Creating true value.

Norddeutsche Landesbank Girozentrale

Hanover, Braunschweig, Magdeburg

Interim Report

as at 30 June 2022

NORD/LB at a Glance

Income Statement	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021[1)] (in € million)	Change (in %)
Net interest income	438	428	2
Net commission income	62	14	> 100
Profit/loss from fair value measurement	– 137	92	> 100
Risk provisioning	67	– 20	> 100
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss [2)]	– 8	– 18	– 56
Profit/loss from hedge accounting	– 19	1	> 100
Profit/loss from shares in companies	5	10	– 50
Profit/loss from investments accounted for using the equity method [3)]	45	– 4	> 100
Administrative expenses	– 437	– 455	– 4
Other operating profit/loss	– 60	– 78	– 23
Earnings before restructuring, transformation and taxes	**– 44**	**– 30**	**47**
Profit/loss from restructuring and transformation	– 46	– 35	31
Earnings before taxes	**– 90**	**– 65**	**38**
Income taxes	27	14	93
Consolidated profit	**– 63**	**– 51**	**24**

Key figures	1 Jan. - 30. Jun. 2022 (in %)	1 Jan. - 30. Jun. 2021 (in %)	Change (in %)
Cost-Income-Ratio (CIR)	135.8%	104.8%	30
Return-on-Equity (RoE)	-2.7%	-2.0%	34

Balance sheet figures	30 Jun.2022 (in € million)	31 Dec.2021 (in € million)	Change (in %)
Total assets	112 257	114 631	– 2
Financial liabilities at amortised costs	84 042	84 596	– 1
Financial assets at amortised costs	95 518	95 284	0
Equity	6 108	5 796	5

Regulatory key figures	30 Jun.2022	31 Dec.2021	Change (in %)
Common equity tier 1 capital (in € million)	5 618	5 831	– 4
Tier 1 capital (in € million)	5 668	5 881	– 4
Tier 2 capital (in € million)	1 488	1 598	– 7
Own funds (in € million)	7 157	7 479	– 4
Total risk exposure amount (in € million)	37 085	37 609	– 1
Common equity tier 1 capital ratio (in %)	15.15%	15.50%	– 2
Total capital ratio (in %)	19.30%	19.89%	– 3
Leverage Ratio (transitional)	4.97%	5.19%	– 4

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of Previous Year's Figures.
[2)] From the sale of financial assets measured at amortised cost, there were gains of € 0 million (€ 3 million) and losses of € 2 million (€ 3 million).
[3)] The share of profit and loss of companies accounted for using the equity method amounts to € -39 million (€ -11) million).

Minor discrepancies may arise in this report in the calculation of totals and percentages due to rounding.

Gender-sensitive Language

NORD/LB is committed to diversity and tolerance. This should also be expressed in the language we use. Where possible, we therefore do not use the generic masculine, where other genders are “meant”. Instead, we prefer to use neutral wording or double mentions. If this was not possible in certain places, we would like to point out that the corresponding wording explicitly covers all genders.

Interim Group Management Report as at 30 June 2022

Introductory Notes

To improve clarity and transparency, the structure of the Interim Group Management Report has been slightly restated compared with the previous year to match the management report from 31 December 2021. In particular, the previous section “Overall assessment” was renamed to“Group forecast with opportunity and risk reporting” and moved from the end of the Interim Group Management Report to the extended risk report. The information on the Group’s fundamentals has been deleted in this Interim Group Management Report with reference to the combined management report as at 31 December 2021, as there were no significant changes compared with the previous year.

It should be noted that the amounts and percentages stated in the Interim Group Management Report have been rounded, so that differences may arise due to commercial rounding.

The Group – Basic Information

Business Model and Outline of the Control System

NORD/LB's business model and management systems were described in the combined management report for the 2021 financial year in the section "The Group – Basic Information". There were no significant changes in the first half of 2022.

Economic Report

General Economic and Industry-Specific Environment

Global Economic Environment

The global economy continues to suffer from the difficult global economic environment. The problems of supply bottlenecks, high energy prices, rising interest rates and strong inflation, which are closely intertwined via complex impact chains, are dampening economic growth in many currency areas. It should be noted that the stressed supply chains were largely caused by the COVID-19 crisis. In addition, the rise in inflation rates in many economies is primarily triggered by higher energy prices, which are very much a consequence of the war in Ukraine. The global economic environment in the first first half of 2022 can therefore certainly be described as difficult.

According to preliminary data, real economic activity in the United States of America decreased by annualised 0.9 per cent in the second quarter of 2022 following the weakness already observed at the beginning of the year. This has made US economic growth much less encouraging recently. Companies in the United States continue to struggle with supply chain problems and supply bottlenecks in primary products as well as a shortage of staff, which has led to a pronounced increase in inflation overall. The feedback from companies in important company surveys (e.g. the ISM PMI Manufacturing) clearly shows these problems, which affect economic growth. Nevertheless, the situation on the US labour market remains positive. For example, the US unemployment rate (U3) was at a low 3.6 per cent in June 2022. In June, Germany's seasonally adjusted figure was 5.3 per cent. In Germany, the gross domestic product stagnated in the second quarter after growth of 0.8 per cent in the first. The energy crisis had a negative impact on the economy. In the eurozone, the rate of change in real GDP was 0.7 per cent in the second quarter following a weaker first quarter.

The high inflation rates have recently put pressure on central banks in many currency areas, triggering interest rate hikes. While the US Federal Reserve has since acted several times and evidently also seems to be planning further increases, the European Central Bank (ECB) has recently also raised interest rates for the first time. This monetary policy environment has changed significantly and is clearly having an impact on capital market yields in many currency areas. For example, the yield on German government bonds with a remaining term of 10 years in June 2022 was even above 1.50 per cent. In the case of yields on US government bonds with a term of 10 years, the focus moved to the 3.00 per cent mark in the second quarter of 2022. The normalisation of US monetary policy that has since begun undoubtedly played a very important role in explaining this development and also had a negative impact on global equity markets. In June 2022, for example, the DAX, Germany's leading index, fell well below the psychologically important barrier of 15,000. Among other things, investors are worried, higher interest rates will put a strain on the global economy. The monetary policies of the central banks in Washington and Frankfurt also have an impact on the exchange rate between the euro and the US dollar. The interest rate spread helped the US currency throughout the first half of 2022. In June 2022, the USD 1.05 per EUR mark came into focus. As expected, the EUR/USD basis swap spreads remained within fairly narrow ranges.

Finance sector

Thanks to regulatory requirements and positive macroeconomic conditions, the European banking market was able to both improve the risk profile and strengthen capitalisation in the years before the global outbreak of the COVID-19 pandemic. Even during the pandemic, many European banking markets were able to continue to de-risk asset quality and maintain capital adequacy at a stable or slightly improved level, mainly due to the strong willingness of the EU, countries, central banks and supervisory authorities to provide support. This benefits banks during periods of economic slowdown, including continued disruptions in global supply chains, rising energy and commodity prices, and the continued effects of the war in Ukraine.

This trend has led to an increase in inflation rates. As a result, the ECB has decided, among other things, to limit the current PEPP programme to the reinvestment of maturing securities, not to extend the “special interest period” of the TLTRO III programme, which is valid until June 2022, and to increase the key interest rate to 0.50 per cent per annum from July 2022 in order to counteract inflation. The start of the withdrawal from the ECB’s previous, very loose monetary and interest-rate policy is leading to rising refinancing costs for banks and therefore for companies and private and public budgets.

After European banks recorded a decline in the cost of risk again in 2021, partly due to the pro rata reversal of pandemic-related risk expenses, a further increase is possible if the economic slowdown persists. The declining cost of risk led to European banks closing 2021 with significant gains.

Real estate

In the first half of 2022, the global transaction volume increased by 19 per cent compared to the same period in the previous year to around $ 566 billion (see JLL: Global Real Estate Perspective, August 2022). The European commercial transaction volume increased to around € 157 billion in the same period (1st half of 2021: € 124 billion) (see CBRE: European Investment Market Snapshot, Q2 2022 and Q2 2021), in particular due to a strong first quarter.

The German real estate investment market was also affected by the geopolitical and economic upheavals in the second quarter. Based on CBRE’s “Germany Investment Market H1 2022” market report, the transaction volume on the German investment market increased in the first half of 2022 compared with the previous year by 3 per cent to around € 35.6 billion, although only around € 11.6 billion of the total volume was registered in the second quarter of 2022. In the second quarter, the transaction volume was much lower due to the increased uncertainty as a result of the war in Ukraine, the continued disruption to supply chains, record-high inflation rates and financing costs that have increased significantly in the last months. The most traded asset class was still office real estate, which recorded an increase in transaction volume of 18 per cent to € 13.5 billion compared to the first half of 2021. The housing investment market followed in second place with € 7.7 billion, corresponding to a decline of around one fifth in comparison to the same period in the previous year. The share of international investors in total transaction volume increased to around 48 per cent (1st half of 2021: 38 per cent). Investments in the top seven markets increased by about 7 per cent to around € 16.7 billion.

Aircraft

International aviation has made a strong recovery. According to calculations by the International Air Transport Association (IATA), global passenger volume (RPK, revenue passenger kilometres) increased by 82.9 per cent in the first half of 2022 compared to the same period in the previous year. While international traffic increased by 264.3 per cent, domestic traffic grew by 14.0 per cent. International markets benefited from the removal of travel restrictions. On the other hand, domestic markets suffered from the sharp downturn in China as a result of the pandemic measures. In terms of traffic trends, the regions Europe and Middle East showed a strong performance of +217.0 per cent and +213.9 per cent. On the other hand, Asia-Pacific only achieved an increase of 3.5 per cent (changes compared to the same period in the previous year).

The number of cargo tonne-kilometres (CTK) sold decreased by 4.3 per cent in the first half of 2022 compared to the same period in the previous year.

Regulatory Requirements

Regulatory Requirements regarding Minimum Capital

The minimum regulatory capital ratios to be complied with by NORD/LB by law and in accordance with the individual requirements of the banking supervisory authorities did not change signifcanty in the reporting period compared to the previous year. The following table provides an overview of the minimum equity ratios applicable. Details can be found in NORD/LB's Management Report as of 31 December 2021

(in %)	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Regulatory requirement (in accordance with Article 92 (1) CRR)	4.50%	6.00%	8.00%
Additional requirement according to SREP (P2R in accordance to Article 16 (2) litera a regulation (EU) nr. 1024/2013)	1.41%	1.88%	2.50%
	5.91%	**7.88%**	**10.50%**
Capital conservation buffer (§ 10c KWG)	2.50%	2.50%	2.50%
Countercyclical capital buffer (§ 10d KWG)	0.02%	0.02%	0.02%
Capital buffer for otherwise system relevance (§ 10g KWG)	0.25%	0.25%	0.25%
Total requirement	**8.68%**	**10.65%**	**13.27%**

In addition to the minimum capital ratios, the responsible EU authority for the resolution of credit institutions and investment firms, the Single Resolution Board (SRB), specifies a minimum "MREL" ratio for NORD/LB at Group level. MREL stands for minimum requirement for own funds and eligible liabilities which banks in the EU are obliged under the Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD) to hold as a buffer for losses and recapitalisation in the possible event of liquidation. In accordance with BRRD, several different combined MREL minimum sizes must be observed in parallel. For this reporting period, the SRB stipulated the minimum MREL ratios for the sum of own funds and total MREL-eligible liabilities on the basis of the total risk exposure amount of 20.35 per cent and on the basis of the leverage ratio exposure (LRE) of 7.11 per cent and minimum ratios for the sum of own funds and legally, structurally and/or contractually subordinated liabilities.

Regulatory Amendments

At NORD/LB's request, the SRB approved a framework amount for possible terminations and premature reductions and/or repurchases of MREL-eligible liabilities for the financial year 2022. In accordance with SRB's specifications, the unused portion of this framework amount must be deducted from the total of own funds and total MREL-eligible liabilities from the reporting period onwards as part of calculating the various MREL ratios.

In the reporting period, the German Federal Financial Supervisory Authority announced that, effective as of February 2023, all banks with transactions in Germany will be required to comply with a countercyclical capital buffer of 0.75 per cent of all risk-weighted assets resulting from transactions in Germany and a sectoral systemic capital buffer for financing secured by residential real estate in Germany of 2 per cent of the corresponding weighted assets, in addition to the currently applicable minimum equity ratios. NORD/LB already took these additional announced requirements into account in its internal management in this reporting period.

Significant Events in the Financial Year

War in Ukraine

The Russian war in Ukraine has had a very limited direct impact on NORD/LB’s loan portfolio. In Russia, NORD/LB held portfolios of € 8 million (€ 11 million) with respect to Financial Institutions & Insurance Companies, and there was no exposure in Ukraine or Belarus. Possible effects on other borrowers due to disruptions in supply chains or energy supplies are closely monitored on an ongoing basis. The effects of the war in Ukraine, in particular the expected second and third-round effects such as the potential gas shortage, supply bottlenecks or significantly higher commodity prices, have not yet been seen in the current borrower ratings. For the first time, a management adjustment of € 73.0 million was therefore made as at the reporting date of 30 June 2022 to take account of the potential consequences of the war in Ukraine. For detailed information please refer to the section “Counterparty Risk” of the extended risk report in this Interim Group Management Report and to Note (2) Management Adjustment in the condensed Notes to the condensed Interim Consolidated Financial Statements as at 30 June 2022.

