

**Norddeutsche Landesbank Girozentrale**  
(Public-law institution)

**Annual Report 2020**



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# Combined Management Report

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Reference to combined management report



## Reference to combined management report

The management report for NORD/LB Norddeutsche Landesbank Girozentrale (hereinafter referred to as: NORD/LB) has been combined with the Group management report as per § 315 para. 5 of the German Commercial Code (HGB) in conjunction with § 298 para. 2 of the HGB and published in the 2020 Annual Report of NORD/LB.

The annual financial statements of NORD/LB and the consolidated financial statements (with the combined management report) for financial year 2020 are filed with the operator of and published in the German Federal Gazette. The annual financial statements for NORD/LB and the consolidated financial statements are also available for download on the internet at [www.nordlb.com](http://www.nordlb.com).





# Annual Financial Statements

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## Assets

## Norddeutsche Landesbank Girozentrale

	€	€	€	2019 (in € 000)
<b>1. Cash reserve</b>				
a) Cash on hand		46 382 770.58		52 804
b) Balances with central banks		5 797 038 651.54		2 932 609
			5 843 421 422.12	2 985 414
of which: with the "Deutsche Bundesbank" € 5 636 043 920.99				(2 774 797)
<b>2. Treasury bills and other bills eligible for refinancing with central banks</b>				
a) Treasury bills, discounted treasury notes and similar debt instruments issued by public institutions		–		0
of which: eligible for refinancing at the Deutsche Bundesbank € 0.00				(0)
			–	0
<b>3. Claims on banks</b>				
a) mortgage loans		44 907 804.75		44 679
b) municipal loans		11 540 439 307.76		18 396 395
c) Other claims		5 267 054 627.39		7 157 910
			16 852 401 739.90	25 598 983
of which: Due on demand € 1 956 712 906.51				(1 958 573)
against securities lending € 0.00				(0)
<b>4. Claims on customers</b>				
a) mortgage loans		5 579 856 326.07		5 927 140
b) municipal loans		14 954 145 252.93		15 499 055
c) Other claims		30 244 889 660.37		34 077 068
			50 778 891 239.37	55 503 263
of which: against securities lending € 0.00				(0)
<b>5. Debt securities and other fixed-interest securities</b>				
a) Money-market instruments				
aa) Issued by public sector borrowers		–		0
of which: eligible as collateral for "Deutsche Bundesbank" advances € 0.00				(0)
ab) Issued by other borrowers		56 086 360.01		300 642
			56 086 360.01	300 642
of which: eligible as collateral for "Deutsche Bundesbank" advances € 0.00				(0)
b) Bonds and debt securities				
ba) Issued by public sector borrowers		4 894 309 725.23		5 034 109
of which: eligible as collateral for "Deutsche Bundesbank" advances € 4 626 123 510.30				(4 724 949)
bb) Issued by other borrowers		8 206 546 525.29		10 051 944
			13 100 856 250.52	15 086 053
of which: eligible as collateral for "Deutsche Bundesbank" advances € 7 345 954 534.94				(9 011 027)
c) Debt securities, issued by the institution itself		260 658 463.62		206 820
Nominal amount € 255 353 452.37				(204 417)
<b>Amount carried forward</b>			<b>13 417 601 074.15</b>	<b>15 593 515</b>
			<b>86 892 315 475.54</b>	<b>99 681 175</b>

## Balance sheet as at 31 December 2020

## Assets

	€	€	€	2019 (in € 000)
<b>Amount carried forward</b>			<b>86 892 315 475.54</b>	<b>99 681 175</b>
<b>6. Shares and other non fixed-interest securities</b>			<b>102 519 092.22</b>	<b>95 353</b>
<b>6a. Trading portfolio</b>			<b>15 023 930 297.19</b>	<b>14 238 652</b>
<b>7. Participating interests</b>			<b>153 256 695.83</b>	<b>157 305</b>
of which:				
in banks	€ 44 432 002.19			(51 387)
in financial institutions	€ 347 445.54			(218)
<b>8. Investments in affiliated companies</b>			<b>1 116 484 891.27</b>	<b>1 290 989</b>
of which:				
in banks	€ 925 533 106.79			(1 086 901)
in financial institutions	€ 511 291.88			(511)
<b>9. Assets held in trust</b>			<b>3 149 342 492.51</b>	<b>2 885 804</b>
of which:				
loans on a trust basis	€ 3 139 026 448.87			(2 875 488)
<b>11. Intangible assets</b>				
a) internally generated industrial property rights and similar rights and values		50 848 615.63		44 995
b) Concessions, industrial property rights and similar rights and values including its licences against payment		38 952 483.96		52 742
c) Advance payments made		52 250.74		2 040
d) Finance lease		91 020.86		1 183
			<b>89 944 371.19</b>	<b>100 960</b>
<b>12. Tangible assets</b>			<b>233 325 249.32</b>	<b>244 337</b>
<b>14. Other assets</b>			<b>1 441 039 863.04</b>	<b>1 275 341</b>
<b>15. Prepaid expenses</b>				
a) from new issue and lending business		462 134 553.31		561 861
b) other		534 467 761.50		577 514
			<b>996 602 314.81</b>	<b>1 139 374</b>
<b>Total assets</b>			<b>109 198 760 742.92</b>	<b>121 109 290</b>

## Liabilities

## Norddeutsche Landesbank Girozentrale

	€	€	€	2019 (in € 000)
<b>1. Liabilities to banks</b>				
a) issued registered mortgage Pfandbriefs		48 329 669.77		28 139
b) issued registered public-sector Pfandbriefs		308 531 312.26		454 747
c) Other liabilities		28 577 062 438.79		33 226 694
			<b>28 933 923 420.82</b>	<b>33 709 578</b>
of which:				
Due on demand	€ 3 541 366 477.87			(2 812 576)
ensuring loans taken up registered mortgage Pfandbriefs transferred to lender	€ 0.00			(0)
and registered public-sector Pfandbriefs	€ 19 946 660.43			( 25 463)
<b>2. Liabilities to customers</b>				
a) issued registered mortgage Pfandbriefs		640 798 007.53		807 404
b) issued registered public-sector Pfandbriefs		7 502 411 945.66		8 173 943
c) Savings deposits				
ca) with an agreed notice period more than three months		1 044 271 135.98		1 046 435
cb) with an agreed notice period more than three months		8 286 498.86		13 233
			1 052 557 634.84	1 059 668
d) Other liabilities		32 803 914 018.79		37 524 625
			<b>41 999 681 606.82</b>	<b>47 565 638</b>
of which:				
Due on demand	€ 22 511 886 010.91			(21 606 928)
ensuring loans taken up				
registered mortgage Pfandbriefs transferred to lender	€ 0.00			(0)
and registered public-sector Pfandbriefs	€ 0.00			(0)
<b>3. Securitised liabilities</b>				
a) Issued debt securities				
aa) mortgage Pfandbriefs		1 346 278 333.47		1 901 284
ab) public-sector Pfandbriefs		3 754 759 667.22		3 995 490
ac) other debentures		7 879 611 636.70		9 063 977
			12 980 649 637.39	14 960 750
b) Other securitised liabilities		160 801 978.06		30 632
			<b>13 141 451 615.45</b>	<b>14 991 381</b>
of which:				
money-market instruments	€ 154 865 978.06			( 22 341)
<b>3a. Trading portfolio</b>			<b>11 149 285 885.30</b>	<b>9 839 211</b>
<b>4. Liabilities held in trust</b>			<b>3 149 342 492.51</b>	<b>2 885 805</b>
of which:				
loans on a trust basis	€ 3 139 026 448.87			(2 875 489)
<b>5. Other liabilities</b>			<b>875 335 211.19</b>	<b>1 382 513</b>
<b>Amount carried forward</b>			<b>99 249 020 232.09</b>	<b>110 374 124</b>

## Balance sheet as at 31 December 2020

## Liabilities

	€	€	€	2019 (in € 000)
<b>Amount carried forward</b>			<b>99 249 020 232.09</b>	<b>110 374 124</b>
<b>6. Deferred income</b>				
a) from new issue and lending business		505 940 272.21		544 041
b) other		125 170 910.04		158 945
			<b>631 111 182.25</b>	<b>702 985</b>
<b>7. Provisions</b>				
a) Provisions for pensions and similar obligations		691 384 465.75		646 060
b) Tax provisions		51 572 609.96		55 333
c) Other provisions		1 058 502 124.97		1 056 094
			<b>1 801 459 200.68</b>	<b>1 757 487</b>
<b>9. Subordinated liabilities</b>			<b>1 918 706 128.24</b>	<b>2 490 777</b>
<b>10. Participatory capital</b>			<b>0.00</b>	<b>0</b>
of which:				
there of falling due in less than two years	€	0.00		(0)
<b>10a. Instruments of additional regulatory Tier 1 capital</b>			<b>50 200 000.00</b>	<b>50 200</b>
<b>11. Funds for general banking risks</b>			<b>68 308 221.55</b>	<b>68 309</b>
of which: special item for general banking risks in accordance with § 340e, para. 4 of the German Commercial Code	€	68 308 221.55		(68 309)
<b>12. Equity</b>				
a) Subscribed capital				
aa) Share capital	2 972 131 080.86			2 835 000
ab) Other Capital contributions	209 087 054.03			238 835
		3 181 218 134.89		3 073 835
b) Capital reserves				
ba) Other reserves	2 581 079 214.67			2 581 080
		2 581 079 214.67		2 581 080
c) Retained earnings		530 556 494.01		530 557
d) net accumulated loss		- 812 898 065.46		- 520 060
			<b>5 479 955 778.11</b>	<b>5 665 411</b>
<b>Total liabilities</b>			<b>109 198 760 742.92</b>	<b>121 109 291</b>
<b>1. Contingent liabilities</b>				
a) Contingent liabilities under rediscounted bills of exchange		0.00		0
b) Liabilities from guarantees and other indemnity agreements		10 511 581 843.23		10 491 105
c) Liabilities from assets pledged as collateral for third-party liabilities		0.00		0
			<b>10 511 581 843.23</b>	<b>10 491 105</b>
<b>2. Other obligations</b>				
a) Repurchase obligations from non-genuine partial repurchase agreements		0.00		0
b) Placement and underwriting obligations		0.00		0
c) Irrevocable credit commitments		7 523 687 053.64		6 853 820
			<b>7 523 687 053.64</b>	<b>6 853 820</b>

## Income statement for the period from 1 January to 31 December 2020

	€	€	€	2019 (in € 000)
<b>1. Interest income from</b>				
a) Lending and money market transactions	1 568 076 427.64			1 965 369
b) Fixed-income and book entry securities	147 697 920.67			193 528
c) Current income from trading portfolio	1 486 540 070.50			1 999 234
		3 202 314 418.81		4 158 129
<b>2. Negative Interest income from lending and money market transactions</b>		45 010 561.14		49 381
<b>3. Interest expenses</b>		2 523 180 088.97		3 332 316
<b>4. Positive interest expenses from lending and money market transactions</b>		54 503 723.05		59 821
			688 627 491.75	836 252
<b>5. Current income from</b>				
a) Shares and other non fixed-interest securities		187 005.58		303
b) Participating interests		5 600 490.99		5 998
c) Shares in affiliated companies		997 016.84		19 536
			6 784 513.41	25 836
<b>6. Earnings from profit pooling, profit transfer or partial profit transfer agreement</b>			50 763 474.11	62 604
<b>7. Commission income</b>		225 868 347.56		294 942
<b>8. Commission expenses</b>		226 118 660.61		180 694
			- 250 313.05	114 248
<b>9. Net income/expenses deriving from trading portfolio</b>			42 445 223.60	31 177
<b>10. Other operating income</b>			195 816 231.49	128 052
<b>11. General administrative expenses</b>				
a) Staff expenses				
aa) Wages and salaries	308 915 018.79			340 998
ab) Social security contributions and expenses for pension provision and other employee benefits	126 426 822.14			148 441
		435 341 840.93		489 439
of which: for pensions	€ 51 819 236.20			( 79 051)
b) Other administrative expenses		450 213 638.58		463 319
			885 555 479.51	952 758
<b>12. Depreciations and write-downs of intangible assets and of tangible assets</b>			47 202 876.06	90 952
<b>13. Other operating expenses</b>			199 212 984.03	126 575
<b>14. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions</b>			0.00	154 275
<b>15. Earnings from write-ups to claims and certain securities and allocations to loan loss provisions</b>			90 813 347.46	0
<b>Amount carried forward</b>			- 56 971 370.83	- 126 394

## Nordeutsche Landesbank Girozentrale

	€	€	€	2019 (in € 000)
<b>Amount carried forward</b>			- 56 971 370.83	- 126 394
16. Write-downs and value adjustments of participating interests, investments in affiliated companies and securities treated as fixed assets			176 025 532.74	0
17. Earnings from write-ups to participating interests, investments in affiliated companies and securities treated as fixed as-sets			0.00	51 326
18. Expenses on assumption of losses			3 750 192.17	3 813
19. Transfer to the funds for general banking risks			0.00	0
of which: Allocation to special item acc.to §340e, para.4 German Commercial Code	€	0.00		(0)
20. Profit on ordinary activities			- 236 747 095.74	- 78 883
21. Extraordinary income		0.00		0
22. Extraordinary expenses		88 623 227.89		451 952
23. Extraordinary result			- 88 623 227.89	- 451 952
24. Refund from income taxes		6 275 799.75		- 7 176
25. Refund from other taxes not show under item 13		- 3 490 924.06		- 4 938
			2 784 875.69	- 12 114
26. Income from assumption of losses			29 747 055.75	22 889
27. Profit transferred under a profit transfer agreement due to profit pooling			0.00	0
28. Annual loss			- 292 838 392.19	- 520 060
29. Loss carried forward from the previous year			- 520 059 673.27	- 2 350 493
30. Withdrawals from the capital reserve			0.00	2 350 493
31. Income from the capital reduction			0.00	1 607 258
32. Transfer to the capital reserve by analogy with the provisions concerning the simplified capital reduction			0.00	- 1 607 258
33. Net accumulated loss			- 812 898 065.46	- 520 060



# Appendix

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## I. Disclosures concerning the accounting policies and principles of currency translation

(In the following text the previous year's figures for the reporting year 2020 and those from 31 December 2019 are shown in brackets.)

### Principles for the preparation of the annual financial statements

Norddeutsche Landesbank Girozentrale Hanover, Braunschweig, Magdeburg (NORD/LB) is registered with the Hanover (HRA 26247), Braunschweig (HRA 10261) and Stendal (HRA 22150) local courts.

The annual financial statements of NORD/LB as at 31 December 2020 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch (HGB)), the German Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV)) and the Pfandbrief Act (Pfandbriefgesetz (PfandBG)).

The balance sheet and income statement are structured according to the RechKredV.

The balance sheet has been prepared in accordance with § 268 para. 1 HGB, taking into account the appropriation of the earnings for the year.

#### *Explanation of the accounting-related impact of the guarantee contracts from the support contract*

Through the three guarantee contracts concluded towards the end of the financial year 2019 the State of Lower Saxony assumes the unconditional, irrevocable and unsubordinated guarantee to protect against the risk of losses for certain ship and aircraft financing portfolios on behalf of Norddeutsche Landesbank Girozentrale and NORD/LB Luxembourg S.A. Covered Bond Bank.

The guarantee contracts each comprise two reference portfolios from the segments Ship Customers/Maritime Industries Customers and one reference portfolio from the segment Aircraft Customers with relevant loans including the associated customer derivatives and a number of loan commitments, sureties and overdraft facilities. The total amount up to which the State of Lower Saxony will guarantee payment obligations is limited on an individual basis for each contract. For the Ship Customers/Maritime Industries Customers loan portfolio, the guarantees on the one hand cover the net carrying amount of a portfolio with non-performing loans totalling around € 0.2 billion (€ 0.9 billion) to protect the total guarantee amount of a maximum of € 0.4 billion (€ 1.5 billion) and another portfolio to protect the gross carrying amount with a total guarantee in an amount of around € 1.0 billion (€ 1.4 billion) plus contingent liabilities of € 0.1 billion (€ 0.4 billion). For the Aircraft Customers segment, a portfolio is protected with a total guarantee amount of around € 1.1 billion (€ 1.7 billion).<sup>1</sup>

Based on the guarantee contracts, payment claims in the amount of the anticipated loss vis-à-vis the State of Lower Saxony will arise upon occurrence of one or more guarantee cases. The guarantee cases comprise the following situations:

- shortfall resulting from amounts not being paid either in whole or in part as at the due date,

<sup>1)</sup> The disclosures are based on IFRS consolidated amounts.

- capital reduction through contractual reduction in the nominal amount owed without corresponding settlement payment and/or
- loss arising from early repayment of capital amounts and/or a negative market value in the event of the early sale of a customer derivative.

The guarantee transactions comprise pending transactions in the form of derivatives of the banking book, as the guarantee transactions do not have their own inherent value development, but are instead dependent largely on the performance of the relevant underlying loan portfolio. Furthermore, it is typical of derivatives that the time of contract conclusion and the time of fulfilment will differ. The derivatives cannot be assigned to the trading book due to the absence of short-term resale prospects and the unintentional generation of results from price fluctuations. Derivatives of the banking book are not recognised in the balance sheet, because, according to the HGB – in contrast to the IFRS – fair value accounting is in principle not intended for these derivatives and the acquisition costs are generally zero.

