capital ratio	23.7%	18.2%	5.5%	30

Workforce	30.06.2020	31.12.2019	Change (absolute)	Change (in %)
Number of Employees	154	155	-1	-1