COVID-19 pandemic

NORD/LB’s business operations were also affected by the COVID-19 pandemic in the reporting period. In the course of this, the Bank continued to review the extensive measures taken to protect its employees and business operations. The current version of the Coronavirus Occupational Health and Safety Regulation was always implemented in full. When the regulation expired at the end of May, NORD/LB also significantly relaxed the protective measures in order to ensure the transition to a “new normal”. Going forward, the Bank will continue to monitor the pandemic carefully and respond to a change in the situation accordingly.

The economic effects of the COVID-19 pandemic are also closely monitored on an ongoing basis. NORD/LB continues to take into account the uncertainties surrounding the further course of the pandemic and the resulting potential effects on the credit quality of borrowers in the balance sheet by continuing the management adjustment (MAC-19). As at 30 June 2022, the MAC 19 fell to € 279 million (31 December 2021: € 362 million). Detailed information on this can also be found in Note (2) Management Adjustment in the condensed Notes to the condensed Consolidated Interim Financial Statements.

Effects of interest rate changes

The developments described in the “Global economic environment” section can also be seen in the income statement of the NORD/LB Group. In particular, the rise in interest rates on the money and capital markets as well as market uncertainties have different effects.

The amortisation amounts from hedge accounting, which increased due to the rise in interest rates, had a negative effect on net interest income. However, the effects of the increase in the present values from personnel provision had a positive effect on net interest income. The profit/loss from fair value measurement item includes, to a lesser extent, measurement effects from derivative positions and, to a greater extent, negative valuations from structured own issues, which result from the asymmetric performance of the termination rights contained in the callable bonds compared with the swaptions designated as hedges. A deterioration in CDS positions caused by the environment have also had a negative impact on the FV profit/loss item. The multi-curve approach and the different trends on the forward and discount curve yielded a loss on hedge accounting.

In other comprehensive income (OCI), the increase in interest rates had a positive net effect. Positive effects from personnel provisions more than offset negative measurement effects from securities held as non-current assets.

NORD/LB 2024 transformation program

At the end of 2019, NORD/LB agreed the basic principles of a new business model with its owners, the Sparkassen finance group (SFG) and the Banking supervisory authorities. The “NORD/LB 2024” transformation programme was set up at the start of 2020 in order to implement the related targets. Its objective is to implement all planned income and cost measures by the end of 2023. The transformation process is closely monitored and supported by various missions for employees throughout the whole Bank through the #creatingthefuture change project.

The value contribution target associated with the programme was reduced from € 581 million to € 563 million at the end of the design phase (about € 569 million after taking into account the compensation of negative programme buffers; (as at: 28 June 2022). NORD/LB already made significant progress in the reporting year, particularly in implementing the planned measures. The following key milestones were achieved:

- By the end of the first half of 2022, 98 per cent of the concepts for the planned income and cost measures had been completed as planned. The Bank is in the process of implementing a range of measures; the effects on the income statement were above target in Q1/2022. Earnings measures that are in arrears are monitored particularly closely.

- Following the legal merger of Deutsche Hypo and the complete migration of Deutsche Hypo’s data and transactions to NORD/LB’s systems, the full DH integration project was completed at the end of the first half of 2022.

- The NORD/LB 2024 transformation programme envisages a significant reduction in full-time positions in the NORD/LB Group. The corresponding measures to reduce staffing levels had already been largely completed in previous years; the affected employees will leave by the end of 2023 at the latest. According to current planning, the number of employees in the NORD/LB Group will fall to below 4,000 in the reporting year (31 December 2021: 4,426). As the number of employees decreases, the proportion of people working from home increases and a modern desksharing approach is used, NORD/LB will also continue to adapt its building capacities. The planned value contributions are to be realised by selling and leasing individual buildings (parts). The corresponding building and office concept will be described in more detail in 2022.

- In December 2020, the Owners’ Meeting resolved to design the infrastructure for “new bank management”. In implementing the project, which is considered the technological and procedural core of the transformation within NORD/LB 2024, the focus during the reporting period continued to be on providing the infrastructure and implementing technical specifications. Existing backlogs in the plan and resulting delays that may have an impact on the project organizational framework, on the speed of implementation and on the schedule and the costs incurred, do not change the desired target architecture for the new bank management.

In the further course of the year, the focus will be increasingly on the planned earnings measures. In addition to expanding new business in individual segments, this will also involve generating higher fee and commission income. The transformation program resulted in further expenses for restructuring and reorganization in the reporting year. Please refer to the comments in the section on the earnings situation.

Guarantees of the State of Lower Saxony

The exposures from the "Maritime Industries" and "Aviation" portfolio which are covered by guarantees from the state of Lower Saxony were reduced as planned as of 30 June 2022 as a result of regular repayment expiries. This resulted in significantly lower guarantee fees of € 27 million (€ 50 million) compared with the same period in the previous year, which boosted net commission income.

For detailed information on the developments in the guarantee portfolio, please refer to Note (3) Change in the guarantee portfolio in connection with the guarantee contracts of the state of Lower Saxony in the condensed notes to the condensed consolidated financial statements.

Regulatory Capital Ratios and the MREL Ratio

NORD/LB met the minimum regulatory equity ratios at Group level in the reporting period (for details see also Note (33) Regulatory Data in the condensed Notes to the condensed Interim Consolidated Financial Statements).

All regulatory capital ratios decreased in the reporting period, primarily due to a decline in Common Equity Tier 1. The Common Equity Tier 1 ratio was 15.15 per cent as at the reporting date, after 15.50 per cent as at the end of the previous year. The reduction in Common Equity Tier 1 resulted in particular from the recognition of negative earnings after taxes on the basis of the regulatory scope of consolidation and negative adjustments required by regulatory law from neutralizations of positive changes in earnings and reported equity in the reporting period. The corresponding recognition of these positive changes in Common Equity Tier 1 capital, on the other hand, is not expected to take place until subsequent periods.

The decline in Common Equity Tier 1 also led to a reduction in Tier 1 capital as a numerator for the leverage ratio. Largely driven by this, the leverage ratio also decreased from 5.19 per cent as at 31 December 2021 to 4.97 per cent as at the reporting date.

The sum of own funds and total MREL-eligible liabilities as a numerator of the various MREL ratios also decreased in the reporting period. In addition to the decline in common equity tier 1 capital, this development resulted primarily from the repayment of liabilities and the introduction of an additional deduction item in the calculation of MREL ratios in the reporting period. For more details on this regulatory change, please refer to the section "Regulatory requirements". Even under these changed framework conditions, NORD/LB solidly complied with all applicable MREL minimum ratios listed in the "Regulatory requirements" section as at the reporting date

External Rating

Fitch Ratings

On 22 December 2021, Fitch published a new report on NORD/LB. There were no changes in ratings. The long-term issuer default rating is "A-", the short-term IDR is "F1" and the derivative counterparty rating is "A(dcr)". NORD/LB's ratings are based on Fitch's assessment of institutional support from the Savings Banks Finance Group and the federal states as owners of NORD/LB.

DBRS Morningstar

On 3 December 2021, the agency confirmed NORD/LB's ratings, including the long-term issuer rating of "A(high)", the senior non-preferred rating of "A" and the short-term issuer rating of "R-1 (middle)". The trend for all ratings was "stable". The ratings and trends were in line with the Savings Banks Finance

Group (SFG) and did not affect NORD/LB's financial viability rating (Intrinsic Assessment), which remained at "BBB (low)", and the Support Assessment ("SA1").

Moody's Investors Service

On 1 February 2022, Moody's published a new report on NORD/LB. There were no changes in ratings. Moody's granted NORD/LB an "A3 (stable)" and a "P-2" deposit rating, as well as a viability rating (baseline credit assessment (BCA)) of "ba3" and an adjusted BCA of "ba1". NORD/LB's ratings reflect its membership of the Savings Banks Finance Group's bank-related security system as well as state support due to its membership of the Sparkassen finance group.

Report on the Earnings, Assets and Financial Position

The previous year's figures for the period 1 January to 30 June 2021 or as at 31 December 2021 are given in brackets below.

Earnings position

The NORD/LB Group reports earnings before taxes of € -90 million (€ -65 million) in the first half of 2022.

Compared with the previous year, the lower result was due in particular to negative measurement effects from profit/loss from fair value measurement. This was offset by operating profit drivers including a slight improvement in interest income compared with the previous year and a significant improvement in net commission income. An extremely positive risk provisioning result was also recorded.

In contrast to the negative valuation effects on income from fair value measurement, the increase in interest rates on the market had a significant positive impact on other comprehensive income. As a result, the consolidated profit of € -63 million (€ -51 million) is more than offset by an increase in other comprehensive income to € 385 million (€ 36 million). Therefore the comprehensive income was strongly positive at € 322 million (€ -15 million) (see statement of comprehensive income).

The income statement figures can be summarised as follows:

	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021[1] (in € million)	Change (in %)
Net interest income	438	428	2
Net commission income	62	14	> 100
Profit/loss from fair value measurement	– 137	92	> 100
Risk provisioning	67	– 20	> 100
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss [2]	– 8	– 18	– 56
Profit/loss from hedge accounting	– 19	1	> 100
Profit/loss from shares in companies	5	10	– 50
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Administrative expenses	– 437	– 455	– 4
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Earnings before restructuring, transformation and taxes	**– 44**	**– 30**	**47**
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Earnings before taxes	**– 90**	**– 65**	**38**
Income taxes	27	14	93
Consolidated profit	**– 63**	**– 51**	**24**

Key figures	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021 (in € million)	Change (in %)
Cost-Income-Ratio (CIR)	135.8%	104.8%	30
Return-on-Equity (RoE)	-2.69%	-1.97%	37

[1] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.
[2] From the sale of financial assets measured at amortised cost, there were gains of 0 Mio €€ 0 million (€ 3 million) and losses of € 2 million (€ 3 million).
[3] The share of profit and loss of companies accounted for using the equity method amounts to € -39 million (€ -11 million).

At € 438 million, **Interest income** was € 10 million above previous year's level (€ 428 million). The main reason for this deviation is a change in the measurement of financial liabilities at amortised cost due to a different estimation of cash flows amounting to € 15 million. Interest income from discounted provisions and liabilities as well as from defined benefit plans was € 46 million higher than in the prior-year period due to interest rates. Amortisation effects from hedge derivatives and hedge adjustments in the amount of

€ -55 million (€ 9 million) declined compared to previous year due to residual maturity effects (pull-to-par effects). The interest income decreased due to a delayed effect on earnings from new business, which was more than offset by a sharp decline in interest expenses.

The asset side margin income in the lending business was moderately below previous year, with margins largely being stable. Due to the rising yields on the money and capital markets, margins in the deposit business increased slightly compared with the previous year. On the other hand, there were declining earnings from base rate advantages, which overall means that the liabilities side margin income in the deposit business was almost unchanged compared to previous year. The earnings from interest rate and liquidity risk management remained positive, with the maturity transformation result falling below the previous year's level.

Net commission income decreased by € 48 million to € 62 million (€ 14 million) year on year. As expected, this line item benefited from lower fees of € 27 million (€ 50 million) for the guarantees of the state of Lower Saxony due to the progressive reduction of the underlying guarantee portfolio. The increase in fee and commission income was also due to a € 14 million increase in brokerage income in the lending business, partly as a result of the positive development of new business. In addition, income from account management fees increased by € 5 million compared to the same period in the previous year.

At € -137 million, **income from fair value measurement** is € 229 million lower than the prior-year figure (€92 million), which is mainly due to positive nonrecurring effects from the dissolution of the shipping portfolio. Compared to previous year, trading income in the area of interest-bearing securities and receivables decreased by € -430 million from € -191 million to € -621 million. The loss in the first half of the year was mainly due to a significant increase in euro interest rates. The income from financial instruments designated at fair value through profit or loss remained positive in the amount of € 745 million (€ 179 million). This effect is attributable to market interest rate induced measurements due to the changes in interest rates. Trading income from interest rate derivatives was negative at € -262 million (€ 11 million). Negative measurement effects of € -1 million (€ 45 million) were recognised in connection with the guarantees of the state of Lower Saxony. The positive foreign exchange result of € 14 million (€ -5 million) was mainly influenced by the exchange rate fluctuations and changes in the portfolios. Negative effects resulted from the profit/loss from financial assets mandatorily at fair value through profit or loss in the amount of € -39 million (€ 60 million). Sales margins also went up, amounting to € 41 million (€ 35 million).

Risk provisioning amounting to € 67 million significantly improved by € 87 million compared to the same period in the previous year (€ -20 million). Management adjustments were carried out in 2020 as a result of the COVID-19 pandemic and in the current year as a result of the war in Ukraine in order to adequately take account of existing uncertainties. Overall, these were reduced in the current year, resulting in an income of € 9 million. The result was also impacted by the reversal of risk provisions from the Aircraft Financing and Real Estate Customers segments.