Taking into consideration the individual measurement principle, these derivatives cannot be offset in the balance sheet to mitigate risks as securities for the transactions contained in the hedged portfolios. As a result, all transactions in the guarantee portfolio remain subject to risk provisioning even after conclusion of the guarantee contracts. Due to the specific loan loss provision process that is taking place unchanged, compensation of the valuation result does not take place until the topmost income statement level. Only when a guarantee case is being accounted for is the anticipated guarantee claim recorded in the income statement and, if required, offset against a payment made in advance. An opposite income statement effect for risk provisioning is thus not effective or visible until later. The risk provisioning inventory which arose on the hedged net book value of the portfolio with the impaired claims was € 150.6 million (€ 669.0 million) as at the end of 2020.<sup>2</sup>

In return for granting the guarantees, NORD/LB pays the State of Lower Saxony a commission for each one. For the guarantee for the portfolio with non-performing claims, this is determined variably in the amount of 7.15% of the total guarantee amount which reduces in line with the portfolio reduction and must be calculated monthly. For both of the other guarantees, a fixed guarantee commission rate is contractually agreed and payable in fixed quarterly instalments (cf. Notes on the other financial obligations). For 2020, the commission expenses for the Ship Customers portfolio with the non-performing claims amounted to € 41.5 million (€ 1.4 million); for the other Ship Customers portfolio, this figure was € 90.6 million (€ 10.7 million) and € 25.9 million (€ 2.8 million) for the portfolio in the Aircraft segment. The guarantee contracts end no earlier than either the time at which the relevant guarantee portfolio has been completely wound up and all outstanding payment obligations have been settled (variable maturity date), or on 31 December 2024 (fixed maturity date; does not apply to the guarantee for the non-performing ship financing), whichever is earlier. The fixed maturity date can be extended by one year in each case within the first ten business days of a year, insofar as incongruities between the residual term of the guarantee contracts and the collateralised claims exist. The extension option was exercised for the guarantee contracts for the portfolios with the gross hedged book values in both 2020 and 2021 so that these contracts have a term until 31 December 2026.

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<sup>2)</sup> The disclosures are based on IFRS amounts.

In addition to the three guarantee contracts mentioned, the support contract provides for an exemption of the Bank by the state of Lower Saxony from risks associated with the potentially increased health-care benefits payable by NORD/LB to their retirees and employees up to an amount of € 200 million.

#### *Servicing and performance of capital instruments*

Unlike the only slight loss after taxes recorded at Group level under IFRS, NORD/LB is reporting a significant loss after taxes for the period under review at the individual institute level under. The loss after taxes according to the German Commercial Code (HGB) has an impact on the servicing and valuation of certain capital instruments issued by NORD/LB..

Instruments that permanently rank as additional Tier 1 capital (AT1) under the CRR will not be serviced from the results for 2020. This arises contractually from insufficient available distributable items (ADI).

The following effects arise for existing contributions of silent partners:

- As at the reporting date, the negative result after taxes according to HGB further increased the net accumulated loss according to HGB, which already recorded as at 31 December 2019. As a consequence, the contractually agreed interest for silent partner contributions will not be paid for 2020. Furthermore, in accordance with as at the reporting date the silent partner contributions participated in the net accumulated loss respectively annual loss as at the reporting date based on their contractual relative share in all liable equity available under HGB. For this reason the carrying amounts of the individual silent participations as at the reporting date were reduced by the amount of the respective share of the loss.
- The carrying amounts of the silent participations had already been reduced either on 31 December 2018 and as well on 31 December 2019 due to the net accumulated loss respectively annual loss according to HGB recorded at that time. A further reduction in the carrying amounts of the silent partner contributions as at the reporting date was carried out on the basis of this already reduced level.
- The Owners' Meeting of NORD/LB decided in the reporting period to terminate all remaining silent participations in order to optimise the capital structure. This is because silent partner contributions, in accordance with the transition regulations of the CRR, can only be ranked proportionally as Tier 1 capital up to the end of 2021 and thereafter no lower than Tier 2 capital. Accordingly, NORD/LB terminated all existing silent participations in accordance with the contract following submission of the necessary approval by the ECB in the reporting period. These terminations also include the silent partner contributions of three special purpose vehicles ("Fürstenberg Capital Erste to Dritte"), which each refinanced the silent partner contributions at NORD/LB through the issue of structure-congruent bonds (capital notes).

### *Impact of the COVID-19 pandemic*

NORD/LB has had an established business continuity management system according to MaRisk AT 7.3 for many years. Due to the COVID-19 pandemic, NORD/LB established a crisis prevention management system at the end of February 2020, the organisation of which is based on existing emergency and crisis management. It consists of a situation team and a management team. Both committees consists of representatives from the various divisions involved. Their task is to observe the situation on an ongoing basis, to assess it and to develop and implement measures. The objective is firstly to guarantee the protection of employee's health at all times and secondly to ensure the operability of NORD/LB. Material measures within the framework of crisis prevention management included and continue to include:

- Ensuring that all employees can work from home
- Establishing a "split" organisation with rolling changeover of employees
- Setting up a COVID-19 hotline
- Preparing guidelines for dealing with the COVID-19 pandemic
- Issuing regular COVID-19 news updates
- Setting up regulations for business trips and events/meetings
- Implementing the COVID-19 occupational health and safety standard
- Elaborating an access concept for the branch business

The measures were adapted accordingly as the COVID-19 pandemic unfolded and also adjusted in line with the corresponding statutory regulations in the past year. In addition, all measures were constantly coordinated within the NORD/LB and regular contact was maintained with the key service providers concerning these measures.

In addition to the measures as part of crisis prevention management, various measures have been taken within NORD/LB to minimise or mitigate the economic impact. In the first lockdown, the Bank conducted comprehensive customer surveys at an early stage in significantly affected business areas (e.g. corporate customers, private and business customers as well as association customers and real estate customers). As a result, NORD/LB expected credit ratings in the credit business to deteriorate over the course of the pandemic. At the start of the extensive lockdown, the customer survey was redesigned in order to gain insights into possible risks outside the usual reporting cycles of the customers. In addition, throughout lockdown relevant sectors were subjected to individual reviews (such as special financing or commercial real estate financing or particularly affected sectors such as tourism) based on how the portfolio was affected. Furthermore, the financing principles for new business were temporarily adapted to the new framework conditions for individual segments that were particularly affected. The scenario analyses (overall or sectoral) also considered the impact on the Bank's significant credit portfolios. The adequacy of ratings was regularly reviewed as part of credit monitoring and, if necessary, adjustments were made. The impact of the pandemic on borrowers and their debt serviceability determines the volume of risk provisions that have to be recognised in the balance sheet. As part of the assessment of credit quality risk, NORD/LB has taken measures to assess debt serviceability, taking into account the impact of COVID-19-related state stabilisation measures. Given the ongoing dynamic evolution of the pandemic, the Bank has taken account of the risks from its future course and possible impact on the credit quality of borrowers in the balance sheet as described below.

A fundamental deterioration in credit quality as a result of the pandemic will force banks to increase risk provisions for transactions that have deteriorated significantly in their credit quality or been defaulted on. Consequently, the impact of the COVID-19 pandemic can lead to increased volatility in banks' risk provisions. In application of IFRS 9, risk provisions must be made for expected credit losses. Among other things, credit collateral must be tested for impairment. Credit risk models and forecasts for

estimating these expected credit losses have to be adapted to current developments. Due to the COVID-19-related economic uncertainties, NORD/LB has had to make a management adjustment (MAC-19) with the consequence of an increase in model-based risk provisions for loans and advances in impairment levels 1 and 2, in accordance with IFRS 9. The aim of MAC-19 is to take into account the expected, but not yet realised effects of COVID-19 on the Bank's risk provisions for industries severely affected by the pandemic that were not shown in level 1 and 2 modelling as at the reporting date.

This is based on the U scenario of the COVID-19 stress case, which in turn is based on the economic forecasts of NORD/LB Research and then converted by experts in the relevant areas of the Bank into rating and loss ratio shifts. The results were then limited, for the management adjustment, to sectors that are particularly severely affected by the pandemic. Building on this, NORD/LB carried out a further comprehensive scenario analysis during the COVID-19 pandemic, which forms the basis for MAC-19 in respect of the consolidated financial statements. Based on three macroeconomic scenarios of different degrees of severity (Scenarios 1, 2 and 3) and the resulting risk parameters, an analysis of the resulting effects in the individual risk types was carried out. The projection period includes the years 2020 to 2022. For the credit risk, effects on the ratings (in the form of rating changes) on industry levels were created on the basis of the forecasts by the relevant experts at NORD/LB Group. The loss ratios were stressed based on market value deterioration in asset financing. In addition, specific specifications were drawn up at customer level for the structured finance and corporate clients segments.

Scenario analysis showed that some areas have been more affected, which led to an updating of the MAC-19 portfolio based on the information gained during the pandemic. The focus was expanded as a result and is on the structured finance, real estate and corporate customers and markets segments. In the consolidated financial statements, MAC-19 amounted to around € 386 million. Broken down by segment, the structured finance segment accounts for around € 163 million, corporate customers for around € 122 million, real estate customers for around € 88 million and markets for around € 13 million.

Upon early initial application of IDW RS BFA 7, the use of the management adjustment also affected the risk provisions in accordance with HGB in the annual financial statements of NORD/LB AöR in the amount of € 296.1 million. This makes use of the possibility to determine general loan loss provisions based on the parameter-based IFRS 9 risk provisions calculation. Reversals of general loan loss provisions had a substantial positive effect on profits. The change in the valuation method produced a gain of € 204.9 million as at 31 December 2020 compared with the previously applied valuation method. NORD/LB opted for early application as this will improve the presentation of the true and fair view of its net assets, financial position and results of operations. This is due to factors including the required inclusion of up-to-date information and expectations regarding debtors' risk situation.

NORD/LB also granted deferrals of interest and repayment payments for the relevant period from 1 April to 30 June 2020 as part of the government-organised moratorium on consumer loan agreements, whereby no interest was paid on the deferrals. 841 loans were affected by this measure in the NORD/LB AöR, with no significant impact on earnings.

All further COVID-19-related measures were agreed on an individual basis and assessed on a borrower-specific basis. A total of 125 of these loans with a total gross carrying amount of around € 649 million received conditional forbearance measures due to COVID-19.

In addition, in connection with COVID-19, 155 new loans with a total volume of € 117 million were granted and these are subject to the public guarantee system (new COVID-19 relief measures by KfW or such similar institutions as Rentenbank, development banks, EIB etc.).

Other COVID-19-related effects can be seen in administrative expenses and net commission income:

- Administrative expenses include IT costs of around € 2.9 million, which were spent on the Home-Office capability for all employees.
- net commission income fell significantly short of NORD/LB's expectations due to the pandemic, which can in particular be attributed to a slowdown in new business.

Furthermore were no other significant effects on NORD/LB's income and expense position in the 2020 reporting year due to the COVID 19 pandemic.



**Accounting policies – trading portfolio**

Financial instruments of the trading portfolio are valued at fair value less a risk discount in accordance with § 340e para. 3 sentence 1 HGB. The change in fair value as compared to the last reporting date or to the acquisition costs - the valuation result - is recorded under the item Net income/expenses deriving from trading business. More information on the calculation of fair values is presented in the section titled "Calculation of fair values".

Current interest income and expenses from the trading business are shown in Interest income. Dividend income from the trading business is recorded under the item "Current income from shares and other non fixed-interest securities".

As there is currently no difference in terms of holdings between the trading portfolio reported in the balance sheet and the regulatory trading book at NORD/LB, the Bank has used the Value-at-Risk (VaR) calculated for regulatory purposes, adjusted by regulatory offsetting using a correlated foreign currency VaR of the banking book in accordance with the internal model, based on Regulation (EU) No. 575/2013 (formerly SolvV), pursuant to § 340e para. 3 sentence 1 HGB, i.e. it deducted the VaR amount calculated from the trading assets. The historical simulation method is used to calculate the VaR.

The VaR parameters used in accordance with banking supervisory regulations, and which are therefore also relevant for reporting in accordance with commercial law, are:

- Use of a correlated VaR for the following risk types:
  - General interest-rate risk,
  - Specific interest-rate risk (issuer-specific credit spread risk, no default risk),
  - Currency risk,
  - Share-price risk,
  - Option-price risk
- Confidence level: 99%
- Holding period: 10 days
- Observation period: 1 year.

The mid-market rate is used for the valuation of the trading portfolio. Furthermore the effects of the inclusion of counterparty-specific default risks for OTC derivatives are recorded as a credit value adjustment (CVA) or debit value adjustment (DVA). The CVA/DVA ratios are calculated using exposure simulation and market-implied credit data. The Bank also uses OIS discounting for the valuation of secured OTC derivatives for which OIS discounting has developed into the current market standard.

Moreover, NORD/LB AöR has applied a funding valuation adjustment (FVA) since financial year 2016. This adjustment represents the market-implied funding costs for unsecured derivative positions. A discounted approach is used for the calculation. The scope of application comprises material unsecured OTC interest rate derivatives.

**Accounting policies – non-trading portfolio (banking book)**

The cash reserve is recognised at nominal value.

Claims on customers and banks are recognised at nominal value and at amortised cost respectively. If there are differences between the nominal values and the amounts paid out for mortgage loans and other claims - insofar as they incur interest - the items are recognised at nominal value in accordance with § 340e para. 2 HGB. The differences are reported under Deferred income and written back as scheduled.

Low and interest-free receivables are recognised at their present value, and where necessary corrected by specific valuation allowances or loan loss provisions.

Recognisable risks in the lending business are adequately accounted for through the formation of specific valuation allowances and provisions as part of periodic or ad-hoc loan monitoring. Significant loans (volume of receivables per individual borrower exceeding € 1.5 million), for which objective indications of impairment have been identified are provisioned on an individual basis. The amount is quantified as the difference between the carrying amount of the claim and the present value of the anticipated future cash inflows from interest, repayments and the proceeds of sale of securities. The recognition of interest on impaired claims is recorded on the balance sheet by way of a present-value allocation of the carrying amount as interest income from the impaired receivable. The former Bremer Landesbank made use of this de facto accounting option in the past insofar as it recorded interest income to reduce risk provisioning, recording it as earnings from write-ups of receivables and certain securities as well as from the reversal of provisions in the lending business. Non-significant loans are recognised using a general valuation allowance per individual borrower, to which a statistically determined default amount is applied. Based on a credit rating classification system, country risks in the form of sovereign default risks and transfer risks are also taken into account in the evaluation of country-specific constraints and, where appropriate, provisions based on cautious standards are established for cross-border exposures to certain countries. Country risks are reflected with an assessment of compliance with country limits (rating procedure for country and transfer risks). Adequate loan loss provisions are in place for other general credit risks. The loan loss provisions in the annual financial statements as at 31 December 2020 calculated for the first time using IDW RS BFA 7 and thus no longer in accordance with the statements of BFA 1/1990 and BMF Circular dated 10 January 1994. NORD/LB is applying the option of early application of IDW RS BFA 7. A parameter-based method based on default probabilities, loss ratios and the possible receivable amount in the event of default is used to determine the general loan loss provisions. Expected creditworthiness-induced losses on the individual receivables are already recognised upon initial measurement after initial recognition on the basis of an expected loss model. The expected losses derive from the present value of the payment defaults expected from potential default events over the next months. If a significant increase in the default risk has been detected since initial recognition on one of the following reporting dates, but there is no objective indication of impairment, a loan loss provision in the amount of the present value of the expected losses over the remaining term of the receivable (lifetime expected credit loss) is recognised. Quantitative and qualitative criteria are used to determine a significant increase in the probability of default. The quantitative review is performed using the credit-related change in the 12-month probability of default. To do that, the Group compares the forward-12-month probability of default defined upon initial recognition using a default profile and the actual 12-month probability of default as determined at the measurement date. In addition, the credit quality is deemed to have deteriorated significantly if qualitative criteria are met, such as either a payment in arrears of more than 30 days or the exposure is forborne. If a significant increase in the default risk is no longer determined as at the reporting date, only the expected losses for

the next 12 months need to be taken into account again. Provisions are calculated in accordance with the same procedure for non-defaulted off-balance sheet items. The change in the valuation method for general loan loss provisions follows the adoption of IDW RS BFA 7 on 13 December 2019. This IDW approach to financial reporting is to be applied for the first time to financial statements for financial years beginning after 31 December 2021, whereby early application is permitted. NORD/LB has opted for early application as at 31 December 2020, as this will improve the presentation of the true and fair view of its net assets, financial position and results of operations. This is due to factors including the required inclusion of up-to-date information and expectations regarding debtors' risk situation. Compared with an assumed application of the previous method as at 31 December 2020, the change in the valuation method as at 31 December 2020 led to a significant reduction in the general loan loss provisions accompanied by corresponding income of € 204.9 million. Insofar as the credit risk is removed or declines, the stipulated types of risk provisioning are reversed to the corresponding extent. Here, NORD/LB complies with the requirement to reinstate original values as set down in tax and commercial law. If the Bank determines that a receivable is completely or partially irrecoverable, it must be written down.

Negative interest income as well as positive interest expenses are recognised separately in the income statement. The negative interest income arose on banks and customers (incl. repurchase transactions). The positive interest expenses arose on liabilities to banks and liabilities to customers (incl. repurchase transactions).

Securities held in the liquidity reserve are valued at the strict lower-of-cost-or-market principle. Investment securities are treated in accordance with the diluted lower-of-cost-or-market principle where no foreseeable permanent impairment exists.

Pursuant to IDW RS HFA 22 from the German Institute of Public Auditors, structured products are broken down into their constituent parts (underlying instrument and embedded derivative) and recognised separately. The currently applicable accounting methods are applied to the constituent parts. The separated derivatives are considered in the loss-free valuation of the banking book or included in valuation units. Structured products which are measured at fair value or at the strict lower-of-cost-or-market principle are not recognised separately.

Option premiums and future margin payments for transactions that are not yet due as well as accrued interest income from interest-rate swap transactions are recorded under Other assets or Other liabilities. Amounts not yet amortised from interest-rate cap agreements and up-front payments from interest-rate swaps not yet amortised are included in Deferred income.

Credit Default Swaps (CDS) for which the Bank serves as the collateral provider are treated in a similar manner to the procedure for contingent receivables and contingent liabilities from guarantees and other indemnity agreements. If claims can be expected from the CDS, then provisions should be established. Income components from CDS in the collateral-provider position are stated in Commission income. If CDS have been taken out to hedge securities (with the Bank as collateral taker), the hedging effect of the CDS will be taken into account when the need to amortise the securities is assessed. If there is a risk that the creditworthiness of the collateral provider (counterparty to the CDS contract) is questionable, then this risk must be taken into consideration separately. The same procedure should be followed as for a guarantee. Income components from CDS in the collateral-taker position are stated in Interest income.

In those instances in which risks from the non-trading portfolio are transferred to the trading portfolio, internal transactions, just as external transactions, must be considered from a German commercial law perspective in line with the deputisation principle.

Participations and investments in affiliated companies are recorded at acquisition cost or at the lower fair value in the case of permanent impairment. If the reasons for an impairment loss no longer exist, then a write-up is made for no more than the acquisition cost.