The disposal profit/loss from financial instruments that are not measured at fair value through profit or loss of € -8 million (€ -18 million) was almost exclusively due to expenses from the repurchase of issued receivables and liabilities.

The profit/loss from hedge accounting in the amount of € -19 million (€ 1 million) was mainly due to measurement effects related to interest rates and the basis spread.

The profit/loss from shares in companies amounted to € 5 million (€ 10 million). Compared to the same period in the previous year, lower measurement effects from the write-up of an investment were included.

The increase in **income from investments accounted** for using the equity method of €45 million (€ -4 million) was due to a higher write-up of an investment.

Administrative expenses decreased by € 18 million to € -437 million (€ -455 million) compared to the prior-year period. The decline in staff expenses was predominantly due to staff downsizing from the transformation programme. Other administrative expenses also decreased due to lower IT costs. The trend towards a reduction in administrative expenses is thus continuing.

Other operating income of € -60 million (€ -78 million) largely reflected the expenses in relation to the restructuring fund and expenses arising from the deposit guarantee system of the savings banks, which decreased by € 31 million compared to previous year.

The **result from restructuring and transformation** amounted to € -46 million (€ -35 million). Due to allocations to restructuring provisions, the result from restructuring amounted to € -8 million (€ 2 million) in the first half of the year. Transformation expenses of € -38 million (€ -37 million) involved activities aimed at securing the future and maintaining the competitiveness of the NORD/LB Group. The recognised items are non-recurring and not part of the operating business activities of the NORD/LB Group. Most of these expenses were from consultancy services for strategic, IT and legal advice as well as guarantee management.

Tax income in the amount of € 27 million (€ 14 million) primarily arose from the reversal of deferred tax liabilities of a foreign subsidiary.

The **Cost/Income ratio (CI**R) of 135.8% was higher than in the previous year (104.8%) as a result of lower earnings.

At -2.69%, **Return on equity (RoE)** was below the previous year's level (-1.97%) due to negative earnings before taxes.

Assets and Financial Position

	31 Dec. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Trading assets	7 919	6 439	23
Financial assets mandatorily at fair value through profit or loss	762	959	– 21
Financial assets at fair value through other comprehensive income	11 578	13 030	– 11
Financial assets at amortised costs	84 042	84 596	– 1
Shares in companies	349	345	1
Investments accounted for using the equity method	67	75	– 11
Other assets	7 540	9 187	– 18
Total assets	**112 257**	**114 631**	– 2
Trading liabilities	2 782	2 069	34
Financial liabilities designated at fair value through profit or loss	4 906	5 645	– 13
Financial liabilities at amortised costs	95 518	95 284	–
Provisions	2 615	3 636	– 28
Other liabilities	276	2 149	– 87
Equity	6 160	5 848	5
Total liabilities	**112 257**	**114 631**	**– 2**

Total assets continued to reduce and decreased by around € -2.4 billion in the reporting period, which was in particular due to the planned reduction and measurement effects.

At € 84,042 million (€ 84,596 million), **financial assets at amortised cost** were the largest asset category by amount. The main parts of the traditional credit and lending business are reported in this category. The reduction of € -554 million took place within the context of the Group's intention to reduce total assets under the new business model. This was due, on the one hand, to the reduction in loans and advances to banks in the amount of € -379 million and, on the other hand, to the decline in bonds and debt securities in the amount of € -249 million.

Trading assets of € 7,919 million (€ 6,439 million) mainly went up as a result of the increase in debt securities and registered securities held for trading from € 3,290 million to € 5,295 million due to the growth in new business. A further increase resulted from the change in positive fair values from currency derivatives due to effects related to currencies and the basis spread. In addition, trading assets include € 2,624 million (€ 3,149 million) of derivative financial instruments. The decrease derivatives is mainly due to the reduction of positive fair values from interest rate derivatives as a result of the rise in interest rates in the first half of the year.

Financial assets mandatorily at fair value through profit or loss primarily comprised debt securities and receivables. The reduction of € -197 million to € 762 million in total resulted in particular from maturities of securities.

Financial assets at fair value through other comprehensive income in the amount of € 11,578 million (€ 13,030 million) included securities of € 11,017 million (€ 12,158 million) that were used for short and medium-term liquidity management or that were not generally intended to be held. The decrease of € -1,141 million was due to the fact that not all maturing securities were replaced and to changes in market values from a higher interest rate level of € -718 million. In addition, there was a reduction of -311 € million in receivables to € 561 million, in particular due to a portfolio reduction in public-sector promissory notes and promissory note loans.

At € 7,540 million, **other assets** consisted of the cash reserve, hedge accounting asset balances, property and equipment, investment property, intangible assets, assets held for sale, income tax assets and other types of assets.

At € 95,518 million (€ 95,284 million), **financial liabilities at amortised cost** was the largest category on the liabilities side by amount. While securitised liabilities decrease by around € -1.3 billion compared to previous year due to significantly lower new issues than total maturities in the reporting period, deposits rose by around € 1.6 billion. The increase in deposits was mainly due to the increase in short-term deposits with non-banks and the increase in own issues of repo transactions.

Trading liabilities of € 2,686 million (€ 2,050 million) mainly included derivative financial instruments with negative fair values. The change in the item was primarily due to the rise in negative fair values from interest rate derivatives resulting from a higher interest rate level in the first half of the year. In addition, negative fair values of currency derivatives were also increasing due to exchange rate fluctuations and changes in basis spreads.

For **financial liabilities designated at fair value through profit or loss**, the NORD/LB Group uses the fair value option to reduce or avoid accounting mismatches. The change in the portfolio of € -739 million was due in particular to market and creditworthiness-induced changes in the measurement of own issues. In addition, repayments more than offset for the volume of new issues in the first half of the year.

The total amount of **provisions** decreased year on year by € -1,021 million. This was mainly due to a decrease in provisions for pensions and state aid obligations of € -956 million, due to an increase in the actuarial interest rate from 1.5 per cent on 31 December 2021 to 3.55 per cent on 30 June 2022, as well as due to the reduction in provisions for restructuring of € -70 million.

The decline in o**ther liabilities** was almost entirely due to the lower adjustment item for portfolio fair value hedges.

Balance sheet equity increased by € 312 million to € 6,160 million. This increase resulted from the positive overall result for the period, which was influenced in particular by the revaluation of pension obligations and the change in fair value of securities measured at fair value through other comprehensive income.

The total contingent liabilities and other obligations were slightly above the previous year's level and amounted to € 13,973 million (€ 12,517 million) as at the reporting date.

Overall Statement

In the first half of the 2022 financial year, the NORD/LB Group's earnings position was impacted in particular by negative measurement effects in the profit/loss from financial instruments at fair value as a result of the significant rise in the interest rate level. Accordingly, earnings before taxes decreased compared with the previous year to € -90 million (€ -65 million), despite an improvement in net interest and commission income and a significantly positive risk provisioning result.

On the other hand, the increase in interest rates had a clear positive effect on other comprehensive income. Positive effects from personnel reserves more than offset negative measurement effects from securities held as non-current assets. In total, other comprehensive income increased to € 385 million (€ 36 million) in the reporting period. The comprehensive income of NORD/LB Group for the reporting period was € 322 million (€ -15 million). Please refer to the statement of comprehensive income in the condensed Interim Consolidated Financial Statements for further details.

Total assets continued to be reduced and decreased by around € -2.4 billion in the reporting period, which was particularly due to the intention to reduce total assets as part of the new business model of NORD/LB Group and to measurement effects in the course of the increased interest rate level in the first half of 2022.

NORD/LB met the minimum regulatory capital ratios at Group level in the reporting period.

Forecast, Opportunities and Risk Report

General Economic Development

Global Economic Outlook

NORD/LB believes that the current global inflationary environment will initially keep up the pressure on many central banks to act. The interest rate level has meanwhile increased and is, to some extent at least, putting a strain on global economic activity. This is evident, for example, in the US real estate market, where the rise in mortgage interest rates has now clearly worsened sentiment in the construction industry. In July, the NAHB index fell to 55 points (from 67 previously). Nevertheless, growth rates in Germany, the eurozone and the USA are expected to be positive in 2022 as a whole. However, the future outlook remains characterized by an exceptionally high degree of uncertainty. In addition to the COVID-19 pandemic, developments in global supply chains must also be closely monitored. In many countries, supply bottlenecks for some primary products have recently had a significant impact on economic growth and inflation. The focus will, of course, also remain on geopolitics – i.e. the war in Ukraine in particular. Global inflation data should continue to be very closely monitored in this environment.

In the base scenario, NORD/LB believes that both the Federal Reserve and the ECB will carry out further key interest rate hikes over the course of the year after the key interest rate increases that have already taken place, despite the now difficult global economic environment. However, capital market yields in these two currency areas are to a very large extent probably now pricing in corresponding measures by the two central banks. The same applies to the foreign exchange market. Consequently, the bond market is not necessarily expected to see sharper rises in medium and long-term yields. The US dollar does not necessarily have to become even stronger now once parity with the euro has been reached.

Finance Sector

NORD/LB believes that the consequences of the COVID-19 pandemic will stay with the European banks as the support measures of the EU, countries, central banks and supervisory authorities will now be gradually coming to an end. However, the biggest challenge lies in economic and political developments and the consequences of inflation. The current economic slowdown, due in part to continued disruptions in global supply chains, rising energy and commodity prices and further effects of the war in Ukraine, may have an impact on asset quality and earnings.

The ECB's decision to raise the key interest rate to 0.50% p.a. from July 2022 brings to an end the previous, very loose monetary and interest rate policy, which should have a positive impact on the traditional interest-income generating operations of European banks and thus on the future earnings position.

The crisis is having a further strengthening effect on the existing consolidation drivers (cost/earnings pressure, and high competition) and is therefore expected to further increase the pressure on the banking market to consolidate. In addition, it is anticipated that banks will continue to focus on their core business areas. This could include, among other things, the sale of non-strategic assets/equity investments and the expansion of their core business areas, some of which are also supported by strategic acquisitions.

Advancing digitalisation and increasing competition due to the additional market entry of fintechs or companies from outside the industry are forcing banks to invest heavily in the future, which may heap further pressure on costs.

Real Estate

Against the backdrop of the current economic developments associated with the war in Ukraine and rising interest rates, transaction volume forecasts for 2022 are subject to a high degree of uncertainty. According to CBRE, the global transaction volume is expected to fall by 2 per cent in 2022 and the EMEA transaction volume by 5 per cent compared with 2021. For the German market, CBRE expects a transaction volume of around € 50 billion for commercial real estate and around € 15 billion for residential real estate in an optimistic scenario for the 2022 as a whole. Downside risks for the real estate market primarily consist of a further escalation of the war in Ukraine, a disruption to Russian gas supplies and a resurgence in the COVID-19 pandemic. In addition, if there were to be greater monetary policy intervention as a result of high inflation, financing costs would rise significantly.

Aircraft

IATA expects global passenger transport (RPK) to increase by 97.6 per cent in 2022 compared with the previous year. As a result, passenger traffic in the current year will be 17.6 per cent lower than in 2019. For 2022, the IATA is anticipating a loss of USD 9.7 billion for international airlines' net profit (2021: USD -42.1 billion). This would correspond to a net margin of around -1.2 per cent (2020: -8.3 per cent).

For 2022, IATA is forecasting an increase of 4.4 per cent compared with the previous year for the requested air freight volume (CTK).

Group Forecast with Oppotunities and Risk Report

The following statements refer to the statements on the forecast and opportunities and risks presented in the combined management report as at 31 December 2021. In particular, new findings or deviations from the forecast presented there will be discussed below. Due to the geopolitical and global economic environment, the forecast is fraught with a high degree of uncertainty.

Forecast

In the current forecast, earnings are up slightly compared with the previous year. The reason for the slightly lower earnings outlook compared with the original forecast is the sharp rise in interest rates and adverse spread development as well as the associated negative valuation effects.

The implementation of the various cost measures as part of the transformation project forms the basis for the trend of decreasing administrative expenses. In the cost environment, which is very inflationary, the forecast of slightly lower administrative expenses compared with the previous year still stands.

To date, the credit portfolios and portfolio quality have proven to be extremely robust against the economic environment, which is subject to a high degree of uncertainty. At the same time, as a precautionary measure, a new management adjustment was made for potential loan defaults as an indirect consequence of the war in Ukraine. Overall, the forecast of a low risk result that is slightly weaker than the previous year's risk result, which was characterized by net reversals, is maintained.

For the operating business, earnings are expected to remain stable and significantly higher than in the previous year. This could be the main driver of RoE, which is expected to remain at around the prior-year level, and CIR, which is expected to improve slightly year-on-year. Due to market volatility, there is a high degree of estimation uncertainty with regard to the forecast for consolidated earnings, including the corresponding RoE and CIR figures.

As originally expected, the Common Equity Tier 1 ratio (CET 1 ratio) and the leverage ratio are expected to deteriorate slightly. At the same time, the forecast fully meets the regulatory requirements and binding requirements of the Banking supervisory or resolution authorities with regard to the provision of regulatory capital and MREL-eligible capital in 2022.