Property and equipment are stated in the balance sheet at acquisition cost and those with finite useful lives are amortised. In so doing, their useful lives are established based on their economic benefit. Insofar as impairments are likely to be permanent, NORD/LB recognises an impairment loss. If the reasons for the recognition of the impairment loss no longer exist, write-ups are made up to a maximum of the amortised costs or amortised production costs. Impairment losses according to § 253 para. 3 sentence 5 HGB of € 0.0 million (€ 51.9 million) were accrued in the reporting year. Assets whose acquisition cost is between € 250 and € 1,000 are capitalised as pooled assets and depreciated at a flat rate of 20 percent per year over five years. Low-value assets the acquisition cost of which does not exceed € 250 are fully depreciated according to tax law procedures in the year of their acquisition.

NORD/LB exercised its option pursuant to § 248 para. 2 HGB and reports internally generated intangible fixed assets. In this connection, the external costs incurred as a result of the development phase and internal development efforts are reported. The useful life of software developed internally is generally set at five years.

Purchased software is depreciated over three years, unless otherwise specified in the contract.

Insofar as impairments are likely to be permanent, NORD/LB recognises an impairment loss. If the reasons for the recognition of the impairment loss no longer exist, write-ups are made up to a maximum of the amortised costs or amortised production costs.

Liabilities to banks and customers are shown at their settlement values as liabilities. Interest-rate related differences between amounts borrowed and amounts repaid are reported under Deferred income and written back as scheduled.

Zero bonds are recognised at their purchase price plus accrued interest in accordance with the yield on purchase.

Provisions are valued at the settlement value required according to sound business judgement. Provisions with a term of more than one year are discounted at the average market interest rate for their corresponding residual terms as published by the German Bundesbank in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung; RückAbzinsV). Income and expenses from the discounting of provisions are recorded under Other operating income and expenses. The impact resulting from the change in the underlying discount rates is also shown in Other operating income and expenses.

The Bank exercised the netting option for income and expenses pursuant to § 340 f para. 3 HGB.

### Calculation of fair values

Fair values must be determined for accounting purposes (valuation of primary and derivative financial instruments held for trading at fair value) and for reporting purposes (designation of fair value for derivative financial instruments not held for trading). For both of these purposes, the fair values are determined in the same manner as described below.

For financial instruments are traded in an active market the fair value corresponds directly to the market/stock exchange price, i.e. in this case no adjustments or present value calculations are made to determine the fair value. Publicly listed stock-market prices or quotations in liquid markets are used if available. Otherwise other sources of prices are used (e.g. quotes from market makers). Examples of financial instruments held by NORD/LB that are traded on an active market are exchange-traded securities and futures.

In all other cases, the fair value is determined using generally recognised valuation methods. Some of the generally recognised valuation methods used by NORD/LB for primary and derivative trading operations include the following:

Valuation method	Application	Significant input parameters
Discounted cash flow method	Illiquid interest-bearing securities	Swap curves, credit-spreads
	Credit default swaps	Swap curves, credit-spreads
	Interest-rate swaps, FRAs	Swap curves
	Securities forward contracts	Specific -securities forward prices, swap curves
	Interest-rate currency swaps, Forward exchange contracts transactions	Swap curves in the currencies traded, basic swap spreads, exchange rate
Hull & White model for options	Bermudan swaptions	Volatility of the underlying market price, risk-free interest rate, swap curves, mean reversion
Black-Scholes model	FX options	Exchange rates, volatility of the underlying exchange rate, risk-free interest rate for both currencies
	OTC share options	Volatility of the underlying, risk-free interest rate, underlying (share), dividends
Barone-Adesi, Whaley-model	OTC FX options (American)	Exchange rates, volatility of the underlying market price, risk-free interest rate
Normal Black model	Caps and floors Swaptions	Volatility of the underlying market price, risk-free interest rate
CVA/DVA (with simulation method or current exposure method)	All derivatives subject to credit risk	Market value, ratings, creditspreads, swap curves, netting and collateral information
FVA (discounting rate)	Unsecured Interest-rate swaps and -swaptions	Fair values, swap curve, CCY - basic swap spreads,

The main factors were reliably determined for all trading operations valued by means of the above-mentioned valuation methods. Consequently, there were no instances in which NORD/LB was not able to determine the fair value.

### Accounting of securities lending

In securities lending transactions, NORD/LB allocates the beneficial ownership to the lender. The result is that the lent securities remain on NORD/LB's balance sheet and are measured according to the valuation rules of the respective security category. If NORD/LB borrows securities the securities are not recognised by NORD/LB, because beneficial ownership was not transferred to NORD/LB.

### Pension obligations

In 2015 NORD/LB AöR transferred some of its existing pension obligations to the provident fund Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e.V., Hanover (NLB-UK). Bremer Landesbank did the same through the inclusion of the existing provident fund of Bremer Landesbank Kreditanstalt Oldenburg GmbH (BLB-UK).

With the agreement on the change of provident funds on 2 and 3 January 2020, NLB-UK assumed the obligations arising from the pension commitments of BLB-UK as 1 January 2020. The pension commitments will continue unchanged via NLB-UK from this date. With the transfer of the pensions obligations, BLB-UK also transferred the cash assets allocated to these to NLB-UK with debt-discharging effect as 2 January 2020.

As the initial endowment was used up through payments to the benefit recipients and contributions to reinsurance for candidates, another endowment was made to the provident funds. The endowment volume totalled € 45.4 million (€ 55.0 million). Taking reimbursements into consideration, a negative effect on earnings in the amount of € 42.3 million (€ 51.0 million) remains as a result of the endowment. These transfers resulted in pension entitlements through direct and indirect commitments. NORD/LB's direct and indirect pension provisions are measured using an accrued benefit calculation known as the Projected Unit Credit Method. This method measures the current pensions on the reporting date and the share of the pension entitlements earned through years of service. Future increases expected due to associated future expected salary increases or pension adjustments are also taken into account. The actuarial present value of obligations is determined by discounting the expected future pension benefits (settlement value as per § 253 para. 1 sentence 2 HGB) at the average market interest rate for the past ten financial years applicable on the reporting date as per § 253 para. 2 HGB. In determining the actuarial present value of pension obligations, the simplification rule as per § 253 para. 2 sentence 2 HGB is used and the interest rate is generally discounted over a residual period of 15 years. The 2018 G mortality tables from Heubeck AG as at the reporting date were used to determine the pension provisions.

As at 31 December 2020, the Bank's provisions in Germany amounted to € 691.3 million (€ 645.9 million). Of the provisions, € 445.8 million (€ 400.4 million) is to direct obligations. The difference in amounts for the Bank in Germany at a pension obligation rate in line with the average market interest rate from the past seven fiscal years is € 76.3 million (€ 71.7 million). The indirect pension liabilities of € 245.5 million (€ 245.5 million) arose from a negative balance (difference between the requisite settlement value for the pension obligations as per § 253 para. 1 sentence 2 para. 2 HGB and the assets transferred to the provident fund) at the time the means of implementation was changed provided the reason for provisioning still existed as per § 249 para. 2 sentence 2 HGB. Accordingly, the changes to indirect pension provisions can no longer be accounted for through profit and loss; in particular, changes to the discount rate do not affect the balance sheet nor do they result in either profit or loss. The shortfall resulting from unrecognised pension obligations pursuant to Art. 28 para. 2 of the Introductory Act on the German Commercial Code (EGHGB) amounts to € 1 047.2 million (€ 889.8 million).

The following assumptions for the domestic Bank were used to determine the direct and indirect pension obligations:

	2020	2019
Discount rate (10-year average interest rate)	2,30%	2,71%
Discount rate (7-year average interest rate) <sup>1)</sup>	1,60%	1,97%
Salary increases	2,00%	2,00%
Pension increases	2,75%	2,75%
Fluctuation	3,00%	3,00%

<sup>1)</sup> The average market interest rate from the past seven fiscal years was applied until 2015 to measure NORD/LB's pension benefit obligations. Starting in 2016, this rate has been used to calculate the difference in amounts as per § 253 para. 6 HGB.

The measurement of NORD/LB's direct and indirect pension provisions is based on Dr Klaus Heubeck's 2018 G mortality tables.

The settlement amount of the existing pension plan in New York is equivalent to € 0.1 million (€ 0.2 million).

As at 31 December 2020, the London branch shortfall of € 2.5 million (€ 1.5 million) for its indirect pension obligations.

Based on a service agreement, NORD/LB employees have the option of contribution time credits and deferred compensation to long-term value accounts which are invested in a special fund via a trustee.

This relates to a securities-linked commitment, so that the relevant provisions are recognised at the fair value of the fund's assets and are netted against the pension plan assets as per § 253 para. 1 HGB.

As at 31 December 2020, the fair value of the special funds to € 10.7 million (€ 11.1 million), determined in accordance with the German Capital Asset Accounting and Assessment Regulation (KARBV), with acquisition costs of € 10.7 million (€ 11.1 million). The settlement amount amounts to € 10.5 million (€ 10.9 million).

Income and expenses from the pension plan assets and the corresponding provisions are offset in Other operating profit/loss. The income and expenses offset in the reporting year amount to -33 252.85 € (90 430.13 €).

### Currency translation

Currency conversion in the non-trading portfolio is carried out in accordance with the principles of § 256a in conjunction with § 340h HGB ("special cover") and the statement made by the Bankenfachausschuss (Banking Committee) of the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW RS BFA 4), as the Bank manages currency risk via separate currency positions and carries the individual currency items in the currency positions. The special cover comprises all assets, liabilities and pending transactions which are not allocated to the trading portfolio, are financial instruments and are in a foreign currency.

The assets and liabilities and the valuation of forward currency transactions and outstanding spot currency transactions are translated using the average spot exchange rate (ECB reference exchange rate) or rates from other reliable sources on the reporting date.

For futures transactions in the non-trading portfolio, the pro-rata, swap premiums/discounts which have not yet been amortised are valued at the current swap rates for the remaining term of the transactions.

The results from the valuation of the remaining positions are added for each currency; losses are deducted. Any remaining positive results, such as unrealised gains from open items, are not recognised.

As regards financial instruments in the trading portfolio, currencies are translated in accordance with the corresponding valuation and accounting principles. The results of the currency translations are reported under the items Net income or Net expenses deriving from the trading portfolio.

The results of these currency translations for financial instruments in the non-trading portfolio are netted out and recorded under Other operating income.

In total, NORD/LB's assets and liabilities denominated in foreign currencies total € 20.6 billion (€ 29.1 billion) and € 19.8 billion (€ 28.6 billion).

The base currency used for reporting at the foreign branches in London, Shanghai and Singapore is the euro, while the base currency for the New York branch is the US dollar. All transactions are posted in their original currency. Assets, liabilities and off-balance-sheet transactions are translated into the base currency using the respective ECB reference rate on the reporting date. Expenses and income in foreign currency are translated daily into the base currency using the ECB reference rate. The balance sheet of the New York branch is converted from the base currency of the US dollar into the reporting currency, the euro, using the ECB reference rate on the reporting date, and the income statement is converted using the ECB average reference rate.

#### **Formation and accounting of valuation units**

In the following cases, NORD/LB's economic hedging transactions are also shown in the balance sheet by forming valuation units:

- Individual transaction-specific interest rate hedges of fixed-income securities of the liquidity reserve through interest rate swaps (2020: € 437.6 million; 2019: € 405.6 million);
- Individual transaction-specific hedges of the underlying share price or exchange-rate risks of certain structured issues with share-price or exchange-rate-specific derivatives (2020: € 114.8 million; 2019: € 118.8 million);
- Individual transaction-specific passing on of inflation risk hedged against customers to the market (2020: € 93.4 million; 2019: € 104.6 million).

In addition to the above-mentioned hedging relationships shown as valuation units, there are the following economic hedging transactions which are not shown in the balance sheet by forming valuation units, but by the measures below:

- Currency hedges in the banking book. The economic hedging relationship is presented in the balance sheet by the conversion of the foreign-currency assets, foreign-currency liabilities and pending currency transactions in accordance with § 256a in conjunction with § 340h HGB.
- Hedging of general interest-rate risk in the banking book within the scope of asset/liability management (overall bank management).



The economic control relationship is taken into account when assessing whether the requirements for loss-free valuation in the banking book have been complied with by considering all of the interest-bearing banking book assets and liabilities and all interest derivatives in the banking book.

- Hedging of the default risk relating to the banking book assets with CDS contracts. The economic hedging relationship is presented in the balance sheet by considering the hedge effect of the CDS contracts in the calculation of the valuation allowance required for the hedged assets.

NORD/LB uses the freeze method for any valuation units formed.

**Loss-free valuation of interest-rate-based transactions in the banking book (interest book)**

Interest-rate-based financial instruments in the banking book (interest book) are subject to a loss-free valuation as stipulated by the Institute of Public Auditors in Germany (IDW RS BFA 3 (new version)). If the value of the payment obligation from the interest-bearing transaction is greater than the value of the counterperformance, a provision for anticipated losses in the amount of the excess liability is to be made.

In the present value approach, NORD/LB compares the cash flows, discounted as at the reporting date, of all on-balance-sheet and off-balance-sheet interest-rate-based financial instruments outside of the trading portfolio with their carrying amounts, also taking into account the expected funding risk expenses, risk expenses and administrative expenses. As at the reporting date there was no excess liability.

## II. Disclosures and notes to the balance sheet and income statement

The notes below on the individual items of the balance sheet and income statement appear in the order that the items are reported as per § 284 para. 1 sentence 1 HGB:

<b>Notes to the Balance Sheet</b>	<b>Assets</b>	
(in € 000)	31 Dec.2020	31 Dec.2019
<b>3. Claims on banks</b>		
<b>Balance sheet value</b>	<b>16 852 402</b>	<b>25 598 983</b>
of which		
with a residual term of		
Due on demand	2 386 189	8 027 061
less than 3 months	3 380 157	6 269 692
more than 3 months but less than 1 year	901 446	1 267 565
more than 1 year less than 5 years	3 908 534	3 457 195
more than 5 years	6 276 077	6 577 470
of which		
Claims on affiliated companies	1 008 962	3 465 087
Claims on companies in which an equity investment exists	145 863	191 123
Subordinated receivables	–	95 116
Used to cover old stock	29 682	854
<b>The full amount of receivables from banks includes:</b>		
Claims on affiliated savings banks	8 798 301	8 414 359
<b>4. Claims on customers</b>		
<b>Balance sheet value</b>	<b>50 778 891</b>	<b>55 503 263</b>
of which	–	
<b>with a residual term of</b>		
less than 3 months	7 418 034	7 484 958
more than 3 months but less than 1 year	4 169 858	4 883 482
more than 1 year less than 5 years	17 694 604	19 218 488
more than 5 years	21 496 396	23 916 336
of which		
Claims on affiliated companies	411 793	268 314
Claims on companies in which an equity investment exists	263 119	180 165
Subordinated receivables	28 406	174 691
Used to cover old stock	750 804	804 857
With an indefinite term	2 224 815	2 371 686
<b>5. Debt securities and other fixed-interest securities</b>		
<b>a) Money-market instruments</b>		
<b>aa) Issued by public sector issuers</b>		
<b>Balance sheet value</b>	–	–

<b>Notes to the Balance Sheet</b>	<b>Assets</b>	
(in € 000)	31 Dec.2020	31 Dec.2019
<b>ab) Issued by other issuers</b>		
<b>Balance sheet value</b>	<b>56 086</b>	<b>300 641</b>
of which		
due in the following year	56 086	300 641
marketable and listed money-market instruments	35 713	278 382
<b>b) Bonds and debt securities</b>		
<b>ba) Issued by public sector issuers</b>		
<b>Balance sheet value</b>	<b>4 894 310</b>	<b>5 034 109</b>
of which		
due in the following year	235 919	640 661
marketable and listed money-market instruments	4 651 192	4 835 830
marketable and unlisted money-market instruments	243 118	198 279
<b>bb) Issued by other issuers</b>		
<b>Balance sheet value</b>	<b>8 206 547</b>	<b>10 051 944</b>
of which		
due in the following year	1 284 811	1 299 971
marketable and listed money-market instruments	7 666 538	9 562 328
marketable and unlisted money-market instruments	540 009	489 616
Affiliated company securities	2 348 920	2 830 664
Subordinated debt securities	183 775	216 542
<b>c) Debt securities, issued by the institution itself</b>		
<b>Balance sheet value</b>	<b>260 658</b>	<b>206 820</b>
of which		
due in the following year	169 717	18 123
marketable and listed money-market instruments	257 105	203 370
marketable non listed money-market instruments	3 553	3 449
Subordinated debt securities	391	–
<b>6. Shares and other non fixed-interest securities</b>		
<b>Balance sheet value</b>	<b>102 519</b>	<b>95 353</b>
of which		
marketable non listed shares and other non fixed-interest securities	941	847
<b>6a. Trading portfolio</b>		
<b>Balance sheet value</b>	<b>15 023 930</b>	<b>14 238 652</b>
of which		
Derivative financial instruments	10 516 127	9 895 763
Claims	2 205 778	2 518 804
Debt securities and other fixed-interest securities	2 316 902	1 831 808
Risk discount	– 14 877	– 7 723

<b>Notes to the Balance Sheet</b>	<b>Assets</b>	
(in € 000)	31 Dec.2020	31 Dec.2019
<b>7. Participations</b>		
<b>Balance sheet value</b>	<b>153 257</b>	<b>157 305</b>
The equity holding is shown in Paragraph III no. 11		
<b>8 Investments in affiliated companies</b>		
<b>Balance sheet value</b>	<b>1 116 485</b>	<b>1 290 989</b>
of which		
Marketable unlisted shares	927 973	1 089 941
The equity holding is shown in Paragraph III no. 11		
<b>9. Assets held in trust</b>		
<b>Balance sheet value</b>	<b>3 149 342</b>	<b>2 885 804</b>
of which		
Claims on banks	816 134	515 308
Claims on customers	2 333 208	2 370 496
<b>11. Intangible assets</b>		
<b>Balance sheet value</b>	<b>89 944</b>	<b>100 960</b>
of which		
Internally generated software 1)	50 849	44 995
Finance lease	91	1 183
<b>12. Tangible assets</b>		
<b>Balance sheet value</b>	<b>233 325</b>	<b>244 337</b>
of which		
Land and buildings	203 859	210 164
Operating and office equipment	29 466	34 173
<b>14. Other assets</b>		
<b>Balance sheet value</b>	<b>1 441 040</b>	<b>1 275 341</b>
of which		
The following are reported as significant items:		
Option premiums and margins	742 664	756 179
accrued and due interest from interest rate swaps	359 725	395 373
Balancing item from currency valuation	121 865	24 093
Reported assets on interim accounts	95 456	13 721
Irrevocable payment commitments	72 580	58 386
Rescue acquisitions	24 028	13
Claims against fiscal authorities	13 345	14 462
Pro-rated interest claims from flat-traded securities held for trading portfolio	8 627	8 646
<b>15. Deferred expenses and accrued income</b>		
<b>Balance sheet value</b>	<b>996 602</b>	<b>1 139 374</b>
of which		
from issuing and lending business	462 135	561 860
others	534 468	577 514

<sup>1)</sup> In the reporting year 2020, development costs of € 10.1 million (€ 7.3 million) were incurred when creating software; there were no research costs.