Opportunities and Risks

Economic factors

The geopolitical and macroeconomic environment is fraught with a high degree of uncertainty. The probability of deviations from forecasts has increased, especially with regard to possible downward scenarios. The main drivers of the uncertainty are the war in Ukraine and the crisis in energy, commodities and supply chains, inflation and the growing pressure from the central banks to take further restrictive measures, as well as the sharp rises and movements in interest rates. The impending conflict between China and the USA could also influence global economic performance. The forecast assumes a slowdown in economic growth in Germany, the EU and the USA. An aggravation of the above factors could have a negative impact on economic performance and the economic situation. In this context, ratings could deteriorate significantly and the need for impairments could increase significantly – accompanied by corresponding earnings risks and the risk of lower capital ratios for the Bank. An opportunity for income arises if the management adjustment made for risks related to the war in Ukraine is only required to a limited extent due to positive developments over time.

A significant rise in yields on the money and capital markets would lead to further negative effects on earnings from fair value measurements and hedge amortisation. At the same time, a decline in interest rates would be accompanied by corresponding earnings opportunities. High fluctuations in other parameters relevant to the fair value measurement, such as credit spreads or the difference between discount and forward curves, are also potentially associated with earnings risks or opportunities. In general, a further rise in interest rates offers the opportunity to achieve higher margin profits and investment income.

The strengthening of the US dollar will lead to an increase in holdings and corresponding risk-weighted assets converted into euros with negative consequences for the CET 1 ratio and the leverage ratio. At the same time, costs (earnings risk) increase, but so do earnings (earnings opportunity). In the opposite case, the corresponding opportunity-risk profile changes. Due to the significantly lower exposures in US dollars in recent years, the influence of the EUR/USD exchange rate on NORD/LB was reduced accordingly.

Regulatory environment

The forecast takes into account all known regulatory requirements, including CRR II, Basel IV, SRB requirements, the bank levy amount and expenses for deposit guarantee schemes. Potential new regulatory requirements or reliefs carry risk, but also provide opportunities for the regulatory capital ratios, leverage ratio and subsequently also for MREL ratio and NORD/LB's earnings.

Transformationsprogramm NORD/LB 2024

There are general opportunities but also risks in implementing the redimensioning of NORD/LB. This aims to simplify the Group structure and processes. If the planned income and cost measures are not implemented within the planned timeframe or to the planned extent, this could lead to operational risks and pressure on the NORD/LB Group's profitability and KPIs. Estimated restructuring expenses could also prove to be insufficient (earnings risk) or too high (opportunity for earnings).

Impact of the COVID-19 Pandemic

The COVID-19 pandemic still also carries the risk that it will flare back up again even more, for example as a result of the emergence of new virus variants. This could have a negative impact on overall economic growth and lead to a higher need for value adjustments and thus an earnings risk, in particular if support from the EU, countries, central banks and supervisory authorities is no longer provided or is provided only to a lower extent. As a result, risk-weighted assets could rise as a result of rating downgrades and put pressure on the Bank’s capital ratios. An opportunity for earnings arises if the management adjustment made for risks related to the COVID-19 pandemic is only required to a limited extent.

Extended Risk Report

Risk Management

NORD/LB Group’s risk management and the corresponding structural and process organisation, the procedures implemented, methods of risk measurement and monitoring, and the risks to the Group’s development were presented in detail in the Annual Report 2021. The presentations were still valid during the reporting period. Consequently, this interim report only describes significant developments in the reporting period.

Risk-Bearing Capacity

The risk strategy and regulatory requirements (CET1, T1 and total capital) were consistently complied with in the first half of 2022. The risk-bearing capacity was met as at 30 June 2022.

The economic perspective of risk-bearing capacity defines the CET1 capital as the maximum output value for risk capital and considers deductions from economic viewpoints, e.g. hidden liabilities and potentially a loss forecast. Accordingly, risk capital decreased compared to the previous year end due to a slight decrease in Common Equity Tier 1 capital and non-disclosed charges to be taken into account compared to the previous year by € -492 million. Risk potential also declined since the last reporting date and more than offset the effects on capital. As at 30 June 2022, an internal limit capital in the amount of € 5,125 million was offset by an aggregated risk position of € 2,263 million (based on a confidence level of 99.9 per cent). The utilisation of the risk-bearing capacity was at 44 per cent.

Economic risk limits were monitored based on an approved operating limit in the amount of € 4,600 million. As at 30 June 2022, the operating limit was utilised at 49 percent and covered the risk positions in full. The requirements set out in the Group risk strategy in relation to the maximum permitted limit utilisation rate at material risk type level were met as at the current reporting date.

As at the reporting date, there was a visible reduction in risk potential, which was mainly due to the reduction in market risk potential compared with the end of 2021. This was due to the increased interst rates, particularly at the long end of the yield curve. Counterparty risk potential was at the level of the year-end. The methodology used for liquidity spread risk has been revised; thus, the extent to which the values can be compared is limited. Moreover, to a lesser extent, additional relief resulted from the increased interest rate level. In the first half of the year, there was a decline in the potential for operational risk due to the ongoing, regular updates of the scenario landscape. This is due to lower expected values as a result of adjustments to the scenario analyses.

The transformation of the bank towards a lower-risk and more streamlined business model, which will continue until 2024, had a significant impact on the bank's earnings power and profitability. Therefore, in 2020, NORD/LB decided to classify the business and strategic risk as a material risk type in addition to the risk types already defined as material (counterparty, market, liquidity and operational risks), although the risk value does not exceed the materiality threshold. The risk is included in the risk-bearing capacity calculation and backed by a capital amount as part of the "Reserve for other risks", which is part of the risk strategy. For the "reserve for other risks", € 920 million is held within the scope of limitation, of which € 497 million is currently occupied (thereof € 157 million for business and strategic risks). Furthermore, the business and strategic risk is monitored on a quarterly basis using defined P&L positions. The threshold values defined for monitoring were consistently complied with in the reporting period.

In the normative perspective (scenario-based consideration), limits have been set on the basis of adverse planning scenarios. These limits were likewise adhered to in the reporting period.

Risk-bearing capacity[1)2)]	30 Jun. 2022	31 Dec. 2021
Normative perspective		
Common equity tier 1 capital (in € million)	5 618	5 831
Regulatory risk potentials (in € million)	2 967	3 009
Common equity tier 1 capital ratio (in %)	15.15%	15.50%
Tier 1 capital ratio (in %)	15.28%	15.64%
Total capital ratio (in %)	19.30%	19.89%
Economic perspective		
Total risk potential (in € million)	**2 263**	**2 821**
Counterparty risk	851	851
Market-price risk	641	1 064
Liquidity risk	33	126
Operational risk	241	284
Reserve for other risks (incl. business and strategic risk)	497	497
Risk capital (in € million)	**5 125**	**5 831**
Risk capital utilisation (in %)	**44.2%**	**48.4%**

1) Differences in totals are rounding differences.
2) Previous year’s figures were partially restated due to COREP-adjustments.

Counterparty Risk

Counterparty risk comprises credit risk and investment risk. The changes in the credit risk are shown below.

Analysis of the total exposure

As at 30 June 2022, NORD/LB Group’s total exposure was € 120 billion and therefore rose slightly compared with the comparison date of 31 December 2021 (€ 119 billion). The focus of the total exposure continued to be on the very good to good rating categories. The classification is based on the standard IFD rating scale, which has been agreed by the banks, savings banks and associations that belong to the “Initiative Finanzstandort Deutschland” (Initiative for Germany as a Financial Centre). This rating scale intends to simplify the comparison between the rating categories of the individual credit institutions. NORD/LB uses the 27 rating categories of the DSGV rating master scale aligned with the IFD categories.

The Rating Structure table shows the breakdown of the total exposure of the NORD/LB Group by IFD rating category, subdivided into product types and risk provisioning stages.

Rating Structure[1)2)] (in € million)	Loans 30 Jun.2022	Securities[3)] 30 Jun.2022	Derivatives[4)] 30 Jun.2022	Other[5)] 30 Jun.2022	Total exposure 30 Jun.2022	Total exposure 31 Dec. 2021
very good to good	63 754	13 875	3 068	17 927	98 623	97 534
stage 1[6)]	62 586	3 183	–	17 618	83 387	80 276
stage 2	68	50	–	–	117	130
fair value	1 100	10 642	3 068	309	15 119	17 127
good / satisfactory	9 185	585	274	1 531	11 575	10 897
stage 1	8 847	154	–	1 492	10 493	9 528
stage 2	203	145	–	40	388	667
fair value	135	285	274	–	694	702
reasonable / satisfactory	3 382	93	21	690	4 187	4 762
stage 1	2 990	–	–	623	3 613	3 791
stage 2	298	–	–	67	365	691
fair value	94	93	21	–	209	280
increased risk	2 079	21	34	343	2 477	2 626
stage 1	1 156	–	–	224	1 380	1 400
stage 2	912	10	–	115	1 037	1 081
fair value	11	10	34	4	60	145
high risk	925	–	4	84	1 013	1 141
stage 1	174	–	–	17	190	231
stage 2	721	–	–	67	788	842
fair value	31	–	4	–	35	68
very high risk	758	–	1	84	842	869
stage 1	21	–	–	1	22	218
stage 2	737	–	–	83	820	644
fair value	–	–	1	–	1	8
default (=NPL)7)	790	–	1	106	897	1 071
stage 3	762	–	–	106	868	1 042
fair value	28	–	1	–	29	29
Total	**80 873**	**14 573**	**3 404**	**20 764**	**119 614**	**118 900**
stage 1	75 774	3 337	–	19 973	99 084	95 444
stage 2	2 938	205	–	372	3 516	4 055
stage 3	762	–	–	106	868	1 042
fair value	1 399	11 031	3 404	313	16 147	18 359

1) The ratings are assigned on the basis of the initiative for Germany as a financial centre (IFD) rating categories.
2) Differences in totals are rounding differences.
3) Includes the securities holdings of third-party issues (only banking book).
4) Includes derivative financial instruments such as finance swaps, options, futures, forward rate agreements and currency transactions.
5) Includes other products such as pass-through and administered loans.
6) The risk provisioning stages of the impairment model are shown (net after fair-value deduction).

The items rated in the “very good to good” rating category increased over the reporting period by € 1.1 billion. Total exposure ranked in the best rating category (very good to good) stayed at 82 per cent (82 per cent). This can be explained by the fact that business with financing institutions with good credit ratings as well as with service industries (including public authorities) has always been very important, and it is therefore also a reflection of NORD/LB Group’s risk policy. Together, this business continues to account for a significant share of the total exposure at 72 per cent (72 per cent).

Industries by risk provisioning stage[1)2)] (in € million)	stage 1[3)] 30 Jun.2022	stage 2 30 Jun.2022	stage 3 30 Jun.2022	Fair Value 30 Jun.2022	Total exposure 30 Jun.2022	Total exposure 31 Dec. 2021
Financing institutes / insurance companies	30 258	131	29	6 625	37 043	35 801
Service industries / other	39 887	1 859	254	6 737	48 736	49 950
Transport / communications	4 004	297	236	670	5 207	5 106
Manufacturing industry	4 528	498	93	1 068	6 187	5 814
Energy, water and mining	13 756	448	145	784	15 133	15 366
Trade, maintenance and repairs	3 686	156	44	196	4 082	3 794
Agriculture, forestry and fishing	2 016	77	47	1	2 140	2 081
Construction	930	50	16	56	1 053	988
Other	20	–	4	10	35	–
Total	**99 084**	**3 516**	**868**	**16 147**	**119 614**	**118 900**

1) The data is allocated according to the “industry” criterion in the data budget.
2) Differences in totals are rounding differences.
3) The risk provisioning stages of the impairment model are shown (net after fair-value deduction).

Industries[1)2)] (in € million)	Loans 30 Jun.2022	Securities[3)] 30 Jun.2022	Derivatives[4)] 30 Jun.2022	Other[5)] 30 Jun.2022	Total exposure 30 Jun.2022	Total exposure 31 Dec. 2021
Financing institutes / insurance companies	19 044	6 565	943	10 491	37 043	35 801
Service industries / other	39 354	7 235	576	1 571	48 736	49 950
Transport / communications	4 200	165	317	524	5 207	5 106
Manufacturing industry	4 497	287	780	622	6 187	5 814
Energy, water and mining	8 554	271	579	5 729	15 133	15 366
Trade, maintenance and repairs	3 618	23	168	273	4 082	3 794
Agriculture, forestry and fishing	666	–	1	1 474	2 140	2 081
Construction	918	16	40	78	1 053	988
Total	23	10	–	1	35	–
Total	**80 873**	**14 573**	**3 404**	**20 764**	**119 614**	**118 900**

1) The data is allocated according to the “industry” criterion in the data budget.
2)) to 5) See the preceding Rating structure table.

The breakdown of total exposure by region shows that the eurozone is still by far the most important business region for the NORD/LB Group with a high share of 86 per cent (85 per cent) of the total exposure. Germany’s share was 72 per cent (72 per cent) of the total exposure.

Regions[1)2)] (in € million)	Loans 30 Jun.2022	Securities[3)] 30 Jun.2022	Derivatives[4)] 30 Jun.2022	Other[5)] 30 Jun.2022	Total exposure 30 Jun.2022	Total exposure 31 Dec. 2021
Euro countries	69 194	10 955	1 828	20 567	102 545	101 253
Of which: Germany	57 938	7 424	719	19 496	85 578	85 318
Other Europe	5 983	1 059	1 134	180	8 356	8 925
North America	3 725	1 900	43	1	5 669	5 437
Middle and South America	848	–	5	16	869	953
Middle East / Africa	145	–	–	–	145	250
Asia / Australia	978	659	394	–	2 032	2 082
Total	**80 873**	**14 573**	**3 404**	**20 764**	**119 614**	**118 900**

1) The figures are reported by the country in which the borrower is legally domiciled.
2) to 5) See the preceding Rating structure table.

The war between Ukraine and Russia directly affects NORD/LB only to a very small extend. NORD/LB currently holds portfolios amounting to € 8 million (€ 11 million) with Russian financing institutions and insurance companies. However, there are currently no exposures in Ukraine or Belarus. Possible effects on other borrowers due to disruptions in supply chains or energy deliveries are monitored closely on an ongoing basis. No significantly increased risks were identified during the reporting period. In order to mitigate possible indirect effects of the war, such as a complete energy embargo on the NORD/LB portfolio for various potentially affected industries, NORD/LB recognises a "Management Adjustment Ukraine". The calculation of this adjustment refers to internal adverse scenarios (moderate, medium and severe adverse scenario), which in addition to the energy embargo take into account a dynamic status quo and a geographical expansion of the conflict. Furthermore, NORD/LB made arragements to fully incorporate the changed situation and, in particular, the international sanctions.

Besides, NORD/LB takes account of the uncertainties of the further course of the pandemic, in particular the spread of mutations with possible new lockdowns and the resulting possible effects on the credit quality of borrowers in the balance sheet as at 30 June 2022, by continuing the "Management Adjustments COVID 19" (MAC-19), which NORD/LB has been recognising since financial year 2020. MAC-19 aims to reflect expectable future effects for sectors severely affected by the pandemic, which are not yet visible in credit rating downgrades or risk provisioning respectively. As at 30 June 2022, it focusses on the sub-segments aircraft financing and real estate. NORD/LB still cosiders post-model adjustments in the corporate customer segment as necessary, which however is rather due to the negative primary or secondary run effects of the war between Ukraine and Russia. From the corporate client segment, only the services and travel and leisure industries remain relevant for MAC-19.

The selection of the following additional countries refers to a rating-dependent limit utilisation as well as a country-specific risk assessment in consideration of various factors, e.g. current natural disasters, special political developments, being affected by existing or impending epidemics or pandemics or special portfolio compositions. Further on, NORD/LB focussed on credit risk exposure.

The portfolios in Great Britain currently amount to € 4.5 billion (€ 5.1 billion), which are divided into € 3.5 billion (€ 3.9 billion) Corporates & Others, € 0.8 billion (€ 1.0 billion) Financial Institutions & Insurance and € 0.1 billion (€ 0.2 billion) Sovereign Exposure. In Poland, NORD/LB Group has an exposure of € 838 million (€ 852 million); divided into € 632 million (€ 582 million) Corporates & Others and € 121 million (€ 155 million) Financing Institutions & Insurance and € 86 million (€ 115 million) Sovereign Exposure. Besides, NORD/LB has an exposure of € 164 million (€ 143 million) in China, comprising € 130 million (€ 129 million) in Corporates & Other and € 34 million (€ 14 million) in Financial Institutions & Insurance. NORD/LB's intense monitoring and analysis of significant developments in other countries do currently not indicate any need for valuation adjustments.

The reported exposure includes both direct and indirect exposure (primarily credit default swaps). The basis for the calculation is the utilisation (in the case of guarantees the nominal value, in the case of securities the carrying amount in accordance with the German Commercial Code (HGB)) and the credit equivalents resulting from derivatives (including add-ons and in consideration of netting). Irrevocable and revocable loan commitments are proportionally included in the total exposure, while collateral provided to the NORD/LB Group is not taken into account.

The sovereign exposure also includes exposure to regions, municipalities and state-related companies for which the respective central government issued guarantees.

Market-Price Risk

In the first half of 2022, there was a significant rise in capital market yields in the eurozone as a result of the war between Ukraine and Russia and the sharp rise in inflation, as well as a steeper yield curve. US dollar interest rates also rose in the first half of 2022.

Credit spreads have widened sharply since the outbreak of the war. As measured by cross-currency basis spreads between US dollar and euro interest rates, the interest rate differential narrowed slightly in the first half of 2022.

In accordance with ICAAP, management of the market risks comprises the economic and the normative perspectives. The limits in the economic and normative perspectives were complied with as at the reporting date.

In the economic perspective, the process of historic simulation is applied uniformly across the entire Group. The value-at-risk (VaR) is calculated in the analyses of risk-bearing capacity at a confidence level of 99.9 per cent and a holding period of 250 trading days. Other confidence levels and holding periods are used in the Group institutions for operational management.

As at 30 June 2022, the VaR calculated for NORD/LB in the economic perspective was € 641 million. This corresponds to a decline of € 423 million compared with the end of the prior year (€ 1 064 million). The limit utilisation was 42 per cent as at the reporting date. The decline in risk compared to the end of the previous year was due to the increase in yields of about 180 basis points in the long maturities (20 years and above). This was particularly caused by the measurement of long-term pension commitments, for which profit or loss is presented in OCI.

In the correlated total risk exposure in the economic perspective, interest-rate risks and credit-spread risks dominated. All other sub-risks were of minor significance. The correlated total risk exposure for NORD/LB breaks down into the following individual sub-risks:

Market-Price Risks[1]	Economic Perspective				
in € million	30. Jun. 2022	31. Mar. 2022	31. Dec. 2021	30. Sep. 2021	30. Jun. 2021
Interest rate risk	382	474	628	646	576
Credit-spread-risk	519	590	712	849	839
Currency risk	55	42	52	41	38
Stock price and fund price risk	1	–	–	–	–
Votality risk	12	27	16	10	10
Other add-ons	3	3	3	3	4
Total risk[2]	**641**	**819**	**1 064**	**1 059**	**1 102**

[1] Value at Risk (99.9 per cent; 250 days holding period)
[2] Due to diversification effects, the overall risk is smaller than the sum of the individual risks.

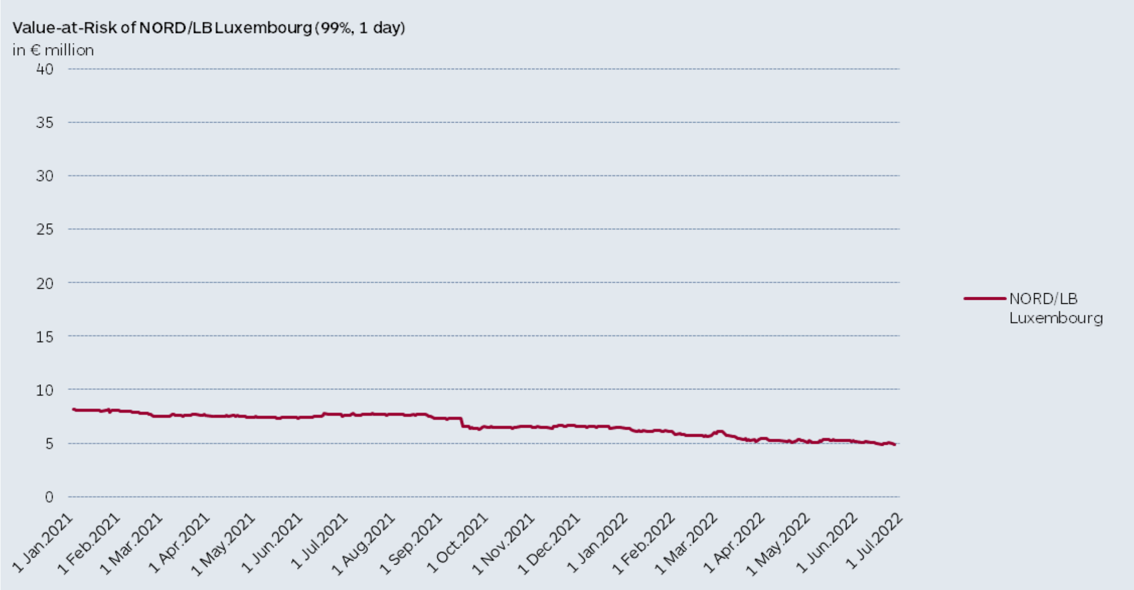
The operational limiting of the individual sub-portfolios in the trade and treasury section of the relevant units of NORD/LB is implemented by way of corresponding sub-limits, which are derived from the total limit for NORD/LB market risks. The operational limiting of the corresponding VaR ratios is implemented with other parameters (confidence level, holding period) than in the risk-bearing capacity model. The present-value risk indicators of the material sub-portfolios are determined at NORD/LB on a daily basis.

Both of the charts below show the change in the correlated value-at-risk, as calculated each day, in the present value perspective (economic perspective) since 1. January 2021 for the key sub-portfolios of the relevant units of the NORD/LB Group.

For NORD/LB AöR, a confidence level of 95 per cent and holding period of one trading day is applied for operational limiting.

Over the course of the first half of 2022, the risks in all sub-portfolios of NORD/LB AöR increased. This was mainly due to the increased volatility and the increase in interest rates and credit spreads described. This increase in risk cannot be observed in the economic perspective of risk-bearing capacity. The reason for this different trend is that the value-at-risk used for the operational limitation is based on a one-year history and the strong market fluctuations from the first half of 2022 are adequately taken into account by the value-at-risk model. By contrast, the limitation of the economic perspective of risk-bearing capacity is based on a longer history for value-at-risk, which dates back to the financial crisis. The value-at-risk in the economic perspective is therefore less sensitive to current market changes than the operational value-at-risk.

The Group subsidiary NORD/LB Luxembourg uses a confidence level of 99 per cent and also a holding period of one trading day. The representation of the course of the VaR in the following graphic thus refers to the confidence level, at which the subsidiary institution is being managed. The risk of the subsidiary NORD/LB Luxembourg did not materially change year on year.



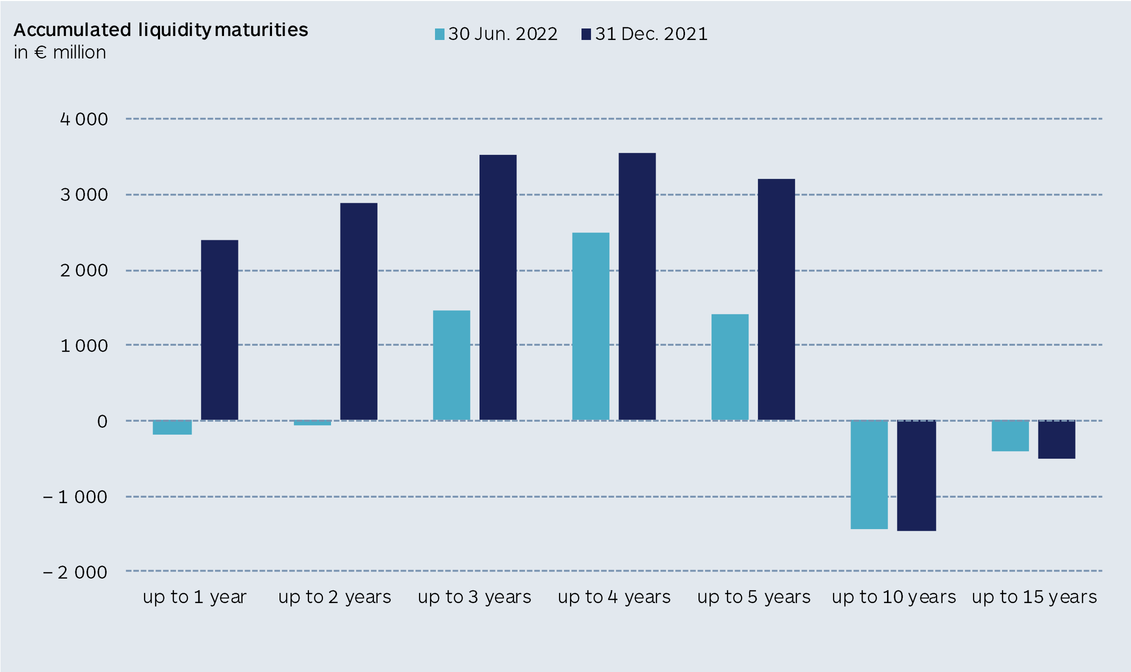
NORD/LB will continue to monitor market developments carefully in the secon half 2022 for all relevant asset classes. Based on the risk policy, the gradual enhancement of risk models and the risk management process as well as, the focused trade strategy, NORD/LB is well prepared, even for volatile market phases.

Liquidity Risk

Despite the ongoing COVID-19 pandemic and the added uncertainties from the war between Ukraine and Russia, sufficient liquidity was available on the money and capital markets throughout the reporting period. In some cases, the monetary measures of the European Central Bank continued to have an impact here. Due to the interest rate hikes expected by the market for the next few periods and with increasing volatility, the supply initially focused increasingly on shorter maturities, particularly at the end of the reporting period.