## Assets

The table below shows the changes to fixed assets:

	Aquisition/ manufac- turing cost	Additions	Disposals	Reclassi- fications	Accumula- tive depre- ciation	Deprecia- tion for the accounting- period	Balance sheet value 2020	Balance sheet value 2019
(in € 000)							2020	2019
<b>Intangible assets</b>	311 077	21 340	- 2 321	-	- 208 059	- 32 093	89 944	100 960
internally generated in- dustrial property rights and similar rights and values	144 896	18 154	-	-	- 99 901	- 12 300	50 849	44 995
Concessions, industrial property rights and similar rights and values includ- ing its licences against payment	158 680	3 157	- 1 883	1 580	- 103 880	- 18 701	38 952	52 742
Advance payments made	2 040	30	- 438	- 1 580	-	-	52	2 040
Finance lease	5 461	-	-	-	- 4 278	- 1 092	91	1 183
<b>Tangible assets</b>	572 548	4 712	- 6 209	-	- 322 617	- 15 110	233 325	244 337
land and buildings	368 559	398	- 451	-	- 157 959	- 6 689	203 859	210 164
Operating and office equipment	203 988	4 314	- 5 758	-	- 164 658	- 8 421	29 466	34 173
		Change <sup>1)</sup>						
Participating interests			- 4 049				153 257	157 305
Investments in affiliated companies			- 174 504				1 116 485	1 290 989
Securities in fixed assets			- 130 671				1 690 441	1 821 112
of which:								
Bonds and debt securities			- 131 148				1 684 394	1 815 542
Shares			477				6 047	5 570

<sup>1)</sup> The summary provided for under § 34 para. 3 of the German Accounting Regulation for Credit and Financial Services Institutions (RechKredV) was utilised.

Notes to the Balance Sheet	Liabilities	
(in € 000)	2020	2019
<b>1. Liabilities to banks</b>		
<b>Balance sheet value</b>	<b>28 933 923</b>	<b>33 709 578</b>
of which		
<b>a) Due on demand</b>	<b>3 562 105</b>	<b>2 798 060</b>
of which		
Liabilities to affiliated companies	3 665	629
Liabilities to companies in which an equity investment exists	7 053	416
<b>b) With an agreed term or notice period</b>	<b>25 371 818</b>	<b>30 911 518</b>
of which with a residual term of		
less than 3 months	4 885 827	9 518 328
more than 3 months but less than 1 year	1 991 144	2 636 170
more than 1 year but less than 5 years	7 273 146	7 215 281
more than 5 years	11 221 702	11 541 739
of which		
Liabilities to affiliated companies	234 018	469 756
Liabilities to companies in which an equity investment exists	54 241	60 130
Assets pledged as collateral <sup>1)</sup>	14 970 500	18 877 858
<b>The full amount of bank loans and overdrafts includes:</b>		
Liabilities to affiliated savings banks	2 051 158	1 455 896
<b>2. Liabilities to customers</b>		
<b>Balance sheet value</b>	<b>41 999 682</b>	<b>47 565 637</b>
of which		
<b>a) Savings deposits</b>		
<b>aa) with an agreed notice period of three months</b>	<b>1 044 271</b>	<b>1 046 435</b>
<b>ab) Savings deposits with an agreed notice period of more than three months</b>	<b>8 286</b>	<b>13 232</b>
of which with a residual term of		
less than 3 months	1 258	3 117
more than 3 months but less than 1 year	1 979	1 792
more than 1 year but less than 5 years	4 870	8 067
more than 5 years	180	257
<b>b) Other liabilities</b>		
<b>ba) Due on demand</b>	<b>22 581 366</b>	<b>21 758 594</b>
of which		
Liabilities to affiliated companies	78 592	104 828
Liabilities to companies in which an equity investment exists	34 671	148 691

<sup>1)</sup> Collateral has been provided for borrowing undertaken within the scope of genuine repos. Collateral was also provided for refinancing funds for specific purposes and open market transactions to Deutsche Bundesbank.

<b>Notes to the Balance Sheet</b>	<b>Liabilities</b>	
(in € 000)	2020	2019
<b>bb) With an agreed term or notice period</b>	<b>18 365 758</b>	<b>24 747 376</b>
of which with a residual term of		
less than 3 months	1 939 171	3 897 621
more than 3 months but less than 1 year	1 969 010	3 741 481
more than 1 year but less than 5 years	3 723 265	4 720 707
more than 5 years	10 734 311	12 387 567
of which		
Liabilities to affiliated companies	-	-
Liabilities to companies in which an equity investment exists	196 699	222 488
Assets assigned as collateral	88 293	115 944
<b>3. Securitised liabilities</b>		
<b>a) Issued debt securities</b>		
<b>Balance sheet value</b>	<b>12 980 650</b>	<b>14 960 750</b>
of which		
Due in the following year	3 403 628	3 089 575
Liabilities to affiliated companies	-	500 000
Liabilities to companies in which an equity investment exists	-	-
<b>b) Other securitised liabilities</b>		
<b>Balance sheet value</b>	<b>160 802</b>	<b>30 631</b>
of which with a residual term of		
less than 3 months	154 866	22 340
more than 3 months but less than 1 year	-	-
more than 1 year but less than 5 years	4 836	30
more than 5 years	1 100	8 261
<b>3a. Trading portfolio</b>		
<b>Balance sheet value</b>	<b>11 149 286</b>	<b>9 839 211</b>
of which		
Derivative financial instruments	11 100 720	9 776 051
Liabilities (for short-term securities)	48 565	63 160
<b>4. Liabilities held in trust</b>		
<b>Balance sheet value</b>	<b>3 149 342</b>	<b>2 885 804</b>
of which		
Liabilities to banks <sup>1)</sup>	1 086 102	817 932
Liabilities to customers	2 063 241	2 067 872

<sup>1)</sup> This includes equity of Investitionsbank Sachsen-Anhalt in the amount of € 194.4 million (€189.7 million).

Notes to the Balance Sheet	Liabilities	
(in € 000)	2020	2019
<b>5. Other liabilities</b>		
<b>Balance sheet value</b>	<b>875 335</b>	<b>1 382 513</b>
of which		
reported as significant items:		
Premiums received for option transactions	560 549	595 061
Interest payable and accrued interest from swaps	174 347	207 180
Outstanding items on interim accounts, not classified	64 413	21 304
Liabilities from restructuring measures	29 136	11 302
Liabilities from goods and services received	23 798	22 639
Interest payable from profit participation rights, subordinated liabilities and capital contributions	16 784	26 233
Balancing item from currency valuation	4 685	491 635
Liabilities to fiscal authorities	37	1 777
<b>6. Deferred income</b>		
<b>Balance sheet value</b>	<b>631 111</b>	<b>702 985</b>
of which		
From issuing and lending business	505 940	544 040
Others	125 171	158 944
<b>7. Provisions</b>		
of which		
<b>Other provisions</b>	<b>1 058 502</b>	<b>1 056 094</b>
NORD/LB forms provisions for pensions and similar duties, tax provisions and other provisions for uncertain liabilities.		
Basically the following items are shown under other provisions:		
Staff expenses – other	358 305	312 435
Restructuring provisions "Transformation Programme"	466 875	496 575
Legal risks	15 711	21 223
Staff expenses – reorganisation provisions (efficiency improvement programme)	7 808	13 951
Risks from lending business	99 348	77 175
anticipated losses on pending transactions	22 997	38 192
<b>9. Subordinated liabilities</b>		
<b>Balance sheet value</b>	<b>1 918 706</b>	<b>2 490 777</b>
of which		
due within five years in accordance with the CRR	1 187 782	1 276 577

In respect of the reported liabilities, NORD/LB paid interest in the amount of € 92.1 million (€ 127.3 million).

The borrowings, which exceed 10% of the total amount, are structured as follows:

Currency amount	Interest rate	Due on
€ 218 million	4,75 % p.a.	2 October 2023
€ 200 million	6-Month-EURIBOR plus 0,375%	28 June 2030
USD 500 million	6,25 % p.a.	10 April 2024

The conditions for the subordination of these funds comply with applicable statutory provisions. The conversion of these funds into capital or any other form of debt has not been agreed and is not planned.



(in € 000)	2020	2019
<b>10a Instruments of additional regulatory Tier 1 capital</b>		
<b>Balance sheet value</b>	50 200	50 200
The Tier-1 bond was issued on the following terms:		
<b>Currency amount</b> € 50.2 million	<b>Interest rate</b> 8,50% p.a.	<b>Due on</b> until maturity
(in € 000)	2020	2019
<b>11. Funds for general banking risks</b>		
<b>Balance sheet value</b>	68 308	68 308

## 12 Equity

The net accumulated loss for the year 2020 includes the loss carried forward from the previous year of 520 059 673.27 €.

The owners of NORD/LB will be presented with a proposal for resolution at the owners' meeting on 21 April 2021 to carry forward the accumulated loss for 2020.

## 1 Contingent liabilities

As at 31 December 2020 the contingent included nine material liabilities from guarantees and other indemnity agreements from the lending businesses. Individual amounts range from € 71.3 million (€ 89.0 million) to € 226.6 million (€ 228.2 million).

NORD/LB's maximum liability to customers from guarantees up to an amount of € 9 744.4 million (€ 9 808.9 million) and letters of credit up to an amount of € 24.7 million (€ 115.2 million).

The risk of the contingent liabilities being utilised is considered to be low as the liabilities are ranked and monitored on a credit-related basis. A Provision from lending business in the amount of € 55.1 million (€ 31.7 million) was allocated.

## 2 Other obligations

Irrevocable loan commitments in 2020 can be broken down as follows:

(in € 000)	2020	2019
Commercial enterprises	5 928	6 180
Banks	1 253	446
Public authorities	48	50
Private persons	295	330
<b>total</b>	<b>7 524</b>	<b>7 006</b>

As at 31 December 2020, other liabilities include significant irrevocable loan commitments, the individual amounts of which range from € 66.4 million (€ 56.7 million) to € 124.5 million (€ 154.7 million).

Based on the credit rating analyses, credit-related ranking and monitoring of other liabilities that have been conducted, it is generally assumed that the borrowers will meet their obligations. Risks may arise from a drop in the customers' credit ratings, for which an appropriate provision has been made. The provision from lending business amounts to € 27.4 million (€ 13.0 million).

## 3 Unrestricted letters of comfort

NORD/LB ensures that the following companies are able to meet their obligations:

- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
- Nieba GmbH, Hanover, Germany
- Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg - Findel, Luxembourg
- Skandifinanz AG, Zurich, Switzerland.

On account of the economic situation of these companies, NORD/LB does not expect claims under the aforementioned letters of comfort. Correspondingly, at the present moment, there is no need to determine the extent of possible liability under the letters of comfort.

### Notes to the income statement

The total balance of the income statement items 1., 4., 5., 7., 9. and 10. is spread across the following regions:

	Federal Republic of Germany	Europe (excl. of Federal Republic of Germany)	North America	Asia	Total
<b>(in € 000)</b>					
<b>1. Net interest income</b>	- 3 093 796 (3 956 275)	- (-)	- 67 498 (129 006)	- 41 021 (72 848)	- 3 202 314 (4 158 129)
<b>4. Positive Interest from lending and money market transactions</b>	- 54 504 (59 820)	- (-)	- (-)	- (-)	- 54 504 (59 820)
<b>5. Current income</b>	- 6 785 (25 835)	- (-)	- (-)	- (-)	- 6 785 (25 835)
<b>7. Net commission income</b>	- 190 811 (252 300)	- 8 077 (8 387)	- 19 542 (19 321)	- 7 439 (14 933)	- 225 868 (294 941)
<b>9. Net income deriving from trading portfolio</b>	- 47 132 (32 918)	89 (- 16)	4 225 (578)	373 (- 2 304)	- 42 445 (31 177)
<b>10. Other operating income</b>	- 194 139 (127 660)	- 65 (312)	- 1 133 (22)	- 480 (57)	- 195 816 (128 051)
<b>Income statement item</b>	- 3 587 165 (4 454 808)	- 8 054 (8 683)	- 83 947 (148 928)	- 48 567 (85 535)	- 3 727 732 (4 697 953)

(in € 000)	31 Dec.2020	31 Dec.2019
<b>9. Net income/expenses deriving from trading business</b>		
The following are reported as material items:		
Net income from securities	104 741	77 039
Net expenditure from securities <sup>1)</sup>	-	-
Net income from loans	67 624	132 086
Net expenditure from claims (registered securities)	-	-
Net income from derivatives	-	-
Net expenditure from derivatives	142 974	187 133
Income from the change in value at risk reduction	-	2 816
Expense from the change in the Value at Risk deduction	7 154	-
Foreign exchange result	17 136	6 627
<b>10. Other operating income</b>		
The following are reported as material items:		
Income from aid claims under the support agreement of the Land of Lower Saxony	31 449	57 206
Reversal of provisions	26 266	24 864
Price gains from promissory note loans and registered securities	1 396	7 339
Land rental income	6 329	6 232
Offsetting of services with promotion institutes	2 951	3 841
Interest income from tax refunds	3 469	2 695
Income from the disposal of Fürstenberg Holding	-	2 500
Profit from hedge derivatives of own issues	70 523	1 427
Book profits from disposal of property and equipment	197	471
IT services for third parties	484	464
Income from the resale of hardware, software and services	178	183
Interest income from the valuation of provisions	25 750	-
Income from intra-group cost allocation for IT in connection with BilMoG	2 370	5 678
Reimbursements from customers	1 118	1 103
Personnel-related cost reimbursements	1 359	1 406
<b>13. Other operating expenses</b>		
The following are reported as material items:		
Interest expenses from the valuation of provisions	95 019	79 330
Foreign exchange of banking book	3 802	18 546
Expenses for KSN services	16 121	13 161
Price losses from redemption of promissory notes and registered bonds	76 957	6 261
Interest expenses for payments of tax arrears	2 009	4 459
Expenses for the resale of hardware, software and services purchased	3 094	2 421
Expenses for losses resulting from operational risks	725	1 014
Concession fee for BLSK	500	650
Book losses from disposal of property and equipment	107	69

## 22. Extraordinary result

The total of € 53.2 million (€ 122.3 million) in reorganisation expenses contained in extraordinary expenses includes non-recurring expenses which cannot be allocated to the operating business activities of NORD/LB. These include consulting services for strategy, IT and legal advice for the redimensioning of the lending business, the planned capital-boosting programme and other measures to strategically realign the Bank.

The extraordinary result also includes expenses from an allocation to the restructuring provision amounting to € 35.5 million (€ 329.6 million), which have already been reduced by discounting in the amount of € 0.5 million (€ 15.1 million).

**Other financial obligations**

In accordance with the Restructuring Fund Regulation (RstruktFV), NORD/LB is required to pay a bank levy. On 1 January 2015 the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 with regard to ex-ante contributions to resolution financing arrangements entered into force. The Regulation supplements the EU Bank Recovery and Resolution Directive (BRRD; Directive 2014/59/EU).

Also in the current financial year, NORD/LB has opted to apply a portion of the fixed annual contribution as an irrevocable payment commitment. These payment obligations, which now total € 39.5 million (€ 30.1 million), are covered by cash collateral.

As a member of the institution-specific deposit security reserve of the Landesbanks which belongs to the Savings Banks Finance Group protection scheme and owing to the European bank levy, NORD/LB is obliged to pay annual contributions. Apart from the contributions already made, there are also obligations to make additional payments in the amount of € 63.7 million (€ 156.4 million). If a case arises requiring financial support, these additional payments can be called in immediately.

For the reporting year, an annual contribution of € 11.2 million (€ 21.9 million) was due for the institution-specific deposit security reserve, and was reported in Other administrative expenses.

Part of the fixed annual contribution to the deposit security reserve was provided as an irrevocable payment commitment. These payment commitments, which now amount to € 33.1 million (€ 28.3 million), are covered by cash collateral.

NORD/LB acts as surety for the obligations of the Sparkassenverband Niedersachsen (SVN Lower Saxony Association of Savings Banks) resulting from its membership of the Deutsche Sparkassen- und Giroverband ö.K. (German association of savings banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition, joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders of this bank for legacy liabilities established prior to 18 July 2005 within the scope of the guarantor function.

Furthermore, NORD/LB together with Sparkassenverband Niedersachsen (SVN) and Landesbank Berlin Holding AG act as guarantor for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

NORD/LB has a 100% holding in Deutsche Hypothekbank (Actien-Gesellschaft). As guarantor of the deposit security reserve of the Landesbanks and Girozentralen (clearing centres), it undertakes to reimburse Deutscher Sparkassen- und Giroverband e. V. for all expenditure including interest and interest lost for supporting measures in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekbank (Actien-Gesellschaft) on 19 December 2008, which cannot be paid from the fund established for Deutsche Hypothekbank (Actien-Gesellschaft).

NORD/LB had undertaken to release the Association of German Banks (Bundesverband deutscher Banken e.V.) from all losses resulting from the measures in accordance with § 2 paragraph 2 of the statute of the "Einlagensicherungsfond" (deposit protection fund) for Deutsche Hypothekbank (Actien-Gesellschaft). The participation of Deutsche Hypothekbank (Actiengesellschaft) in the German banks' deposit protection fund was terminated on 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund, NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekbank (Actien-Gesellschaft). The final maturity date for instruments that could fall under this liability is February 2023.

With regard to NORD KB Dachfonds II Beteiligungsgesellschaft mbH, NORD/LB has an obligation to grant partnership loans totalling approximately € 1.8 million (€ 1.8 million).