NORD/LB's liquidity situation proved to be very comfortable throughout the reporting period. As in the previous year, the risk of market-wide negative developments and the resulting risks for the institution's overall credit portfolio were taken into account in the liquidity stress tests and consequently in the management of liquidity, as was the case in the previous year. Developments were closely monitored on an ongoing basis and regularly reassessed. The potential negative effects assumed in the stress scenarios on the earnings situation of economic subjects and the production processes from the COVID-19 pandemic were supplemented by the possible negative impact from rising raw material and energy prices and the search for alternatives to Russian energy supplies. Inflation expectations were also taken into account.

In the first half of 2022, the internal liquidity stress scenario relevant for management purposes was managed for NORD/LB entirely in the green phase, both at Group level and in AöR, and the liquidity also remained satisfactory as at the reporting date. The liquidity buffers were maintained for one week and one month in accordance with the Minimum Requirements for Risk Management (MaRisk). NORD/LB's cumulative liquidity maturity balance sheet showed comfortable liquidity surpluses as at the reporting date in the maturity bands from "up to 3 years" to "up to 5 years". In the short-term maturity bands "up to 2 years", small liquidity gaps showed up as a consistent result of the underlying methodology. As in the previous quarters, moderate liquidity gaps existed at the sampling points shown from "up to ten years" to "up to fifteen years". The liquidity gaps were within the limits derived from the risk-bearing capacity model. At NORD/LB Group level the limits were respected in the year under review, both when taking all currencies and the key individual currencies into account.



NORD/LB is active in highly liquid markets and maintains a portfolio of high-quality securities. As at the reporting date, the material companies of NORD/LB held securities worth € 22 billion (€ 23 billion), of which 79 per cent (80 per cent) were suitable for repo transactions with the European Central Bank (ECB). As at 30 June 2022, the liquidity coverage ratio (LCR) stood at 137.3 per cent (139.4 per cent).

Operational Risk

NORD/LB uses the standard approach of CRD IV (Pillar I) to calculate the capital requirement. At Group level, this requirement as at 30 June 2022 amounted to € 196 million.

As at the reporting date, the losses of NORD/LB stood at € 23.2 million. The losses were mainly caused by "external influences" and "employees" driven in particular by the backlog processing at an external service provider and provisions with regard to the GTC change mechanism. The incorrect exercise of an interest rate derivative, which had already been mentioned in the 2021 Annual Report, was included as the final allocation to the loss-bearing unit was carried out in the first quarter of 2022.

NORD/LB is responsible for complying with the principles for preventing the financing of terrorism as part of the compliance function’s extensive protection and prevention measures.

Integrated operational risk management helps ensure that the transparency of operational risks is increased further and that targeted management is possible. The early detection of risks is supported by a comprehensive indicator system.

The management of IT risks is also gaining in importance. These include, for example, the IT transformation with the associated operational risks and cyber risks. Against the backdrop of current events in global politics, the cyber risk for the Bank was analysed and measures to mitigate the risk were taken.

ESG risks

Environmental, social and governance (ESG) risks refer to climate/environmental, social or governance events or conditions that in case of occurrence may have actual or potentially significant negative impact on the Bank’s net assets, financial position, results of operations and reputation. Analyses in the ESG context currently focus on “climate and environmental risks”.

ESG risks are increasingly coming into general focus. NORD/LB therefore sees climate change as a significant macroeconomic risk factor and is exposed to short, medium and long-term risks in this regard. The “ECB Guideline on Climate and Environmental Risks” continues to be particularly important for NORD/LB. For the purposes of this guideline, climate and environmental risks have been defined as drivers of the types of risk – which are primarily materialised in counterparty risks. These are taken into account in all relevant risk types in the risk inventory.

A Bank-wide ESG project will continue to push ahead with the planned activities for the current year, including the implementation of ESG key performance indicators, the expansion of risk management frameworks, the performance of further climate risk analyses on physical and transitory risks, the introduction of ESG scores and the review of the need for adjustment in the rating procedures.

In the first half of 2022, NORD/LB was examined as part of the “Thematic Review” on the implementation status of the ECB guidelines on climate and environmental risks and also took part in the ECB climate stress test. The resulting findings should be used in the implementation of further management-relevant topics such as carrying out transitory and physical risk analyses, as well as further developing the ICAAP integration and the internal stress test framework.

Condensed Interim Consolidated Financial Statements as at 30 June 2022

Income Statement

	Notes	1 Jan.-30 Jun. 2022 (in € million)	1 Jan.-30 Jun. 2021[1)] (in € million)	Change (in %)
Interest income from assets		1 876	2 069	– 9
of which: interst income calculated using the effective interst method		*842*	*901*	*– 7*
Interest expenses from assets		– 24	– 28	– 14
Interest expenses from liabilities		– 1 449	– 1 646	– 12
Interest income from liabilities		35	33	6
of which: interst income calculated using the effective interst method		*35*	*33*	*6*
Net interest income	**9**	**438**	**428**	**2**
Commission income		116	96	21
Commission expenses		– 54	– 82	– 34
Net commission income	**10**	**62**	**14**	**> 100**
Profit/loss from fair value measurement	11	– 137	92	> 100
Risk provisions	12	67	– 20	> 100
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss [2)]	13	– 8	– 18	– 56
Profit/loss from hedge accounting	14	– 19	1	> 100
Profit/loss from shares in companies		5	10	– 50
Profit/loss from investments accounted for using the equity method [3)]	15	45	– 4	> 100
Administrative expenses	16	**– 437**	**– 455**	**– 4**
Other operating profit/loss	17	– 60	– 78	– 23
Earnings before restructuring, transformation and taxes		**– 44**	**– 30**	**47**
Profit/loss from restructuring and transformation	18	– 46	– 35	31
Earnings before taxes		**– 90**	**– 65**	**38**
Income taxes	19	27	14	93
Consolidated profit/loss		**– 63**	**– 51**	**24**
of which: attributable to the owners of NORD/LB		*– 63*	*– 51*	

1) In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.
2) From the sale of financial assets measured at amortised cost, there were gains of 0 Mio € (3 Mio €) and losses of 2 Mio € (3 Mio €).
3) The share in profit and loss of companies accounted for using the equity method amounts to € -39 million (€ -11 million).

Statement of Comprehensive Income

The comprehensive income of the NORD/LB Group is comprised of the income and expenses recognised in the income statement and in other comprehensive income (OCI).

	1 Jan.-30 Jun. 2022 (in € million)	1 Jan.-30 Jun. 2021[1)] (in € million)	Change (in %)
Consolidated profit/loss	**– 63**	**– 51**	**24**
Other comprehensive income which is not recycled in the income statement in subsequent periods on certain conditions			
Investments accounted for using the equity method - Share of other comprehensive income	– 102	– 10	> 100
Changes in designated financial liabilities at fair value through profit or loss due to changes in own credit risk	91	– 59	> 100
Revaluation of the net liability from defined benefit pension plans	886	213	> 100
Deferred taxes	– 79	– 29	> 100
	796	**115**	**> 100**
Other comprehensive income which is recycled in the income statement in subsequent periods on certain conditions			
Changes in financial assets at fair value through other comprehensive income			
Unrealised profit/losses	– 790	– 142	> 100
Reclassification due to profit/loss realisation	235	30	> 100
Investments accounted for using the equity method - Share of other comprehensive income	30	– 6	> 100
Translation differences of foreign business units			
Unrealised profit/losses	7	2	> 100
Deferred taxes	107	37	> 100
	– 411	**– 79**	**> 100**
Other profit/loss	**385**	**36**	**> 100**
Comprehensive income for the period under review	**322**	**– 15**	**> 100**
of which: attributable to the owners of NORD/LB	322	– 15	

[1)] In the case of individual items, the previous year's figures habe been restated, see Note (6) Restatement of previous year's figures.

Balance Sheet

Assets	Notes	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Cash reserve		5 804	6 930	– 16
Trading assets	20	7 919	6 439	23
of which: Loans and advances to customers		*848*	*663*	*28*
Financial assets mandatorily at fair value through profit or loss	20	762	959	– 21
of which: Loans and advances to banks		*47*	*56*	*– 16*
of which: Loans and advances to customers		*214*	*245*	*– 13*
Financial assets at fair value through other comprehensive income	21	11 578	13 030	– 11
of which: Loans and advances to banks		*260*	*378*	*– 31*
of which: Loans and advances to customers		*301*	*494*	*– 39*
Financial assets at amortised costs	22	84 042	84 596	– 1
of which: Loans and advances to banks		*13 216*	*13 595*	*– 3*
of which: Loans and advances to customers		*67 483*	*67 408*	*–*
Positive fair values from hedge accounting derivatives		290	474	– 39
Balancing item for financial instruments hedged in the portfolio fair value hedge		– 154	284	>100
Shares in companies	23	349	345	1
Investments accounted for using the equity method		67	75	– 11
Property and equipment	24	275	287	– 4
Investment properties		125	126	– 1
Intangible assets	25	118	118	–
Current income tax assets		36	22	64
Deferred income taxes		443	453	– 2
Other assets		603	493	22
Total assets		**112 257**	**114 631**	**– 2**

Liabilities	Notes	30 Jun. 2022 (in € million)	31 Dec.2021[1] (in € million)	Change (in %)
Trading liabilities		2 782	2 069	34
Financial liabilities designated at fair value through profit or loss	26	4 906	5 645	– 13
of which: Liabilities to banks		*261*	*267*	*– 2*
of which: Liabilities to customers		*2 987*	*3 666*	*– 19*
of which: Securitised liabilities		*1 658*	*1 712*	*– 3*
Financial liabilities at amortised costs	27	95 518	95 284	–
of which: Liabilities to banks		*29 888*	*28 438*	*5*
of which: Liabilities to customers		*45 826*	*45 691*	*–*
of which: Securitised liabilities		*19 537*	*20 873*	*– 6*
of which: Subordinated liabilities		*2 365*	*2 295*	*3*
Negative fair values from hedge accounting derivatives		619	1 099	– 44
Balancing item for financial instruments hedged in the portfolio fair value hedge		– 823	531	> 100
Provisions	28	2 615	3 636	– 28
Current income tax liabilities		38	37	3
Deferred income taxes		5	49	– 90
Other liabilities		437	433	1
Equity				
Issued capital		3 083	3 083	–
Capital reserve		2 579	2 589	–
Retained earnings		912	986	– 8
Accumulated other comprehensive income (OCI)		– 463	– 853	– 46
Currency translation reserve		– 3	– 9	– 67
Equity capital attributable to the owners of NORD/LB		**6 108**	**5 796**	**5**
Additional equity		50	50	–
Equity capital attributable to non-controlling interests		2	2	–
		6 160	**5 848**	**5**
Total liabilities		**112 257**	**114 631**	**– 2**

[1] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures

Condensed Statement of Changes in Equity

(in € million)	Issued capital	Capital reserve	Retained earnings	Accumulated OCI	Currency translation reserve	**Equity capital attributable to the owners of NORD/LB**	Additional equity	Equity capital attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2022	**3 083**	**2 589**	**986**	**– 853**	**– 9**	**5 796**	**50**	**2**	**5 848**
Comprehensive income for the period under review	–	–	– 63	379	6	**322**	–	–	**322**
Transactions with owners	**–**	**– 10**	**–**	**–**	**–**	**– 10**	**–**	**–**	**– 10**
Capital decreases	–	– 10	–	–	–	**– 10**	–	–	**– 10**
Other changes in capital	–	–	– 11	11	–	**–**	–	–	**–**
Equity as at 30 Jun. 2022	**3 083**	**2 579**	**912**	**– 463**	**– 3**	**6 108**	**50**	**2**	**6 160**

(in € million)	Issued capital	Capital reserve	Retained earnings[1)]	Accumulated OCI[1)]	Currency translation reserve	**Equity capital attributable to the owners of NORD/LB**	Additional equity	Equity capital attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2021	**2 972**	**2 589**	**978**	**– 803**	**– 13**	**5 723**	**50**	**2**	**5 775**
Comprehensive income for the period under review	–	–	– 51	34	2	**– 15**	–	–	**– 15**
Other changes in capital	–	–	– 18	18	–	**–**	–	–	**–**
Equity as at 30 Jun. 2021	**2 972**	**2 589**	**909**	**– 751**	**– 11**	**5 708**	**50**	**2**	**5 760**

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures

Condensed Cash Flow Statement

	1 Jan. - 30 Jun. 2022 (in € million)	1 Jan. - 30 Jun. 2021 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	**6 930**	**6 031**	**15**
Cash flow from operating activities	– 1 049	– 1 149	– 9
Cash flow from investment activities	– 19	16	> 100
Cash flow from financing activities	– 79	– 52	52
Total cash flow	**– 1 147**	**– 1 185**	**– 3**
Effects of changes in exchange rates	21	12	75
Cash and cash equivalents as at 30 June	**5 804**	**4 858**	**19**

The cash flow statement is not a substitute for liquidity or financial planning in the NORD/LB Group, nor is it used as a control tool. With regard to the management of the liquidity risk within the NORD/LB Group, refer to the information in the risk report.