NORD/LB, together with other limited partners, also holds an interest in CG-Terrassen GmbH & Co. KG (formerly: Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. - Objekt Zietenterrassen - KG). One limited partner has indemnified the former general partner IDB Niedersachsen mbH from liability. Within this relationship, NORD/LB assumes 50% of the possible obligations from this declaration of liability. The legal secondary liability a possible liability risk for any claims arising up to 2019, which will be asserted by 2024 at the latest. An identical exemption of liability was agreed for the benefit of the new general partner Casa Gutingi Verwaltungs GmbH from 2020.

In accordance with its legal form, NORD/LB is liable without limitation to the creditors of GLB GmbH & Co. OHG. All of the shareholders are either legal entities governed by public law (Landesbanks) or companies governed by private law in which the majority of the shareholding is held directly or indirectly by entities governed by public law. Following the sale and transfer of the previously held direct holding and atypical silent participation in DekaBank in 2011, the company no longer actively pursues any business activity. There are no significant material risks relating to the final accounting of accessible profit shares due from previous years following the final approval of DekaBank's tax assessments.

NORD/LB has, together with the other limited partner Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, indemnified the general partner from liability.

Payment obligations for shares and other interests amounted to € 6.6 million (€ 6.6 million) as at year end.

Over the normal course of business NORD/LB has furnished collateral in the nominal amount of € 10.1 million (€ 50.2 million) in the form of securities.

NORD/LB AöR concluded several securitisation transactions to reduce the charge on regulatory capital.

This affected the securitisation of a loan portfolio in the amount of 4.9 Mrd € as at 31 December 2019. The mezzanine tranche in the amount of 251.6 Mio € is hedged against default risks using an external guarantee. NORD/LB will itself bear the losses attributable to the first loss tranche.

Further securitisations totalling € 1.7 billion were terminated in 2020.

As long as and provided that it is not yet possible to use the guarantee to settle losses exceeding the first loss to be borne by NORD/LB, no claim for compensation can be enforced against the respective guarantors.

The annual premiums for the provision of guarantees are recorded in Commission expenses and amount to € 31.2 million for the current fiscal year, and to € 25.3 million provisionally for the following year.

On the basis of the measures agreed in the basic agreement to boost capital, NORD/LB concluded three guarantee contracts to secure loss risks and reduce the regulatory equity with the state of Lower Saxony which come into effect with the support contract on 23 December 2019. The guarantee portfolio covers two reference portfolios from the segment Ship Customers/Maritime Industries Customers (hedging the net book value of an NPL portfolio and the gross book value of an additional sub-portfolio) and a refer-

ence portfolio of aircraft financing transactions from the Special Finance segment. In return for granting the guarantees, NORD/LB pays the State of Lower Saxony a commission for each one. This is determined for the guarantee for the non-performing ship finance portfolio variably totalling 7.15% p.a. (anticipated € 63.8 million; outstanding guarantee fee of € 20.9 million anticipated as at 31 December 2020) of the guarantee amount to be melted as part of the portfolio reduction. A fixed warranty commission is contractually agreed for each of the two further guarantees, which must be paid in fixed quarterly instalments. The guarantee for the ship financing part of the portfolio with hedged gross book values is subject to a fixed guarantee fee of a total 222.2 Mio € (outstanding guarantee fee of € 120.9 million as at 31 December 2020) or € 59.5 million for the reference portfolio from the Special Finance segment (guarantee fee of € 30.7 million outstanding as at 31 December 2020), which is payable in fixed quarterly instalments.

NORD/LB concluded a framework contract with Wincor Nixdorf International GmbH, Paderborn to regulate the collaboration in the area of information technology. The contract, which bundles the IT infrastructure services with one service provider, went into effect on 1 July 2013 and was originally due to expire on 30 June 2020. Due to a one-year contract extension, this is expected to end in the first half of the following financial year. Invoicing of the annual costs will continue to be volume-dependent even after the service provider has been changed. The total volume of the current contract is approximately € 10.2 million (€ 7.0 million).

NORD/LB has obligations from long-term rental agreements and leases for land and buildings through to 2044 in the nominal amount of € 251.2 million (€ 312.3 million), of which € 169.4 million (€ 186.9 million) is owed to affiliated companies.

Accordingly, NORD/LB recognised a total of € 787.0 million (€ 920.8 million) as Other financial obligations.

### III. Other disclosures

#### 1. Members of the managing board

Thomas S. Bürkle  
(Chairman)

Dr. Hinrich Holm  
(Deputy Chairman)  
(until 31 January 2020)

Christoph Dieng

Christoph Schulz

Olof Seidel  
(since 1 January 2020)

Günter Tallner

## 2. Members of the supervisory board

(The current make up of the Members of the Supervisory Board can be viewed on NORD/LB's homepage at [www.nordlb.de/die-nordlb/investor-relations/gremien-und-organe/](http://www.nordlb.de/die-nordlb/investor-relations/gremien-und-organe/))

Members of the Supervisory Board	Society
Reinhold Hilbers (Chairman)	Finance Minister of Lower Saxony
Herbert Hans Grüntker (First Deputy Chairman)	FIDES Delta GmbH (since 1 June 2020)
Dr. Matthias Berger (First Deputy Chairman)	Managing Director FIDES Delta GmbH (until 31 May 2020)
Thomas Mang (Second Deputy Chairman)	President Sparkassenverband Niedersachsen
Frank Berg	Chairman of the Managing Board OstseeSparkasse Rostock (until 31 December 2020)
Bernd Brummermann	Chairman of the Managing Board OstseeSparkasse Rostock (since 1 January 2021)
Edda Döpke	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale
Frank Doods	State secretary Ministry for the Environment, Energy and Climate Protection of Lower Saxony
Jutta Echterhoff-Beeke	Managing Partner Echterhoff Holding GmbH (since 29 June 2020)
Dr. Jürgen Fox	Chairman of the Managing Board Saalesparkasse
Astrid Hamker	Management consultant (until 31 May 2020)
Frank Hildebrandt	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale (until 31 May 2020)
Nana Geisler	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale (since 1 June 2020)
Cornelia Günther	Trade union secretary, ver.di Hanover District (since 1 June 2020)
Hermann Kasten	(since 1 Jun 2020)
Prof. Dr. Susanne Knorre	Management consultant
Ulrich Markurth	Mayor of Braunschweig
Frank Oppermann	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale
Freddy Pedersen	Trade union secretary ver.di Trade Union (until 31 May 2020)
Jörg Reinbrecht	Trade union secretary ver.di Hanover District
Michael Richter	Finance Minister of Saxony-Anhalt
Stefanie Rieke	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale (until 31 May 2020)
Felix von Nathusius	Businessman Inteb-M GmbH (until 31 May 2020)
Jörg Walde	Bank employee NORD/LB Norddeutsche Landesbank Girozentrale (since 1 June 2020)
Matthias Wargers	FIDES Gamma GmbH



### 3. Disclosures concerning mandates

As at 31 December 2020 the following mandates were held in accordance with § 340a para. 4 no. 1 HGB by members of NORD/LB:

Name	Society <sup>1)</sup>
Thomas Bürkle	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank, Luxembourg-Findel VHV Holding AG, Hanover VHV Vereinigte Hannoversche Versicherung a.G., Hanover
Dr. Hinrich Holm	Investitionsbank Sachsen-Anhalt, Magdeburg (until 31 January 2020) LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover (until 31 January 2020) BÖAG Börsen AG (until 31 January 2020) caplantic GmbH, Hanover (until 31 January 2020) ÖSA - Öffentliche Lebensversicherung Sachsen-Anhalt AöR (until 31 January 2020) ÖSA - Öffentliche Feuerversicherung Sachsen-Anhalt AöR (until 31 January 2020)
Christoph Dieng	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank, Luxembourg-Findel
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Toto-Lotto Niedersachsen GmbH, Hanover (until 31 January 2020) ÖVB - Öffentliche Lebensversicherung Braunschweig AöR ÖVB - Öffentliche Sachversicherung Braunschweig AöR Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (since 4 June 2020)
Olof Seidel	caplantic GmbH, Hannover (since 12 June 2020)
Günter Tallner	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (since 4 June 2020) Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank, Luxembourg-Findel

<sup>1)</sup> Banks are treated as large corporations.

Name	Society <sup>1)</sup>
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hanover (until 31 December 2020)
Martin Hartmann	caplantic GmbH, Hannover (since 16 March 2020)
Frank Herzberg	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Christine Kastning	Deutsche Messe AG, Hanover enercity AG, Hanover Sparkasse Hannover, Hanover
Mike Kattner	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg (until 17 June 2020)
Christoph Kerber	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover
Stefan Michalak	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg (since 17 June 2020)
Thomas Mühlenkamp	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg (since 1 February 2020)
Olaf Oertzen	Niedersächsische Landgesellschaft mbH, Hanover (since 1 January 2021)
Christian Overbeck	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg (until 31 January 2020)
Werner Schilli	ÖVB - Öffentliche Sachversicherung Braunschweig, Braunschweig ÖVB - Öffentliche Lebensversicherung Braunschweig, Braunschweig
Marc Schwamm bach	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg
Axel Seidenschwarz	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg
Christian Veit	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover
Olaf-Alexander Wiedemann	caplantic GmbH, Hanover (until 12 March 2020)
Thomas Wreesmann	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg (until 31 May 2020)
Ingo Wünsche	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover Bürgschaftsbank Bremen GmbH
Berit Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Jörn Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin

<sup>1)</sup> Banks are treated as large corporations

#### 4. Remuneration of and loans to governing bodies

(in € 000)	31 Dec.2020	31 Dec.2019
<b>Total remuneration of current board members</b>		
Managing Board	3 095	3 226
Supervisory Board	314	380
	<b>3 409</b>	<b>3 606</b>
<b>Total remuneration of former board members and their surviving dependents</b>		
Managing Board	6 278	6 318
<b>Advances and loans granted</b>		
Managing Board	380	1 302
Supervisory Board	170	36
<b>Advances and loans repaid in the reporting year</b>		
Managing Board	255	224
Supervisory Board	7	9
<b>Advances and loans laid down in the reporting year</b>		
Managing Board	–	–
Supervisory Board	–	–

The pension obligations for former members of executive bodies and their surviving dependants consist of direct pension commitments of NORD/LB and indirect pension liabilities. Provisions of € 60.4 million (€ 54.7 million) were made for direct pension obligations. The indirect pension liabilities in accordance with Article 28 para. 2 of the Introductory Act on the German Commercial Code (EGHGB) amount to € 50.1 million (€ 51.0 million).

#### 5. Auditor's fees

In accordance with § 285 no. 17 HGB, NORD/LB has exercised the option of reporting the auditor's fees in the consolidated financial statements.

In addition to the audit of the consolidated financial statements, the annual financial statements of Norddeutsche Landesbank – Girozentrale – as well as various audits of subsidiaries, including statutory contract expansions and key audit points agreed upon with the Supervisory Board, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft provided the following significant, permitted services in financial year 2020:

- Voluntary annual audits and review of interim financial statements
- Assurance services based on statutory or contractual obligations. These include assurance services for savings bank organisations, assurance services pertaining to bank levies and assurance services as per § 89 of the German Securities Trading Act (WpHG)
- Assurance services in connection with issuing debt instruments (comfort letters) and assurance services in connection with the auditing of other reports
- Non-essential tax advisory services within the meaning of § 319a of the German Commercial Code (HGB)
- Other services as part of the new bank management project and in connection with the analysis of the contribution margin calculation
- Other training services

## 6. Key events after the reporting date

### *Implementation project new bank management*

In accordance with the resolution of the Owners' Meeting in December 2020 to introduce a new bank management system, NORD/LB signed relevant contracts with IT service providers in December 2020 and converted this investment project into an implementation project in January 2021. Implementation is expected to take place by 2024 and is divided into three phases. By mid-2022, the construction of the target infrastructure and the data stores, data integration and technical implementation will be completed. In the course of 2023, an integration test will follow as well as initialisation for the parallel operation of the new bank management system with the existing bank management system. The dismantling of the old system is expected to be completed by 2024.

## 7. Average number of employees

	Male 2020	Female 2020	Total 2020	Male 2019	Female 2019	Total 2019
Employees	2 023	2 088	4 111	2 289	2 309	4 598

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 676 employees (639).

## 8. Further disclosures

### *Omitted depreciation to lower fair value*

The items "Debt securities and other fixed-interest securities" and "Shares and other non fixed-interest securities" include securities valued as fixed assets, which have not been written down to their lower fair value. This refers to the following securities (disclosures on carrying amounts and fair values do not include accumulated interest):

	Book values 2020	Fair values 2020	omitted depreciation 2020	Book values 2019	Fair values 2019	omitted depreciation 2019
(in € 000)						
Bonds and debt securities	110 468	104 475	5 993	758 845	749 142	9 703

NORD/LB assumes with all bonds and debt securities that the loss of value is not permanent as the instruments are held to final maturity and the issuers are all issuers with first-class credit ratings. If as at the reporting date there are valuation units on the balance sheet consisting of interest-bearing securities and interest-rate swaps, the net fair value of the security and interest-rate swap are entered in the above table as the fair value of the security.

The shares are intended to be held long term. Write-downs are only made if the loss in value is likely to be permanent. There was no reason for a write-down to lower fair value as at the reporting date.

The following securities in fixed assets include hidden reserves, i.e. the fair value is higher than the carrying amount (disclosures on carrying values and fair values do not include accumulated interest):

	Book values	Fair values	Book values	Fair values
(in € 000)	2020	2020	2019	2019
Bonds and debt securities	1 535 416	1 686 328	1 007 780	1 116 624
Shares	6 047	6 300	5 570	5 734

*Marketable securities not valued at lower of cost or market*

The items “Debt securities and other fixed-interest securities” and “Shares and other non-fixed-interest securities” include marketable securities not valued at lower of cost or market, i.e. they are treated as fixed assets (carrying values do not include accumulated interest):

(in € 000)	2020	2019
Debt securities and other fixed-interest securities	1 677 101	1 808 122

The marketable securities not valued at lower of cost or market were separated from the marketable securities valued at lower of cost or market on the basis of the asset category in the portfolio and the valuation method chosen.

The tables below also include the disclosures in accordance with § 36 of the German Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (RechKredV) concerning the foreign currency, interest-based and other futures transactions which have not yet been settled as at the reporting date.

*Derivatives not measured at fair value in external relationships (derivatives in the non-trading portfolio)*

	Nominal values	Positive fair values	Negative fair values	Book values	Recorded in balance sheet item
(in € million)	2020	2020	2020	2020	2020
<b>Interest-rate risks</b>					
Interest-rate swaps	1 889	968	- 82	115	Assets 15./ Liabilities 6.
FRAs	-	-	-	-	-
<b>Interest-rate options</b>					
purchases	4 301	1 566	-	541	Assets 14.
sales	422	-	- 627	- 153	Liabilities 5.
Caps, Floors	2 481	25	- 54	- 15	Assets 15./ Liabilities 6.
Stock-exchange contracts	-	-	-	-	-
Other forward interest rate transactions	41	0	- 0	-	-
<b>Interest-rate risks – total –</b>	<b>9 134</b>	<b>2 559</b>	<b>- 763</b>	<b>488</b>	
<b>Currency risks</b>					
Forward foreign exchange transactions	683	6	- 10	- 4	Assets 14./ Liabilities 5.
Currency swaps / interest-rate currency swaps	6	0	-	-	Assets 14./ Liabilities 5.
<b>Currency options</b>					
purchases	-	-	-	-	-
sales	-	-	-	-	-
<b>Currency risks – total –</b>	<b>689</b>	<b>6</b>	<b>- 10</b>	<b>- 4</b>	
<b>Shares and other price risks</b>					
Share futures contracts	-	-	-	-	-
Share swaps	-	-	-	-	-
<b>Share options</b>					
purchases	-	-	-	-	-
sales	-	-	-	-	-
Stock-exchange contracts	-	-	-	-	-
<b>Shares and other price risks – total –</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Credit derivatives</b>					
Assignor	2 209	119	- 21	-	Assets 15./ Liabilities 6.+7.
Assignee	678	18	- 2	6	Assets 15./ Liabilities 6.
<b>Credit derivatives – total –</b>	<b>2 887</b>	<b>136</b>	<b>- 23</b>	<b>6</b>	
<b>Derivatives not valued at fair value – total</b>	<b>12 710</b>	<b>2 701</b>	<b>- 796</b>	<b>490</b>	

The derivatives primarily relate to transactions which were concluded to cover interest-rate, exchange-rate and other market-price risk positions in the non-trading portfolio.

The nominal values represent the gross volume of all purchases and sales and long and short positions. To calculate the nominal value of the share options, the closing rate of the underlying transaction is multiplied by the number of shares. Fair values and carrying amounts excluding accrued interest are shown for all contracts. Positive and negative fair values of contracts with the same counterparty were not offset against each other.

All of the fair values included in the above table were reliably calculated. With regard to the valuation methods used, reference is made to the section “Establishing fair values”.

*Derivatives measured at fair value in external relationships (derivatives in the trading portfolio)*

Derivatives measured at fair value – broken down by risk type and transaction type:

(in € million)	Nominal values 2020
<b>Interest-rate risks</b>	
Interest-rate swaps	225 818
FRAs	–
Interest-rate options	
purchases	3 672
sales	6 873
Caps, Floors	6 340
Stock-exchange contracts	112
Other forward interest-rate transactions	672
<b>Interest-rate risks – total –</b>	<b>243 487</b>
<b>Currency risks</b>	
Forward foreign exchange transactions	9 070
Currency swaps / interest-rate currency swaps	13 788
Currency options	
purchases	171
sales	151
<b>Currency risks – total –</b>	<b>23 179</b>
<b>Shares and other price risks</b>	
Share futures contracts	–
Share swaps	–
Share options	
purchases	–
sales	–
Stock-exchange contracts	–
<b>Shares and other price risks – total –</b>	<b>–</b>
<b>Credit derivatives – total –</b>	
Assignor	–
Assignee	–
<b>Credit derivatives – total –</b>	<b>–</b>
<b>Derivatives valued at fair value – total –</b>	<b>266 666</b>

The nominal values represent the gross volume of all purchases and sales and long and short positions. To calculate the nominal value of the share options, the closing rate of the underlying transaction is multiplied by the number of shares.

The amount, timing and reliability of future cash flows from derivatives are fraught with uncertainty. The main factors that materially influence this include the future development of interest rates, exchange rates and share prices. Furthermore, there is a counterparty default risk. The tables below provide an overview of the volumes affected by these factors.