Selected Notes

General Disclosures

(1) Principles for the Preparation of the Consolidated 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 Interim Consolidated Financial Statements of NORD/LB as at 30 June 2022 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applicable within the European Union. The Interim Financial Statements meet the requirements of IAS°34 for condensed Interim Financial Reporting. The national provisions of the German Commercial Code (HGB) under §°315e°HGB were also observed, to the extent applicable as at the Interim Financial Statements' reporting date. The Interim Consolidated Financial Statements are to be read in conjunction with the information contained in the certified, published Consolidated Financial Statements of NORD/LB as at 31 December 2021.

NORD/LB, as a group established under commercial law, is referred to below as the NORD/LB Group. The Interim Consolidated Financial Statements as at 30 June 2022 comprise the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes. Segment reporting takes place within the Notes in Note (8) Segment reporting by business segment. Reporting on the nature and scope of risks relating to financial instruments in accordance with IFRS 7 is provided mainly in a risk report within the interim Group management report.

The reporting currency for the Interim Financial Statements is the Euro. All amounts are stated as rounded figures in millions of EUR (€°million) according to standard commercial practice, unless otherwise indicated. The figures for the previous year are stated afterwards in brackets.

These Interim Consolidated Financial Statements were prepared by the Managing Board on 18 August 2022 and approved for publication.

(2) Management adjustment

Management adjustment COVID-19 (MAC-19)

As at 30 June 2022, the NORD/LB Group continued to utilise the management adjustment COVID-19 (MAC-19) made for the first time in the 2020 financial year in order to take into account in the balance sheet uncertainties over how the pandemic will unfold – in particular the spread of strains that could result in new lockdowns, and the resulting potential impact on borrower credit quality. The extended state support measures cover the credit assessment of the borrowers' creditworthiness. However, indirect influencing factors such as increasing supply chain bottlenecks cannot be conclusively assessed.

The aim of MAC-19 is to take into account expected future effects on those sectors severely affected by the pandemic but, in the context of ratings, are not yet visible in the form of a deterioration in creditworthiness and thus in risk provisions, which are not mapped via impairment levels 1 and 2 models as at the reporting date of 30 June 2022. As at 30 June 2022, the focus was on the Aircraft Financing sub-segment of the Special Financing segment and on the Real Estate Customers segment. The post-model adjustments in the Corporate Customers segment are still considered necessary, but are more likely to be due to the negative effects of the Ukraine war. From the Corporate Customers segment, only the Industries Services and Travel and Leisure segments remain relevant as MAC-19.

In terms of amount, MAC 19 fell to € 279 million (€ 362 million), mainly due to the allocation of the management adjustment in the Corporate Customers segment to the consequences of the Ukraine war. Broken down by segment, the share of the MAC-19 of the Aircraft Financing sub-segment was € 170 million (€ 175 million), € 87 million (€ 96 million) in the case of the Real Estate Customers segment and € 22 million (€ 91 million) in the case of the Corporate Customers segment. The utilisation or release of MAC-19 is expected by the end of 2022.

Management Adjustment Ukraine (MAU)

For the potential consequences of the war in Ukraine, a Management Adjustment Ukraine (MAU) has been made for the first time at the half-year financial statements for 2022. The effects of the war in Ukraine, in particular the expected second and third-round effects such as the expected gas shortage or the potential gas supply freeze, supply bottlenecks or significantly higher commodity prices, have not yet been seen in the current borrower ratings in the Corporate Customers segment. A management adjustment is deemed necessary in order to correctly map the expected credit losses, which are determined in impairment levels 1 and 2 on the basis of parameters. The direct effects of the war are negligible because there is no direct involvement with Ukraine and an exposure of € 7.6 million in Russia with Euler-Hermes cover by the Federal Republic of Germany and Austria, leaving a residual risk of € 0.5 million.

In total, a Management Adjustment in the amount of € 73.0 million was made for the NORD/LB Group as at 30 June 2022. The forecast effects are fully allocated to the Corporate Customers segment. Of this amount, € 18 million was mainly attributable to agriculture, € 13 million to automotive, € 11 million to consumer goods and € 10 million to metal and plant engineering.

For the other segments, a management adjustment is not considered necessary. This is justified by positive rating trends in the Energy and Infrastructure Customers sub-segment of the Special Financing segment, the lack of direct or indirect negative effects on the borrower’s business model, and appropriate risk mapping via the rating. The MAU currently has a time horizon until 31 December 2023. However, this time horizon is subject to a high degree of uncertainty and is monitored on a quarterly basis.

The starting point for both MAC-19 and the MAU is internal credit risk simulations, which examine the deterioration in credit quality and the loss ratio due to market value discounts in industries particularly severely affected by the COVID-19 pandemic or the war in Ukraine. The relevant portfolio is subjected to a stress scenario in which the ratings valid on the reporting date perform negatively based on economic forecasts. A distinction is made between three scenarios of different severity levels: scenario 1 (mild scenario), 2 (moderate scenario) and 3 (severe scenario). Within these scenarios, the effects of continuously restricted gas supplies at the current level or a possible gas supply cut are processed. The economic forecasts are made available in the standard format of the stress test analyzer of the rating service providers, subsequently transformed into PD and LGD shifts and validated by experts. The management adjustments are determined as of 30 June 2022 on the basis of the shift factors resulting in scenario 3 (severe adverse scenario) on the risk parameters PD and LGD. In addition to the global Brent oil price in USD, the economic forecasts include country-specific variables for the unemployment rate, real gross domestic product, the consumer price index and real share price index, the 3-month interest rate, the yield on 10-year government bonds and the exchange rate with the USD.

Germany	Scenario 1		Scenario 2		Scenario 3	
	2022	2023	2022	2023	2022	2023
Unemployment rate (in %)	5,4	5,7	5,6	6,8	5,9	7,7
GDP (real; Y/Y1 in %)	0,8	-0,6	0,1	-2,5	-0,4	-5,6
CPI2 (in % Y/Y)	8,5	2,7	8,7	3,5	8,5	3,0
Leading index shares (% p.a. real)	-33,2	-6,5	-37,9	-15,0	-44,7	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	0,2	1,3	0,3	1,4	0,3	0,7
Long-Term Interest Rate (10Y Government, in %)	1,1	1,4	1,2	1,2	1,1	0,6
Rate of change of exchange to USD (in % Y/Y)	-9,3	-2,8	-10,2	-3,8	-9,3	-5,6

[1] Y/Y = year to year
[2] Consumer Price Index

Great Britain and Northern Ireland	Scenario 1		Scenario 2		Scenario 3	
	2022	2023	2022	2023	2022	2023
Unemployment rate (in %)	5,0	7,0	5,5	8,0	5,8	9,0
GDP (real; Y/Y1 in %)	2,8	-0,7	2,5	-1,2	2,4	-2,2
CPI2 (in % Y/Y)	6,9	2,6	6,7	2,4	6,6	2,2
Leading index shares (% p.a. real)	-12,0	-5,0	-13,5	-11,0	-13,5	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	1,5	1,0	1,4	1,0	1,4	1,0
Long-Term Interest Rate (10Y Government, in %)	1,9	1,2	1,8	1,1	1,8	1,0
Rate of change of exchange to USD (in % Y/Y)	-9,3	-4,8	-9,1	-7,2	-10,4	-8,1

[1] Y/Y = year to year
[2] Consumer Price Index

USA	Scenario 1		Scenario 2		Scenario 3	
	2022	2023	2022	2023	2022	2023
Unemployment rate (in %)	4,0	7,0	4,2	8,5	4,3	9,5
GDP (real; Y/Y1 in %)	2,1	-0,5	2,1	-1,3	2,1	-2,7
CPI2 (in % Y/Y)	6,8	2,4	7,5	2,2	7,3	2,0
Leading index shares (% p.a. real)	-28,0	-5,0	-29,5	-9,0	-34,5	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	1,9	2,3	1,9	2,0	1,8	1,7
Long-Term Interest Rate (10Y Government, in %)	3,0	2,5	2,9	2,2	2,8	2,0
Rate of change of exchange to USD (in % Y/Y)	-9,3	-2,8	-10,2	-3,8	-9,3	-5,6

[1] Y/Y = year to year
[2] Consumer Price Index

Euroland	Scenario 1		Scenario 2		Scenario 3	
	2022	2023	2022	2023	2022	2023
Unemployment rate (in %)	7,3	7,8	7,6	9,2	7,8	10,3
GDP (real; Y/Y1 in %)	1,8	-1,0	1,6	-2,0	0,7	-5,3
CPI2 (in % Y/Y)	8,0	2,5	8,4	3,1	8,1	2,6
Leading index shares (% p.a. real)	-30,6	-5,4	-35,4	-12,7	-39,9	-14,2
Short Term Interest Rate (3M Money Market rate, in %)	0,2	1,3	0,3	1,4	0,3	0,7
Long-Term Interest Rate (10Y Government, in %)	1,1	1,4	1,2	1,2	1,1	0,6
Rate of change of exchange to USD (in % Y/Y)	-9,3	-2,8	-10,2	-3,8	-9,3	-5,6

1) Y/Y = year to year
2) Consumer Price Index

The forecasts for the eurozone serve as an approximation for France, Ireland, Luxembourg, the Netherlands and Austria. The assumed trend of the global variable oil price and EUR/ USD exchange rate can be found in the table below.

Price of Oil	Scenario 1		Scenario 2		Scenario 3	
	2022	2023	2022	2023	2022	2023
Brent (USD / Barrel)	100	80	95	75	92	70
Exchange Rate (EUR/USD)	1,07	1,04	1,06	1,02	1,07	1,01

The simulated results for increased risk provisioning based on the increase in the probability of default or, if applicable, the transfer to impairment levels 2 or 3 form the basis for the management adjustments as the difference to the risk provisioning balance of impairment levels 1 and 2 as at 30 June 2022. The focus of the management adjustments is on the non-defaulted transactions of the relevant segment portfolios. The corresponding amount is reduced if a transaction expires or migrates to impairment level 3.

(3) Change in the guarantee portfolio in connection with the guarantee contracts of the state of Lower Saxony

Within the framework of the guarantee contracts signed in financial year 2019, the state of Lower Saxony assumes for the benefit of the Norddeutsche Landesbank Girozentrale and NORD/LB Luxemburg S.A. Covered Bond Bank, the unconditional, irrevocable and non-subordinate guarantee to hedge against the loss risks of certain ship and aircraft finance portfolios.

As at 30 June 2022, the guarantee contracts, which are recognised as credit derivatives and are measured at fair value, comprised one ship financing reference portfolio from the Special Credit & Portfolio Optimization segment and a reference portfolio of aircraft financing from the Special Finance segment with corresponding loans including the customer derivatives and a number of loan commitments, guarantees and overdraft facilities. In return for granting the guarantees, NORD/LB pays the state of Lower Saxony a commission as a fixed guarantee fee, which is to be paid in fixed quarterly instalments (see Note (10) Net commission income). The extension option included in the two contracts with regard to the contract term was utilised again, so that these contracts now have a term until 31 December 2027.

The performance in the reporting period of the hedged assets and liabilities and of the guarantee amount recognised as a hedging derivative is presented below per guarantee. The fair values of the derivatives listed form the anticipated and realised guarantee payments of the guarantor that had not yet been invoiced as of the reporting date, as well as future guarantee fee payments. The fair value of the derivatives contains all measurement-relevant changes that refer back to the hedged risks, such as, in particular, credit default risks.

The portfolio in the segment Special Credit & Portfolio Optimization was hedged as at 30 June 2022 at a gross carrying amount of € 435 million (€ 576 million) (of which € 18 million (€ 25 million) was measured at fair value) plus € 71 million (€ 68 million) of contingent liabilities. The hedged gross carrying amount of the receivables measured at amortised cost included in the portfolio was offset against a risk provision in stages 1, 2 and 3 in the amount of € 0 million (€ 4 million), € 6 million (€ 12 million) and € 2 million (€ 0 million) respectively.

The change in the fair value of the derivative by € 30 million to € 21 million (€ 51 million) represents a valuation expense as at the reporting date that was primarily influenced by the disposals of portfolio.

	Special Credit & Portfolio Optimization - Hedging Gross carrying amount				
(in € million)	Opening balance 1 Jan. 2022	Changes in stock	Loss allowance and Fair value measurement	Currency translation	Closing balance 30 Jun. 2022
Assets					
Trading assets - Loans and advances to customers	14	–	–	–	14
Trading assets - Positive fair values from derivatives	8	–	– 7	–	1
Financial assets mandatorily at fair value through profit or loss - Loans and advances to customers	3	–	–	–	3
Financial assets at amortised cost - Gross carrying amount of Loans and advances to customers	551	– 134	–	–	417
Loss allowance - Stage 1	– 4	3	3	– 2	–
Loss allowance - Stage 2	– 12	2	2	2	– 6
Loss allowance - Stage 3	–	–	– 2	–	– 2
Total	**560**	**– 129**	**– 4**	**–**	**427**
Liabilities					
Trading liabilities - Negative fair values from derivatives	3	– 2	–	–	1
Total	**3**	**– 2**	**–**	**–**	**1**
Contingent liabilities					
Credit commitments	53	4	–	–	57
Total	**53**	**4**	**–**	**–**	**57**
Net value of the hedged portfolio	**610**	**– 123**	**– 4**	**–**	**483**
Guarantee contract (Hedging derivative)	**51**	**–**	**– 30**	**–**	**21**

The Aircraft Financing sub-portfolio from the Special Finance segment was hedged as at 30 June 2022 at a gross carrying amount of € 568 million (€ 707 million) (of which € 24 million (€ 37 million) was measured at fair value) plus € 48 million of contingent liabilities. The hedged gross carrying amount of the receivables measured at amortised cost included in the performing loans sub-portfolio was offset against a risk provision in stages 1, 2 and 3 in the amount of € 2 million (€ 30 million), € 52 million (€ 11 million) and € 8 million (€ 10 million) respectively.