Derivatives measured at fair value – broken down by risk type and residual term to maturity:

(in € million)	Nominal values 2020
<b>Interest-rate risks</b>	
Residual terms to maturity	
up to 3 months	12 818
up to 1 year	16 571
up to 5 years	76 064
more than 5 years	138 033
	<b>243 487</b>
<b>Currency risks</b>	
Residual terms to maturity	
up to 3 months	7 935
up to 1 year	2 854
up to 5 years	5 579
more than 5 years	6 812
	<b>23 179</b>
<b>Shares and other price risks</b>	
Residual terms to maturity	
up to 3 months	–
up to 1 year	–
up to 5 years	–
more than 5 years	–
	–
<b>Credit derivatives</b>	
Residual terms to maturity	
up to 3 months	–
up to 1 year	–
up to 5 years	–
more than 5 years	–
	–
<b>Derivatives valued at fair value – total –</b>	<b>266 666</b>

Derivatives measured at fair value – broken down by counterparty:

(in € million)	Nominal values 2020
Banks in the OECD	103 447
Banks outside the OECD	–
Public institutions in the OECD	4 441
Other counterparties <sup>1)</sup>	158 778
<b>Total</b>	<b>266 666</b>

<sup>1)</sup> Including stock exchange contracts

*Disclosures concerning valuation units*

NORD/LB has included the following assets, liabilities and pending transactions as underlying transactions in valuation units (assets and liabilities disclosed at the carrying amount not including accumulated interest; pending transactions disclosed in nominal volumes):

(in € 000)	2020			
	Underlying transaction hedged against			
	Interest-rate risk	Share-price risk	Inflation risk	Currency risk
<b>Assets</b>				
Fixed-interest securities for the liquidity reserve	447 094	–	–	–
<b>Assets – total</b>	<b>447 094</b>	–	–	–
<b>Pending transactions</b>				
Derivatives separated from structured issues				
share-price-related derivatives	–	35 507	–	–
exchange-rate-related derivatives	–	–	–	79 321
Other	–	–	93 431	–
<b>Pending transactions – total</b>	–	<b>35 507</b>	<b>93 431</b>	<b>79 321</b>
<b>Valuation units – total</b>	<b>447 094</b>	<b>35 507</b>	<b>93 431</b>	<b>79 321</b>

The total of all underlying transactions included in valuation units is therefore € 655.4 million (€ 644.7 million).

The prospective and retrospective effectiveness of all valuation units is measured using the Critical Terms Match method. The changes in value resulting from the hedged risk for the corresponding underlying and hedging investments balance due to identical business parameters. In general, the final maturity of the underlying transactions corresponds to the final maturity of the hedging instruments. The underlying transactions will mature between 2020 and 2044.

*Deferred taxes*

The deferred taxes of NORD/LB in Germany are measured using the tax rate of 32.0 % (32.0 %), which is applicable as at the reporting date as well as in the future. This combined income tax rate comprises corporation tax, trade tax and the solidarity surcharge. Different tax rates apply to the foreign branches.

Deferred tax liabilities arising from the different tax approach used for intangible assets, and other liabilities were netted against deferred tax assets on temporary differences in customers, pension provisions and other provisions.

The recoverable deferred tax assets were offset against deferred tax liabilities. Deferred tax assets exceeding those offset are not capitalised in accordance with the option provided for in § 274 para. 1 sentence 2 HGB.



#### Distribution blocked amounts

After the deduction of deferred tax liabilities, capitalised internally generated intangible assets in the amount of € 34.6 million (€ 30.6 million). The difference between the recognition of the provisions in accordance with the average market interest rate from the past ten fiscal years and the recognition of the provisions in accordance with the average market interest rate from the past seven years for the provisions for pension obligations was € 74.0 million (€ 71.7 million). The restriction on distributions for such amounts stipulated by § 253 para. 6 sentence 2 and § 268 para. 8 sentence 1 HGB cannot be applied for the reporting year 2020 due to the negative annual result.

#### *Repurchase transactions (repos)*

Repos are reported in accordance with § 340b HGB. Only genuine repos are executed.

Securities with a carrying amount totalling € 853.9 million (€ 3 576.8 million) were committed by NORD/LB within the scope of genuine repos. The counterparty risk is manageable.

*Special investment assets*

Name of the special asset	NORD/LB Horizont Fonds-TF B	Nordlux Pro-Aktiv-B	NORD/LB RAIF-AVIAT.1 ADLD	NORD/LB SICAV-RAIF-Inf.+R.LS 2
Type of special asset	AIF <sup>1)</sup>	OGAW <sup>2)</sup>	RAIF <sup>3)</sup>	RAIF <sup>3)</sup>
Investment objective	The fund is for conservative investors sensitive to inflation. NORD/LB holds a strategic share in order to have a positive argument for customers in selling.	The fund follows the principle of asset management, is actively managed and invests in international capital market products or currencies. NORD/LB holds a strategic share within the framework of the existing contractual agreements.	Assets of NORD/LB are contributed to these funds with the aim of transferring these assets to sub-funds of investors at a later date.	Assets of NORD/LB are contributed to these funds with the aim of transferring these assets to sub-funds of investors at a later date.
Reporting date	31 Dec.2020	31 Dec.2020	31 Dec.2020	31 Dec.2020
Special assets (in € 000)	16 005	15 887	29 853	45 805
Shares – total	175 823	184 822	357 500	391 000
Currency of shares	EUR	EUR	USD	GBP
Shares of NORD/LB as at the reporting date	101 720	151 256	357 500	391 000
Values of the shares according to §26 of the German Investment Act (InvG) as at reporting date	91,03	85,96	102,47	105,32
Carrying amount (in € 000)	9 268	13 026	29 134	43 491
Difference between fair value and carrying amount (in € 000)	- 8	- 24	720	2 314
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	56	76	-	-
Reporting year of NORD/LB	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Reporting year of the special asset	1 Oct. - 30 Sep.	1 Oct. - 30 Sep.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Restrictions in the possibility of daily return	None	None	None	None
Reasons for no write-down § 253 para. 3 clause 4 HGB	-	-	-	-
Pointers for the loss of value not being permanent	-	-	-	-

<sup>1)</sup> Alternative investment funds

<sup>2)</sup> Undertakings for collective investment in transferable securities

<sup>3)</sup> Reserved alternative investment funds

**9. Cover statement**

(in € million)	Mortgage Pfandbriefs	Public-Sector Pfandbriefs	Ship Pfandbriefs	Old portfolio / issues before 19 July 2005
<b>Liabilities requiring collateralisation</b>				
bearer bond	1 338.3 (1 893.3)	3 715.0 (3 955.0)	– (–)	– (–)
registered bond	650.2 (786.2)	7 066.9 (7 812.1)	33.1 (43.1)	604.3 (659.1)
	<b>1 988.5</b> <b>(2 679.5)</b>	<b>10 781.8</b> <b>(11 767.1)</b>	<b>33.1</b> <b>(43.1)</b>	<b>604.3</b> <b>(659.1)</b>
<b>Covering assets</b>				
Claims on banks	71.9 (280.3)	716.3 (590.2)	– (5.0)	29.7 (0.9)
Claims on customers	5 036.5 (5 176.8)	13 501.0 (14 972.9)	– (72.7)	750.8 (804.9)
Public issuer securities	25.0 (70.0)	190.0 (317.0)	40.0 (3.0)	– (20.0)
	<b>5 133.4</b> <b>(5 527.1)</b>	<b>14 407.3</b> <b>(15 880.1)</b>	<b>40.0</b> <b>(80.7)</b>	<b>780.5</b> <b>(825.7)</b>
<b>Over-collateralisation total</b>	<b>3 144.9</b> <b>(2 847.6)</b>	<b>3 625.5</b> <b>(4 113.0)</b>	<b>6.9</b> <b>(37.6)</b>	<b>176.2</b> <b>(166.6)</b>

This previous portfolio (cover and in circulation) was maintained separately in accordance with § 51 of the Pfandbrief Act (PfandBG) and will be maintained separately from the new cover register in accordance with the regulations applicable until the Pfandbrief Act came into effect.

### 10. Cover statement for NORD/LB in accordance with § 28 of the Pfandbrief Act

The total value of **mortgage Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values <sup>1)</sup> + 250 bp	Risk-adjusted present values <sup>1)</sup> - 250 bp	Risk-adjusted present values <sup>1)</sup> Currency stress
<b>Mortgage Pfandbriefs</b>					
Total Pfandbriefe	1 988.5	2 156.5	1 908.2	2 473.5	1 908.2
in circulation	(2 679.5)	(2 821.9)	(2 533.8)	(3 211.1)	(2 533.8)
Total cover pool	5 133.4	5 591.0	5 176.5	6 229.2	5 175.4
	(5 527.1)	(5 965.1)	(5 559.3)	(6 559.6)	(5 559.1)
Over-collateralisation	3 144.9	3 434.6	3 268.3	3 755.7	3 267.3
	(2 847.6)	(3 143.2)	(3 025.4)	(3 348.5)	(3 025.3)
Over-collateralisation in %	158.2	159.3	171.3	151.8	171.2
	(106.3)	(111.4)	(119.4)	(104.3)	(119.4)
<b>Net present value per foreign currency item</b>					
CHF	-	-	-	-	11.8
	(-)	(-)	(-)	(-)	(0.3)
USD	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.8)

<sup>1)</sup> Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures on further cover assets for mortgage Pfandbriefs in accordance with § 28 paras. 1, 4, 5 and 6 of the Pfandbrief Act (PfandBG):

(in € million)	Balancing receivables in accordance with § 19 (1) no. 1 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG of which: covered debt securities 1)	Loans and advances to the public sector in accordance with § 19 (1) no. 3 PfandBG	Total
Germany	-	46.9	-	25.0	71.9
	(-)	(280.3)	(-)	(70.0)	(350.3)
Netherlands	-	25.0	-	-	25.0
	(-)	(-)	(-)	(-)	(-)
Total	-	71.9	-	25.0	96.9
	(-)	(280.3)	(-)	(70.0)	(350.3)

<sup>1)</sup> Within the meaning of Article 129 of Regulation (EU) no. 575/2013

Key figures for mortgage Pfandbriefs and their cover assets:

(in € million)	2020	2019
<b>Pfandbriefs in circulation</b>	<b>1 988.5</b>	<b>2 679.5</b>
Share of fixed-interest Pfandbriefe in %	87.35	65.98
Share of derivatives	-	-
<b>Cover pool</b>	<b>5 133.4</b>	<b>5 527.1</b>
Share of fixed-interest cover assets in %	76.64	77.20
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 13 para. 1 PfandBG	-	-
Total value of receivables that exceed the limits of § 19 para. 1 no. 2 PfandBG	-	-
Total value of receivables that exceed the limits of § 19 para. 1 no. 3 PfandBG	-	-
Volume-weighted average of the time passed since loan issue in years	7.5	7.3
Average weighted loan-to-value ratio in %	max 60.0	max 60.0

## Maturity structure of mortgage Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefe in circulation	Cover pool	Pfandbriefe in circulation	Cover pool
	2020	2020	2019	2019
Less than 6 months	–	688.8	550.0	918.7
More than 6 but less than 12 months	159.3	215.5	77.5	285.5
More than 12 but less than 18 months	52.5	330.7	–	375.9
More than 18 months but less than 2 years	49.0	282.6	168.3	254.4
More than 2 but less than 3 years	426.6	576.3	101.5	570.3
More than 3 but less than 4 years	56.0	539.7	481.1	548.3
More than 4 but less than 5 years	120.0	531.0	56.0	628.7
More than 5 but less than 10 years	1 075.0	1 697.1	1 130.0	1 718.3
More than 10 years	50.1	271.8	115.1	227.0
<b>Key figures total</b>	<b>1 988.5</b>	<b>5 133.4</b>	<b>2 679.5</b>	<b>5 527.1</b>

## Breakdown of cover assets for mortgage Pfandbriefs by size category:

(in € million)	2020	2019
Less than € 300 thousand	1 283.0	1 304.3
More than € 300 thousand but less than € 1 million	562.8	576.0
More than € 1 million but less than € 10 million	2 055.1	2 175.6
More than € 10 million	1 135.6	1 120.9
<b>Total</b>	<b>5 036.5</b>	<b>5 176.8</b>

## Breakdown of cover assets for mortgage Pfandbriefs by country and type of use (residential):

(in € million)	Owner-occupied apartments	Property used for residential purposes			Construction sites	Total
		Single and two-family houses	Apartment buildings	Unfinished new buildings not yet capable of yielding a return		
Germany	248.9 (246.6)	833.5 (841.7)	2 486.8 (2506.2)	– (–)	1.9 (2.5)	3 571.2 (3597.0)
France	– (–)	– (5.8)	– (–)	– (–)	– (–)	– (5.8)
<b>Total</b>	<b>248.9 (246.6)</b>	<b>833.5 (847.5)</b>	<b>2 486.8 (2506.2)</b>	<b>– (–)</b>	<b>1.9 (2.5)</b>	<b>3 571.2 (3 602.9)</b>

## Breakdown of cover assets for mortgage Pfandbriefs by country and type of use (commercial):

(in € million)	Property used for commercial purposes						Total
	Office Buildings	Retail buildings	Industrial building	Other buildings used for commercial purposes	Unfin- ished new buildings not yet capable of yielding a return	Construc- tion sites	
Germany	372.4 (401.2)	331.7 (346.2)	74.2 (88.0)	612.0 (663.2)	– (–)	– (0.3)	1 390.3 (1498.9)
Luxemburg	75.0 (75.0)	– (–)	– (–)	– (–)	– (–)	– (–)	75.0 (75.0)
<b>Total</b>	<b>447.4 (476.2)</b>	<b>331.7 (346.2)</b>	<b>74.2 (88.0)</b>	<b>612.0 (663.2)</b>	<b>– (–)</b>	<b>– (0.3)</b>	<b>1 465.3 (1 573.9)</b>

Breakdown by country of the total amount of mortgage Pfandbriefs cover payments outstanding by at least 90 days:

	Total value of payments outstanding by at least 90 days <sup>1)</sup>	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable	Total value of payments outstanding by at least 90 days <sup>1)</sup>	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
(in € million)	2020	2020	2019	2019
Germany	0.1	0.1	0.0	0.0

<sup>1)</sup> The above outstanding payments are not included in the reported cover pool.

There were no cases of forced sale, forced receivership or takeovers of land to prevent losses. The total arrears on interest to be paid by mortgage debtors is € 19 thousand (€ 24 thousand) for commercial property and € 65 thousand (€ 78 thousand) for residential property.

The total value of **public-sector Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

	Nominal value	Present value	Risk-adjusted present values <sup>1)</sup> + 250 bp	Risk-adjusted present values <sup>1)</sup> - 250 bp	Risk-adjusted present values <sup>1)</sup> Currency stress
(in € million)					
<b>Public-Sector Pfandbriefs</b>					
Total Pfandbriefe in circulation	10 781.8 (11 767.1)	13 198.0 (14 311.8)	11 390.9 (12 219.0)	15 569.2 (17 177.4)	11 390.9 (12 217.2)
Total cover pool	14 407.3 (15 880.1)	17 122.8 (18 555.2)	14 866.2 (16 132.7)	20 386.2 (22 006.3)	14 838.4 (16 096.5)
<b>Over-collateralisation</b>	<b>3 625.5</b> <b>(4 113.0)</b>	<b>3 924.7</b> <b>(4 243.4)</b>	<b>3 475.3</b> <b>(3 913.7)</b>	<b>4 817.0</b> <b>(4 828.9)</b>	<b>3 447.6</b> <b>(3 879.3)</b>
Over-collateralisation in %	33.6 (35.0)	29.7 (29.7)	30.5 (32.0)	30.9 (28.1)	30.3 (31.8)
<b>Net present value per foreign currency item</b>					
JPY	- (-)	- (-)	- (-)	- (-)	12.8 ( 12.7)
USD	- (-)	- (-)	- (-)	- (-)	153.9 ( 194.0)

<sup>1)</sup> Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures on further cover assets for public-sector Pfandbriefs in accordance with § 28 paras. 1, 4, and 5 Pfandbrief Act (PfandBG):

	Balancing receivables in accordance with § 20 (2) no. 1 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG of which: covered debt securities <sup>1)</sup>	Total
(in € million)				
Germany	- (-)	641.3 (590.2)	185.0 (185.0)	641.3 (590.2)
Netherlands	- (-)	75.0 (-)	- (-)	75.0 (-)
<b>Total</b>	- (-)	716.3 (590.2)	185.0 (185.0)	716.3 (590.2)

<sup>1)</sup> Within the meaning of Article 129 of Regulation (EU) no. 575/2013.

## Key figures for public-sector Pfandbriefs and their cover assets:

(in € million)	2020	2019
<b>Pfandbriefs in circulation</b>	<b>10 781.8</b>	<b>11 767.1</b>
Share of fixed-interest Pfandbriefe in %	96.37	96.05
Share of derivatives	-	-
<b>Cover pool</b>	<b>14 407.3</b>	<b>15 880.1</b>
Share of fixed-interest cover assets in %	89.37	89.84
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 20 para. 2 no. 2 PfandBG	-	-

## Maturity structure of public-sector Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation		Cover pool	
	2020	2019	2020	2019
Less than 6 months	1 324.8	956.7	362.5	1 274.2
More than 6 but less than 12 months	369.0	775.9	398.0	695.2
More than 12 but less than 18 months	205.1	902.7	1 282.6	841.7
More than 18 months but less than 2 years	269.5	639.1	138.0	598.7
More than 2 but less than 3 years	778.4	1 227.8	482.2	1 483.1
More than 3 but less than 4 years	896.9	1 301.1	762.7	1 346.8
More than 4 but less than 5 years	366.6	1 116.8	897.0	1 280.5
More than 5 but less than 10 years	4 514.2	4 263.6	4 471.5	4 915.5
More than 10 years	2 057.4	3 223.7	2 972.5	3 444.5
<b>Key figures total</b>	<b>10 781.8</b>	<b>14 407.3</b>	<b>11 767.1</b>	<b>15 880.1</b>

## Breakdown of cover assets for public-sector Pfandbriefs by size category:

(in € million)	2020	2019
Less than € 10 million	2 852.8	2 925.5
More than € 10 million but less than € 100 million	5 279.3	5 540.5
More than € 100 million	5 558.9	6 823.9
<b>Total</b>	<b>13 691.0</b>	<b>15 289.9</b>

## Breakdown of cover assets without guarantee for public-sector Pfandbriefs by country and type of debtor (including statutory over-collateralisation in accordance with § 4 (1) PfandBG):

(in € million)	Country	Regional authority	Local authority	Other debtors	Total
Germany	45.0	3 096.7	6 068.1	2 390.5	11 600.3
	(70.0)	(3 516.6)	(5 870.5)	(3 213.0)	(12 670.2)
Belgium	-	-	-	10.0	10.0
	(-)	(-)	(-)	(20.0)	(20.0)
Finland	-	-	-	5.0	5.0
	(-)	(-)	(-)	(5.0)	(5.0)
Latvia	-	-	22.1	-	22.1
	(-)	(-)	(25.5)	(-)	(25.5)
Luxembourg	-	-	-	10.0	10.0
	(-)	(-)	(-)	(10.0)	(10.0)
<b>Total</b>	<b>45.0</b>	<b>3 096.7</b>	<b>6 090.2</b>	<b>2 415.5</b>	<b>11 647.3</b>
	<b>(70.0)</b>	<b>(3 516.6)</b>	<b>(5 896.0)</b>	<b>(3 248.0)</b>	<b>(12 730.7)</b>

Breakdown of cover assets with guarantee for public-sector Pfandbriefs by country and type of guarantor (including statutory over-collateralisation in accordance with § 4 (1) PfandBG):

(in € million)	Country	Regional authority	Local authority	Other debtors	Total	of which: by ECA guarantees
Germany	312.0 (493.0)	413.8 (366.7)	584.5 (632.2)	174.7 (256.8)	1 485.0 (1 748.7)	280.6 (425.5)
Belgium	- (-)	- (-)	- (-)	50.8 (55.3)	50.8 (55.3)	50.8 (55.3)
Denmark	- (-)	- (-)	- (-)	71.7 (40.1)	71.7 (40.1)	51.3 (40.1)
France	254.0 (260.9)	- (-)	- (-)	- (-)	254.0 (260.9)	63.5 (66.3)
Great Britain	8.6 (17.9)	- (-)	- (-)	- (-)	8.6 (17.9)	8.6 (17.9)
Canada	- (2.4)	- (-)	- (-)	- (-)	- (2.4)	- (-)
Netherland	34.1 (38.4)	- (-)	- (-)	- (-)	34.1 (38.4)	34.1 (38.4)
Austria	12.8 (19.7)	- (-)	- (-)	- (-)	12.8 (19.7)	12.8 (19.7)
Switzerland	- (-)	- (-)	- (-)	12.5 (16.0)	12.5 (16.0)	12.5 (16.0)
USA	198.5 (258.3)	- (-)	- (-)	83.0 (101.4)	281.5 (359.7)	198.5 (258.3)
<b>Total</b>	<b>820.0</b> <b>(1 090.7)</b>	<b>413.8</b> <b>(366.7)</b>	<b>584.5</b> <b>(632.2)</b>	<b>392.7</b> <b>(469.7)</b>	<b>2 211.1</b> <b>(2 559.2)</b>	<b>712.8</b> <b>(937.5)</b>

Breakdown by country of the total amount of public-sector Pfandbriefs cover payments outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days <sup>1)</sup>				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
Germany	4.5 (2.8)	- (-)	- (-)	- (-)	4.5 (2.8)

<sup>1)</sup> The above outstanding payments are not included in the reported cover pool.

(in € million)	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
Germany	5.3 (7.0)	- (-)	- (-)	- (-)	5.3 (7.0)



The total value of **ship Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values <sup>1)</sup> + 250 bp	Risk-adjusted present values <sup>1)</sup> - 250 bp	Risk-adjusted present values <sup>1)</sup> Currency stress
<b>Ship Pfandbriefs</b>					
Total Pfandbriefs in circulation	33.1 (43.1)	34.6 (46.0)	34.0 (44.7)	35.3 (47.8)	34.0 (47.8)
Total cover pool	40.0 (80.7)	41.3 (85.0)	38.5 (83.8)	46.2 (86.4)	38.5 (75.1)
<b>Over-collateralisation</b>	<b>6.9</b> (37.6)	<b>6.7</b> (39.0)	<b>4.5</b> (39.1)	<b>10.9</b> (38.6)	<b>4.5</b> (27.4)
Over-collateralisation in %	20.8 (87.3)	19.4 (84.9)	13.3 (87.4)	30.8 (80.9)	13.3 (57.3)
<b>Net present value per foreign currency item</b>					
USD	-	-	-	-	-
	(-)	(-)	(-)	(-)	(66.8)

<sup>1)</sup> Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures on further cover assets for ship Pfandbriefs in accordance with § 28 paras. 1, 4, 5 and 6 Pfandbrief Act (PfandBG):

(in € million)	Balancing receivables in accordance with § 26 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG of which: covered debt securities <sup>1)</sup>	Loans and advances to the public sector in accordance with § 26 (1) no. 4 PfandBG	Total
Germany	-	-	-	40.0	40.0
	(-)	(5.0)	(-)	(3.0)	(8.0)

<sup>1)</sup> Within the meaning of Article 129 of Regulation (EU) no. 575/2013.

Key figures for ship Pfandbriefs and their cover assets:

(in € million)	2020	2019
<b>Pfandbriefs in circulation</b>	<b>33.1</b>	<b>43.1</b>
Share of fixed-interest Pfandbriefe in %	69.79	76.80
Share of derivatives	-	-
<b>Cover pool</b>	<b>40.0</b>	<b>80.7</b>
Share of fixed-interest cover assets in %	57.50	16.58
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 26 para. 1 no. 3 PfandBG	-	-
Total value of receivables that exceed the limits of § 26 para. 1 no. 4 PfandBG	30.4	-

## Maturity structure of ship Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	2020	2020	2019	2019
Less than 6 months	12.6	-	10.0	18.5
More than 6 but less than 12 months	-	-	-	7.8
More than 12 but less than 18 months	20.5	-	2.6	12.1
More than 18 months but less than 2 years	-	-	-	22.6
More than 2 but less than 3 years	-	-	30.5	4.6
More than 3 but less than 4 years	-	10.0	-	4.2
More than 4 but less than 5 years	-	20.0	-	8.0
More than 5 but less than 10 years	-	10.0	-	3.0
More than 10 years	-	-	-	-
<b>Key figures total</b>	<b>33.1</b>	<b>40.0</b>	<b>43.1</b>	<b>80.7</b>

## Breakdown of cover assets for ship Pfandbriefs by size category:

(in € million)	2020	2019
Less than € 500 thousand	-	-
More than € 500 thousand but less than € 5 million	-	22.7
More than € 5 million	-	50.0
<b>Total</b>	<b>-</b>	<b>72.7</b>

## Breakdown of cover assets for ship Pfandbriefs by country as well as international maritime and domestic ships:

(in € million)	Ocean-going ships	Inland ships	Total
Germany	-	-	-
	(28.8)	(-)	(28.8)
Antigua and Barbuda	-	-	-
	(1.3)	(-)	(1.3)
Croatia	-	-	-
	(21.6)	(-)	(21.6)
Liberia	-	-	-
	(1.7)	(-)	(1.7)
Malta	-	-	-
	(6.0)	(-)	(6.0)
Marshall Islands	-	-	-
	(8.0)	(-)	(8.0)
Sweden	-	-	-
	(5.4)	(-)	(5.4)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>(72.7)</b>	<b>(-)</b>	<b>(72.7)</b>

## Total amount of ship Pfandbrief cover payments outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days <sup>1)</sup>	Total value of covering receiv- ables, where the amount out- standing is at least 5 % of the covering receivable
Receivables	-	-
	(2.1)	(1.5)

<sup>1)</sup> The above outstanding payments are not included in the reported cover pool.

There were no cases of forced sale, forced receivership or takeovers of ships or ships under construction to prevent losses. The total arrears on interest to be paid by loan debtors is € 0 thousand (€ 0 thousand) for ocean-going ships and € 0 thousand (€ 0 thousand) for inland ships.

### 11. List of equity holdings

The list below contains equity holdings in accordance with § 285 no. 11 and 11a HGB and investments pursuant to § 340a paras. 4 no. 2 HGB. It includes all companies in which there is an equity holding of more than 20 percent, as well as participations in large corporations that exceed 5 percent of the voting rights. Unless otherwise stated, the reported values concerning the companies' equity and results relate to the financial statements prepared for the financial year 2019.

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
<b>Affiliated Companies</b>				
1	BGG Oldenburg GmbH & Co. KG, Bremen 1)	100.00	10 518	795
2	BLB Immobilien GmbH, Bremen 4)	100.00	17 450	0
3	BLBI Beteiligungs-GmbH, Bremen 1)	100.00	105	8
4	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig 4)	100.00	6 000	0
5	Braunschweig Grund Objektgesellschaft Driebenber mbH & Co. KG, Braunschweig 2)	66.67	371	0
6	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen 2)	100.00	2 768	863
7	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen 2)	100.00	639	- 5
8	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover	100.00	440	0
9	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover 3) 4)	100.00	838 172	0
10	finpair GmbH, Hanover	100.00	897	- 631
11	FL FINANZ-LEASING GmbH, Wiesbaden 5)	58.00	- 709	- 124
12	KreditServices Nord GmbH, Braunschweig 4)	100.00	581	0
13	LBT Holding Corporation Inc., Wilmington, USA 5)	100.00	- 290	353
14	NBN Grundstücks- und Verwaltungs-GmbH, Hanover 1)	100.00	2 024	118
15	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover	90.00	2 682	- 7
16	Nieba GmbH, Hanover 4)	100.00	162 700	0
17	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover	100.00	29	- 1
18	NORD/FM Norddeutsche Facility Management GmbH, Hanover 4)	100.00	636	0
19	NORD/LB Informationstechnologie GmbH, Hanover 4)	100.00	25	0
20	NORD/LB Leasing GmbH, Oldenburg 3) 4) 7)	100.00	511	0
21	NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel, Luxembourg 3)	100.00	707 200	18 548
22	NORD/LB Project Holding Ltd., London, Großbritannien	100.00	1 144	518
23	NORD/LB RP Investments LLC, Wilmington, USA	100.00	116	40
24	NORD/LB, SICAV-RAIF S.C.Sp., Luxembourg, Luxembourg 8)	99.01	k.A.	k.A.
25	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen 1)	100.00	1 869	2 552
26	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen 2)	100.00	1 068	- 48
27	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover	100.00	33	- 1
28	Ricklinger Kreisel Beteiligungs GmbH, Hanover 1)	100.00	164	128
29	SGK Servicegesellschaft Kreditmanagement mbH, Hanover	100.00	1 368	270
30	Skandifinanz AG, Zürich, Schweiz	100.00	2 902	- 199
31	Themis I Inc., Wilmington, USA	100.00	59	- 25
32	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Hanover	100.00	123 557	9 055

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
<b>Other companies of more than 20 % per cent share</b>				
1	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	33 913	953
2	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig 1)	50.00	48	2
3	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen	49.00	8 553	3 713
4	Brocken Verwaltungs- und Vermietungs-GmbH., Wernigerode	50.00	37	1
5	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode	50.00	2 300	412
6	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin 3)	20.89	16 899	262
7	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg 3)	20.44	16 436	437
8	caplantic GmbH, Hanover	45.00	6 641	1 971
9	CG-Terrassen GmbH & Co. KG, Göttingen 2)	50.00	4 537	- 20
10	FCC (East Ayrshire) Holdings Limited, Edinburgh, Großbritannien 1)	30.00	56	990
11	FinTech Fonds GmbH & Co. KG, Köln	39.60	5 218	- 976
12	FinTech Fonds Management GmbH, Köln	40.00	27	1
13	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta	20.46	13 806	558
14	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg 3)	22.22	108 600	5 698
15	Interessengemeinschaft Katharinenklosterhof GbR, Bremen 1)	31.00	173	- 58
16	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover 3)	44.00	297 458	0
17	LINOVO Productions GmbH & Co. KG, Pöcking 5)	45.17	- 47 208	1 046
18	LUNI Productions GmbH & Co. KG, Pöcking 5)	24.29	- 115 746	- 285
19	Marktcarré Grundbesitz-GmbH, Oldenburg 1)	25.00	3 916	- 203
20	Medicis Nexus GmbH & Co. KG i.L., Icking 6)	66.01	5	- 872
21	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin	26.00	16 618	668
22	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover	39.82	14 731	422
23	NBV Beteiligungs-GmbH, Hanover	42.66	12 561	1 177
24	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	28.66	318	226
25	Öffentliche Lebensversicherung Braunschweig, Braunschweig	75.00	48 212	600
26	Öffentliche Sachversicherung Braunschweig, Braunschweig	75.00	288 695	4 926
27	WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	23.84	41	0
28	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake	21.72	20 301	64

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
<b>NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11a of the German Commercial Code)</b>				
GLB GmbH & Co. OHG, Frankfurt am Main				
<b>Investments in terms of § 340a para. 4 no. 2 of the German Commercial Code, unless reported as an affiliated company or other shareholding</b>				
1	Bürgschaftsbank Bremen GmbH, Bremen	7.35	8 258	364
2	Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hannover	11.20	30 102	1 818
3	Niedersächsische Landgesellschaft mit beschränkter Haftung Gemeinnütziges Unternehmen für die Entwicklung des ländlichen Raumes, Hannover	8.39	175 536	6 559

- 1) Held indirectly.
- 2) Including shares held indirectly .
- 3) Figures also in accordance with § 340a para. 4 no 2 HGB (banks are interpreted as large corporations).
- 4) A profit/loss transfer agreement exists with company.
- 5) No overindebtedness.
- 6) Only data as at 31 December 2018 is available.
- 7) Only data as at 31 December 2020 is available.
- 8) Financial statements of the company are not available.

Hanover/Braunschweig/Magdeburg, 19 March 2021

Norddeutsche Landesbank Girozentrale

**The Managing Board**

Bürkle

Dieng

Seidel

Schulz

Tallner





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## Responsibility statement

We declare that to the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements provide a true and fair representation of the net assets, financial position and results of operations of the Norddeutsche Landesbank Girozentrale and that the Landesbank management report presents a true and fair representation of the development of business, including the operating results and the position of the Landesbank, and also describes the significant opportunities and risks relating to the probable development of the Landesbank.

Hanover/Braunschweig/Magdeburg, 19 March 2021

Norddeutsche Landesbank Girozentrale

The Managing Board

Bürkle

Dieng

Seidel

Schulz

Tallner



## Independent auditor's opinion

To Norddeutsche Landesbank – Girozentrale –, Hanover, Braunschweig and Magdeburg

### **Report on the Audit of the Annual Financial Statements and of the Combined Management Report**

#### *Opinions*

We have audited the annual financial statements of Norddeutsche Landesbank – Girozentrale –, Hanover, Braunschweig and Magdeburg (NORD/LB), which comprise the balance sheet as at 31 December 2020 and the income statement for the financial year from 1 January to 31 December 2020, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Bank and the Group (hereinafter referred to as combined management report) for the financial year from 1 January to 31 December 2020.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to banks and give a true and fair view of the assets, liabilities and financial position of NORD/LB as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of NORD/LB's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

#### *Basis for the Opinions*

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). We performed the audit of the annual financial statements in supplementary compliance with the International Standards on Auditing (ISAs). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Bank in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU

Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

#### *Key Audit Matters in the Audit of the Annual Financial Statements*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

#### Calculation of fair values for financial instruments in the trading portfolio using valuation models

Please refer to the sections "Accounting policies – trading portfolio" and "Calculation of fair values" in the notes to the financial statements for information on the accounting policies of NORD/LB.

#### THE FINANCIAL STATEMENT RISK

The financial statements contain financial instruments measured at fair value in accordance with Section 340e HGB for which there are no observable market prices. This concerns in particular derivative assets held for trading (EUR 10,516 million), derivative liabilities held for trading (EUR 11,101 million) as well as bonds and other fixed-income securities held for trading (EUR 2,317 million). The fair values of these financial instruments are to be determined based on recognised valuation methods. The selection of the valuation models and their parametrisation is in part subject to judgement.

There is the risk for the financial statements that no appropriate valuation models or inputs are used for the determination of fair values and changes to fair values and that the relevant asset and liability balance sheet items of the trading portfolio in this respect are not measured in accordance with the accounting principles.

#### OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. Accordingly, we have carried out the following audit procedures in particular:

First, we gained a comprehensive understanding of the development of the relevant financial instruments, the associated risks and the internal control system with regard to the measurement of the relevant financial instruments.

To assess the appropriateness of the internal control system with regard to the measurement of financial instruments for which no market prices are observable, we conducted surveys with the involvement of our valuation specialists and gained insight into relevant documents. After carrying out this test of design, we assessed the effectiveness of specific established controls using tests of operating effectiveness.

One focus of the tests of controls was to establish whether the models were validated when introduced as well as regularly or on an ad hoc basis, irrespective of the trading or business areas. Using sampling in the course of tests of operating effectiveness, we assessed whether the validations were appropriately implemented and documented and whether the implemented valuation models as well as the inputs incorporated for the respective product are appropriate. Furthermore, we audited the monitoring of

measurement of the relevant transactions performed by a department that is independent of the trading or business area using inputs obtained from third parties.

With the involvement of our valuation specialists we carried out a remeasurement for a select group of products based on materiality and risk aspects as well as other randomly selected products.

Inputs observable in the market were used for the remeasurement where possible. We then compared the results of our remeasurement with the figures determined by NORD/LB.

#### OUR OBSERVATIONS

NORD/LB's underlying assumptions and inputs are appropriately derived and have been used in accordance with the applicable accounting principles. The financial instruments recognised under the asset and liability balance sheet items of the trading portfolio for which no prices are observable in the market are measured using appropriate valuation models.

#### Measurement of general loan loss provisions under early application of IDW RS BFA 7

Please refer to the section "Accounting policies – non-trading portfolio (banking book)" in the notes to the financial statements for information on the accounting policies.

#### THE FINANCIAL STATEMENT RISK

On 13 December 2019, the IDW's Banking Technical Committee (Bankenfachausschuss, BFA) adopted the IDW Statement on Accounting: Risk provisioning for foreseeable counterparty credit risks not yet individually specified in the lending business of credit institutions ("General loan loss provisions") (IDW RS BFA 7). In accordance with the requirements of German commercial law for the recognition of general loan loss provisions, these are specified with regard to the bank's specific business model. IDW RS BFA 7 is to be applied for the first time to financial statements for financial years beginning after 31 December 2021, and replaces the IDW BFA Statement: On the recognition of general loan loss provisions for latent credit risk in the annual financial statements of credit institutions (IDW St/BFA 1/1990). NORD/LB adopted IDW RS BFA 7 early for financial year 2020.

The change in the valuation method in connection with IDW RS BFA 7 due to risk provisioning in prior years results in the general loan loss provision being EUR 205 million compared to deemed application of the previous method as at 31 December 2020. General loan loss provisioning under BFA 7 is determined in consideration of a management adjustment of EUR 296 million.

The measurement of the general loan loss provisions is based on the provisions of IFRS 9 in accordance with IDW RS BFA 7, item 26. Loss allowances for Stage 1 and Stage 2 have been determined on the basis of expected credit losses and, thus, include expectations about the future. Expected credit losses are recognised using a three-stage procedure for determining allowances.

Various inputs are taken into account, such as the determination of statistical probabilities of default and loss given default, the potential amount of exposure at default, the criteria for transfer between stages, which relate to a significant change in the default risk of borrowers, as well as the determination of future cash flows. Furthermore, such calculation incorporates macroeconomic information in consideration of COVID-19 scenarios, which is subject to a high degree of judgement and uncertainty. Further COVID-19 effects, which cannot be presented using the existing methodology, are taken into account in later adjustments.

There is a risk to the financial statements that the creditworthiness of customers and future cash flows are not assessed correctly or that the calculation of risk provisioning parameters is incorrect, resulting in general loan loss provisions not being recognised or not being recognised in sufficient amounts.

#### OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. Accordingly, we have carried out the following audit procedures in particular:

In a first step, by way of inspections of analyses and risk reports, inquiries, review of policies and procedural instructions, review of defined methodologies and their implementation, and review and evaluation of the validation design and validation reports, we obtained a comprehensive understanding of the development of portfolios, the associated counterparty-related risks and the processes for the identification, management, monitoring and measurement of credit risks.

We checked the internal control system's appropriateness and effectiveness in relation to the risk classification procedures and risk models as well as the determination of value-determining factors, and assessed the relevant IT systems and internal processes.

The audit included a review by our IT specialists of the appropriateness of the IT systems concerned and associated interfaces to ensure the completeness and accuracy of data as well as the audit of automated controls for data entry and processing. From a methodological point of view, we first assessed the determination of the factual and amount-based assessment basis for the general loan loss provision based on NORD/LB documentation on the early application of IDW RS BFA 7. The focus of our audit with regard to the procedure for determining the general loan loss allowance was the assessment of the methodological approach for determining risk categories and calculating the probabilities of default and loss given default, which were derived from historical data.

We took into account the effects of COVID-19 as part of our audit of the approach to considering macroeconomic information and subsequent adjustments (management adjustment).

Based on the results of a validation carried out by NORD/LB, we assessed the appropriateness of key risk provisioning parameters and the parameter adjustments made in line with current market conditions. In this regard, we checked the data underlying the validations. Furthermore, we verified the categorisation of risk classification and calculation of the Stage 1 and Stage 2 risk provisioning pursuant to IDW RS BFA 7, item 26 in conjunction with IFRS 9.

#### OUR OBSERVATIONS

The methodological approach, procedures and processes used to determine the general loan loss provisions in accordance with IDW RS BFA 7 on the basis of Stage 1 and Stage 2 risk provisioning pursuant to IFRS 9, as well the assumptions and risk parameters incorporated into measurement are appropriate.



### Calculation of specific loss allowances on loans and advances in certain segments of the commercial lending business

Please refer to the section "Accounting policies – non-trading portfolio (banking book)" in the notes to the financial statements for information on NORD/LB's accounting policies.

#### THE FINANCIAL STATEMENT RISK

The majority of the specific loan loss provisions are attributable to the business areas of corporate customers, special financing, special credit and portfolio optimisation, and real estate banking customers. The measurement of risk provisioning is generally based on probability-weighted scenarios. This also concerns loans and advances that are credit-impaired. In this context, the influence of macroeconomic factors on credit risk must also be taken into account.

Determining the number and nature of scenarios, deriving the cash flows expected in each scenario and estimating the probabilities of occurrence require considerable judgement. These estimates are subject to uncertainty, which can be amplified by the effects of the COVID-19 pandemic.

The risk for the financial statements is that the number of scenarios considered was inconsistent with the complexity of the conditions determining the individual credit risks including the dependence on macroeconomic factors. We also considered it important that the selection of specific scenarios, estimates of probability for each scenario and estimates of cash flows expected in each scenario were verifiable, objectively justified and consistently performed and documented.

#### OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. Accordingly, we have carried out the following audit procedures in particular:

First, we gained a comprehensive overview of the development of the loan portfolios examined, the related counterparty credit risks and the internal control system in respect of monitoring and measurement of the counterparty credit risks.

Our audit included system and compliance testing of the internal control system with particular focus on assessing the valuation method with regard to measuring credit-impaired loans and advances. For the IT systems and individual data processing systems used, we first verified the effectiveness of rules and procedures relating to numerous IT applications and supporting the effectiveness of application controls, with the involvement of our IT experts.

Based on these findings, we also assessed, within the scope of our selection of loan exposures defined in accordance with materiality and risk criteria, whether the number and nature of the scenarios used as well as the probabilities assigned to these scenarios were appropriate. In doing so, we took into account the complexity of financing in each case and the factors likely determining further exposure to risk and assessed whether the assumptions underlying the scenarios were consistent with the forecasts of general macroeconomic conditions used at NORD/LB.

We then assessed the cash flows derived for the scenarios including the payment dates assumed. Our assessment included an evaluation of collateral depending on the exposure strategy pursued by the NORD/LB. Finally, we verified that the expected value of specific loss allowances was accurately calculated.

#### OUR OBSERVATIONS

For determining the specific loan loss allowances for the loans and advances with impaired credit rating in the corporate customers, special financing, special credit and portfolio optimisation and real estate banking customers business areas, we found that the selection of specific scenarios, estimates of probability for each scenario and the estimate of cash flows expected in each scenario, including the dependence on macroeconomic factors, were verifiable, objectively justified and consistently performed and documented.

#### Subsequent measurement of the guarantees agreed with the State of Lower Saxony

For information on the accounting policies applied by NORD/LB, please refer to section "Explanation of the impact of the guarantee contracts on the balance sheet" in the notes to the financial statements.

#### THE FINANCIAL STATEMENT RISK

With effect from 23 December 2019, NORD/LB signed three guarantee contracts with the State of Lower Saxony on risk relief with respect to two loan portfolios with ship financing as well as an additional loan portfolio with aircraft financing. The guarantee contracts are recognised as credit derivatives in the non-trading portfolio (banking book), where NORD/LB acts as the secured party.

The three guarantee contracts cumulatively disclosed a positive market value of EUR 98 million as at the reporting date. These amounts are part of the disclosures on credit derivatives in the section "Derivatives not measured at fair value in external relationships (derivatives in the non-trading portfolio)". Changes in fair value on the prior year for pending transactions for credit derivatives to be reported under German commercial law are recognised through profit or loss under other operating income to the extent that reversals of or additions to provisions for contingent losses (onerous contracts) are made. The selection of the valuation models and their parametrisation is in part subject to judgement.

The risk for the financial statements is that the models, assumptions and (measurement) parameters underlying the measurement of the guarantee contracts are not appropriately and verifiably derived and thus that the guarantee contracts are inaccurately measured.

#### OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. Accordingly, we have carried out the following audit procedures in particular:

In a first step, as part of our test of design and with the involvement of our valuation experts, we conducted interviews and inspected the three guarantee contracts and the accounting policies and other relevant documents with respect to potential changes and assessed the appropriateness of the internal control system with regard to the measurement of the three guarantee agreements. Our test of design included assessing the valuation models and the underlying assumptions and parameters.

With the involvement of our valuation specialists, we verified the data flow and carried out independent revaluation in the course of substantive audit procedures.

#### OUR OBSERVATIONS

The three guarantee contracts classified as credit derivatives were measured using appropriate valuation models. The underlying assumptions and (measurement) parameters are appropriate and verifiably derived from the relevant information.

### *Other Information*

The Managing Board and/or the Supervisory Board are responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the separate combined non-financial report of NORD/LB and the Group referred to in the combined management report, but which will probably not be provided to us until after the date of this independent auditor's report.

The other information also includes:

- the parts of the annual report made available to us before the date of the auditor's report and
- the remaining parts of the annual report that are expected to be made available after this date.

The other information does not include the annual financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Managing Board and Supervisory Board for the Annual Financial Statements and the Combined Management Report*

The Managing Board is responsible for the preparation of annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to banks, and for ensuring that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Bank in compliance with German legally required accounting principles. In addition, the Managing Board is responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Managing Board is responsible for assessing the Bank's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Managing Board is responsible for the preparation of a combined management report that as a whole provides an appropriate view of the Bank's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Managing Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process for the preparation of the annual financial statements and of the combined management report.

*Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report*

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Bank's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the Managing Board and the reasonableness of estimates made by the Managing Board and related disclosures.
- Conclude on the appropriateness of the Managing Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Bank in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Bank's position it provides.
- Perform audit procedures on the prospective information presented by the Managing Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Managing Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions

used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

### **Other Legal and Regulatory Requirements**

#### *Report on Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Annual Financial Statements and the Combined Management Report Prepared for Publication Purposes*

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the electronic reproduction of the annual financial statements and the combined management report together with the reproduction of the consolidated financial statements in one file (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "nordlb.zip" (SHA256-Hashwert: 54c9125e2231cad211acd678a76b5ee0d96c8e022f91bb8df39c52ba83c01d52), and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Annual Financial Statements and of the Combined Management Report" above.

We conducted our assurance work of the reproduction of the annual financial statements and the combined management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Bank's Managing Board is responsible for the preparation of the ESEF documents including the electronic reproduction of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the Bank's Managing Board is responsible for the internal controls it considers necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Bank's Managing Board is also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited annual financial statements and audited combined management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assessment of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited annual financial statements and the audited combined management report.

*Further information pursuant to Article 10 of the EU Audit Regulation*

We were elected as auditor by the Supervisory Board on 24 April 2020. We were engaged by the Chairperson of the Supervisory Board on 18 August 2020. We have been the auditor of NORD/LB without interruption since financial year 2012.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).



**German Public Auditor Responsible for the Engagement**

The German Public Auditor responsible of the engagement is Volker Bormann.

Hanover, 25 March 2021

KPMG AG

Wirtschaftsprüfungsgesellschaft

[signature] Wiechens  
Wirtschaftsprüfer  
[German Public Auditor]

[signature] Bormann  
Wirtschaftsprüfer  
[German Public Auditor]



## Report of the Supervisory Board

The Managing Board of the Bank regularly informed the Supervisory Board and the committees set up by the Supervisory Board about business performance and the position of NORD/LB AöR and the Group. The Supervisory Board and its committees adopted resolutions on business matters presented to them and on other issues requiring decisions by these executive bodies in accordance with the statutes and regulations relating to these articles.

The Supervisory Board also looked closely at NORD/LB AöR's business and risk policy. Fundamental issues concerning business policy were discussed in detail at several meetings. The Supervisory Board also looked at the status of the protection scheme of the Savings Banks Finance Group.

The annual report and the consolidated financial statements of NORD/LB AöR for the 2020 reporting year were audited by KPMG AG Wirtschaftsprüfungsgesellschaft and provided with an unqualified audit opinion. The auditors also took part in the sitting of the Supervisory Board to discuss the annual report, which was held on 21 April 2021, and reported on the findings of their audit.

In its meeting on 21 April 2021, the Supervisory Board proposed that the Annual Financial Statements of NORD/LB AöR for the 2020 reporting year and the approval of the consolidated financial statements of NORD/LB for the 2020 reporting year be adopted by the Owners' Meeting. Furthermore, the Supervisory Board proposed to the Owners' Meeting to decide that there were no objections with regard to the combined management report.

The Supervisory Board also recommended to the Owners' Meeting to discharge the Managing Board.

The following persons left the Supervisory Board:

on 31 May 2020	Dr Matthias Bergner
on 31 May 2020	Ms Astrid Hamker
on 31 May 2020	Mr Fank Hildebrandt
on 31 May 2020	Mr Freddy Pedersen
on 31 May 2020	Ms Stefanie Rieke
on 31 May 2020	Mr Felix von Nathusius

The following persons were appointed to the Supervisory Board:

on 1 June 2020	Mr Herbert Hans Grüntker
on 1 June 2020	Ms Nana Geisler
on 1 June 2020	Ms Cornelia Günther
on 1 June 2020	Mr Hermann Kasten
on 1 June 2020	Mr Jörg Walde
on 29 June 2020	Ms Jutta Echterhoff-Beeke

The Supervisory Board would like to thank the Bank's Managing Board for its cooperation based on mutual trust and recognise the work carried out by all the Bank's employees in 2020.

Hanover/Braunschweig/Magdeburg  
April 2021

Reinhold Hilbers  
Minister of Finance  
State of Lower Saxony

## Report of the Owners' Meeting

In the year under review the Owners' Meeting took over the tasks imposed on it by the State Treaty and the Articles of Association.

Furthermore, at its meetings in 2020, the Owners' Meeting mainly discussed the NORD/LB 2024 programme and in particular passed resolutions on the implementation of the new bank management and on the merger of Deutsche Hypothekenbank.

The annual report of NORD/LB AöR and the consolidated financial statements of NORD/LB for the 2020 reporting year were audited by KPMG AG Wirtschaftsprüfungsgesellschaft and provided with an unqualified audit opinion. The auditors also took part in the sitting of the Owners' Meeting to discuss the annual report, which was held on 21 April 2021, and reported on the findings of their audit.

At the Owners' Meeting on 21 April 2021, the annual financial statements of NORD/LB AöR for the 2020 reporting year were adopted and the consolidated financial statements of NORD/LB for the 2020 reporting year approved on a proposal from the Supervisory Board. Furthermore, the owners' meeting decided that there are no objections to the combined management report.

The Owners' Meeting discharged the Managing Board and the Supervisory Board.

The following persons left the Owners' Meeting:

on 31 May 2020	Dr Matthias Bergner
on 24 November 2020	Mr Heinrich Heine

The following were appointed to the Owners' Meeting:

on 1 June 2020	Mr Herbert Hans Grüntker
on 11 December 2020	Mr Sebastian Beier

The Owners' Meeting thanks the Supervisory Board, the Managing Board and the Bank's employees for their work in 2020.

Hanover/Braunschweig/Magdeburg  
April 2021

Reinhold Hilbers

Minister of Finance  
State of Lower Saxony

NORD/LB  
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# Annex

97 Report on Transparency of Pay Structures Act





## Report on equal pay

### **Measures to promote equality of women and men and their effects**

NORD/LB provides a working environment in which all employees are treated equally, irrespective of gender, nationality, ethnicity, religion or ideology, disability, age, sexual orientation or identity. Indeed, diversity among employees is an important element of the corporate identity of NORD/LB. Here the Bank is guided by its own diversity principles.

In order to help the Bank achieve its economic and social objectives, in 2019 NORD/LB provided tailored offerings related to diversity, including training programmes and personal development measures as well as offers related to the topic of work and family life, including helping employees meet family obligations, such as raising children or taking care of ill family members. NORD/LB also offers various flexible working hours models as well as the ability to open long-term working time credit accounts.

These measures taken as a whole not only create a working climate and environment characterised by respect, but also ensure good development prospects for all staff – applied equally to both women and men.

### **Measures for the promotion of equal pay for women and men**

NORD/LB ensures equal treatment of women and men as regards pay via identical transparent bases of calculation and procedures as well as through defined remuneration components. NORD/LB designed and implemented a new clearly defined and gender-neutral remuneration structure at the beginning of 2016 as part of a key bundle of measures. This remuneration structure places its main focus on a job evaluation methodology – made up of several career bands and differentiated career levels – as well as our own bonus system. The job evaluations of NORD/LB reflect in a transparent and comprehensible manner the value of the functions for the Company since these evaluations are task based and do not depend on the identity of the holder.

Remuneration is therefore independent of gender, nationality, ethnicity, religion or ideology, disability, age, sexual orientation or identity and is instead based gender-neutrally on qualifications, range of responsibilities and functions as well as professional experience.

Because of increased regulatory requirements, detailed information regarding compensation is disclosed in separate compensation reports prepared by the individual companies of the NORD/LB Group.

### Key figures

Average total number of employees as at 31 December of the year in question, excluding apprentices and trainees and employees on parenting leave, by gender:

employees (total)	2019	2018
male employees	2 255	2 579
female employees	2 344	2 584
proportion of men	49.0%	49.9%
proportion of women	51.0%	50.1%

As at 31 December of each year, number of full-time and part-time employees by gender:

	2019	2018
<b>Employees (total)</b>	<b>4 599</b>	<b>5 163</b>
<b>Steady employees (total)</b>	<b>4 350</b>	<b>4 823</b>
male	2 154	2 424
female	2 196	2 399
<b>Steady employees, full-time</b>	<b>3 285</b>	<b>3 706</b>
male	2 079	2 335
female	1 206	1 371
<b>Steady employees, part-time</b>	<b>1 065</b>	<b>1 117</b>
male	75	89
female	990	1 028
<b>Employees on temporary contracts (total)</b>	<b>249</b>	<b>340</b>
male	101	155
female	148	185
<b>Employees on temporary contracts, full-time</b>	<b>247</b>	<b>327</b>
male	101	153
female	146	174
<b>Employees on temporary contracts, part-time</b>	<b>2</b>	<b>13</b>
male	–	2
female	2	11
<b>Apprentices and trainees (total)</b>	<b>194</b>	<b>243</b>
male	77	109
female	117	134
<b>Employees during their parenting leave (total)</b>	<b>199</b>	<b>136</b>
male	100	10
female	99	126
Share of full-time employees	76.7%	78.1%
Share of part-time employees	23.3%	21.9%
Share of Steady employees	94.5%	93.4%
Share of employees on temporary contracts	5.5%	6.6%
Share of apprentices and trainees	4.2%	4.7%
Share of employees during their parenting leave	2.3%	2.6%



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