As a measurement gain as at the reporting date, the change in the fair value of the derivative by € 32 million to € 89 million (€ 57 million) was primarily influenced by the deterioration in the ratings of borrowers in the reference portfolio.

(in € million)	Aircraft customers - Hedging Gross carrying amount Opening balance 1 Jan. 2022	Changes in stock	Loss allowance and Fair Value Measurement	Currency translation	Closing balance 30 Jun. 2022
Assets					
Trading assets - Loans and advances to customers	23	1	–	–	24
Trading assets - Positive fair values from derivatives	14	–	– 14	–	–
Financial assets at amortised cost - Gross carrying amount of Loans and advances to customers	670	– 135	–	9	544
Loss allowance - Stage 1	– 30	27	1	–	– 2
Loss allowance - Stage 2	– 11	– 27	– 15	1	– 52
Loss allowance - Stage 3	– 10	–	3	– 1	– 8
Total	**656**	**– 134**	**– 25**	**9**	**506**
Liabilities					
Trading liabilities - Negative fair values from derivatives	–	–	5	–	5
Total	**–**	**–**	**5**	**–**	**5**
Contingent liabilities					
Credit commitments	–	48	–	–	48
Total	**–**	**48**	**–**	**–**	**48**
Net value of the hedged portfolio	**656**	**– 86**	**– 30**	**9**	**549**
Guarantee contract (Hedging derivative)	**57**	**–**	**32**	**–**	**89**

(4) Applied IFRS

The accounting policies of the Interim Financial Statements in accordance with IFRS are based on those of the Consolidated Financial Statements as at 31 December 2021. In the reporting period, account was taken of the following amendments to standards applicable to the NORD/LB Group for the first time as at 1 January 2022:

Amendments to IFRS 3 – Updating a reference to the conceptual framework

The reference to the Conceptual Framework published in May 2020 resulted in editorial changes to IFRS 3, which did not affect the NORD/LB Interim Consolidated Financial Statements.

Amendments to IAS 16 – Property and equipment — Proceeds before intended use

In May 2020, the IASB issued amendments to IAS 16. These prohibit the deduction of income from property and equipment costs if these arise from the sale of items produced during the installation necessary for the intended use of the property, plant and equipment. Instead, the costs and proceeds from the sale of such items must be recognised in the operating result. The changes have not had any impact on NORD/LB's Interim Consolidated Financial Statements.

Amendments to IAS 37 – Onerous contracts — Cost of fulfilling a contract

Through the amendments to IAS 37 published in May 2020, the IASB specifies that in the case of onerous contracts, the costs of contract performance consist of direct costs of contract performance as well as the proportion of overhead costs that is directly allocated to the contract. The NORD/LB Group is currently not affected by onerous contracts.

Improvements to IFRS (2018 – 2020 cycle) as part of the IASB's annual improvement process

As part of the IASB's annual improvement process, amendments were made to IFRS 1, IFRS 9, IFRS 16 and IAS 41. The changes and clarifications had no impact on NORD/LB's consolidated financial statements.

The amendments to IFRS 9 relate to the disposal of financial liabilities, which is triggered by exceeding the threshold of 10 per cent deviation between the present value of the cash flows before and after a contract modification. The IASB stated that the fees included in the cash flows may only represent the fees paid or received directly as part of the contract modification between the parties. This includes fees paid or received by either contractual party on behalf of the other.

In addition, as part of the annual improvements process in example 13 of the accompanying document IFRS 16 *Illustrative examples*, the presentation on the reimbursement of leasehold improvements was deleted in order to avoid ambiguities with regard to the treatment of leasing incentives.

The NORD/LB Group has not applied any standards, interpretations or amendments that have been published but whose application is not yet mandatory.

Estimates and Discretionary Decisions

The estimates and assessments required to carry out the accounting according to IFRS are based on assumptions and parameters that were made with the proper exercise of discretion by management. These affect assets and liabilities, contingent assets and liabilities as at the reporting date, and income and expenses for the reporting period. Actual events may deviate from the estimates made by management.

(5) Implementation of the Interest Rate Benchmark Reform as at 30 June 2022

The NORD/LB Group is continuing the project to implement the global reform of benchmark interest rates ("IBOR reform") in 2022. The main focus is on the conversion of transactions based on USD LIBOR. Significant USD LIBOR rates will not be discontinued until 30 June 2023. The conversion of the contracts relating to the LIBOR benchmark interest rates for EUR, GBP, CHF and JPY as well as to certain USD LIBOR maturities has now almost been completed.

The challenges in implementing the IBOR reform were essentially operational in the first half of 2022, as was already the case in the 2021 reporting year. Examples include the renegotiation of credit agreements through bilateral negotiations with customers, updating contractual conditions and revising operational controls in the context of the reform.

Financial risk is predominantly limited to interest rate risk, which may occur if variable-interest or benchmark-rate-dependent underlying transactions and their hedges are converted into interest rates at different times or different benchmark interest rates in the future. The NORD/LB Group does not expect any significant effects from this at portfolio level.

Product-related implementation

The implementation of the IBOR reform is largely complete in the individual product groups concerned:

Derivatives business

Centrally cleared derivatives: The conversion of the derivatives denominated in the LIBOR benchmark rates for EUR, GBP, CHF and JPY as well as of certain USD LIBOR maturities was completed in the previous financial year. For derivatives that continue to be based on USD LIBOR, the conversion of contracts to USD SOFR is planned from the third quarter of 2022. As at 30 June 2022, this relates to individual transactions with a total nominal value of € 9,358 million. With a few exceptions, the conversion will have taken place by 31 December 2022.

Individual bilateral transactions: Apart from the USD LIBOR-based contracts, the conversion of the variable benchmark interest rates was almost complete as at 30 June 2022. This concerns numerous variable reference rates, including GBP LIBOR, CHF LIBOR, JPY LIBOR, EUR LIBOR and the EONIA. The conversion of the individual derivative transactions was value-neutral at the first interest rate fixing date and was generally carried out by means of a change to the respective compounded overnight rate of the same currency plus the ISDA IBOR fallback spread. The interest rate derivatives economically linked to loan agreements will be transferred to the new reference interest rate in parallel with the adjustment of the loan agreements. As at the reporting date, there were only 28 derivatives denominated in synthetic GBP LIBOR, the conversion of which is expected to take place in September 2022 with the interest rate fixing. On the other hand, a nominal volume of € 9,355 million is still due for conversion in the USD LIBOR business. The complete transformation of these transactions is planned for the 2023 financial year.

Hedge accounting

The aforementioned adjustments in the derivatives business also include the adaptation of the portfolio fair value hedge accounting for interest rate risks to the new interest rate standard. The Fair Value Hedge Accounting portfolio is used to hedge pure EUR and USD currency portfolios.

For USD portfolio hedges, the USD LIBOR is expected to be gradually replaced by 30 June 2023. In micro hedge accounting, the impact of the IBOR reform on effectiveness is avoided by taking into account an appropriate credit spread adjustment in the interest rate conversion. The resulting one-off measurement effects are neutralised by corresponding balancing payments to the counterparty.

The value of the centrally cleared hedge derivatives used as part of the portfolio hedge, for which the conversion to the USD SOFR is still pending, was nominally € 1,532 million as at 30 June 2022.

In addition to the centrally cleared hedge derivatives, contractual changes to the bilateral hedge derivatives were also continued in 2022. The conversion of GBP LIBOR-based transactions was completed in the first half of 2022. The value of the bilateral hedge derivatives used as part of the portfolio hedge, for which the conversion to the USD SOFR is still pending, was nominally € 41 million as at 30 June 2022.

In addition to portfolio hedge accounting transactions, there are micro hedge positions with the reference interest rate USD LIBOR. A nominal volume of € 939 million is still due for conversion. The complete transformation of these transactions is planned for the 2023 financial year.

Securities, loans and account products

In the area of issued variable-interest securities, the NORD/LB Group is only marginally affected by the reform. The portfolio of foreign currency issues (excluding USD LIBOR) only includes one floating rate security maturing after 30 June 2022. As a result of the publication of the relevant USD LIBOR reference interest rates, which is expected to be extended until 30 June 2023, there is no further need for action from today's perspective as the last interest rate fixing date for the issue also falls on 30 June 2023. New issues with a variable benchmark rate are currently only issued in EUR based on the EURIBOR.

For purchased securities based on GBP LIBOR, the interest rate will be adjusted during 2022. Accordingly, four of the twelve existing transactions already took place in the first half of 2022. The eight transactions due for conversion later in the year comprised a nominal volume of € 29 million. For the two USD LIBOR-based transactions in the portfolio with a nominal volume of less than € 1 million, the conversion will take place in 2023.

In the lending business and account products, the individual contractual conversion will be processed decentrally in the affected loan departments and was almost completely concluded in the first half of 2022 except for the USD LIBOR-based business. This conversion generally includes the replacement of the previous benchmark interest rates in the respective contract with an alternative benchmark interest rate or, in individual cases, the addition of fallback agreements. As at the reporting date of 30 June 2022, 36 loan transactions based on GBP LIBOR with a gross carrying amount of € 523 million had not yet been converted.

For loans based on USD LIBOR, the conversion took place as at 30 June 2022 in around 5 per cent of transactions. The full conversion to USD SOFR is planned for 30 June 2023. This relates to individual transactions with a total gross carrying amount of € 2,393 million. In addition, 23 foreign currency accounts related to the USD LIBOR still needed to converted.

With regard to new business for loans and account products, the legal implementation of the reform in the corresponding contract templates was also concluded in relation to the USD LIBOR-based business. The necessary IT adjustments were already made in 2021.

(6) Restatement of Previous Year’s Figures

In these Interim Consolidated Financial Statements, the previous year’s figures were restated on the basis of IAS 8.42 as follows:

In the NORD/LB Group’s structured own issues, there are regularly significant differences between the prices on the primary market, on which the issue takes place, and the prices on the secondary market on the same day. These differences need to be treated as day-one profits or losses, as the primary market is not the main or most advantageous market at issue and the transaction price does not therefore correspond to the fair value. In the past, these day-one effects were recognised directly in the income statement, although amortisation over the term of the respective issue would have been required. A corresponding correction in accordance with IAS 8.42 has already been made in the consolidated financial statements as at 31 December 2021.

In addition, there is a correction in connection with the obligations from NORD/LB’s occupational pension scheme, which was partially transferred to the legally independent provident fund Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e. V (provident fund). Accordingly, the provident fund was provided with financial assets. NORD/LB had reported an entitlement to reimbursement in the consolidated financial statements in accordance with IAS 19, which corresponds to the fair value of the assets. As at 31 December 2021, a renewed assessment of the requirement to consolidate the provident fund revealed that it would have been classified as a subsidiary subject to mandatory consolidation in accordance with IFRS 10. As a result, the provident fund was retroactively adjusted in the consolidated financial statements as at 31 December 2021 so that it is now included in the NORD/LB Group’s basis of consolidation.

LBS Norddeutsche Landesbausparkasse Berlin-Hannover (LBS) is included in the consolidated financial statements as an associate and reported in the consolidated balance sheet as investments accounted for using the equity method. At subsequent measurement in accordance with IAS 28, the equity carrying amount is increased or decreased by the share of profit or loss and of other comprehensive income (OCI) attributable to the Group. As at the reporting date of 30 June 2021, an increase in the OCI was taken into account in the LBS at an at-equity valuation instead of a reduction. The correction to be made in accordance with IAS 8 involves reducing the OCI and adjusting the at equity carrying amount of the LBS to the corresponding amount in the statement of comprehensive income without affecting profit or loss.

Due to the aforementioned corrections, there were adjustments to the consolidated balance sheet as at 31 December 2021 as well as to the consolidated profit/loss and the comprehensive income for the period from 1 January to 30 June 2021.

Adjustment of the balance sheet values as at 31 December 2021:

31 Dec. 2021 (in € million)	Before adjustment	Adjustment LBS	After adjustment
Assets			
Investments accounted for using the equity method	107	– 32	75
Further assets	114 556	–	114 556
Total assets	**114 663**	**– 32**	**114 631**
Liabilities			
Further liabilities	108 783	–	108 783
Equity			
Issued capital	3 083	–	3 083
Capital reserve	2 589	–	2 589
Retained earnings	973	13	986
Accumulated other comprehensive income (OCI)	– 808	– 45	– 853
Currency translation reserve	– 9	–	– 9
Equity capital attributable to the owners of NORD/LB	**5 828**	**– 32**	**5 796**
Additional equity	50	–	50
Equity capital attributable to non-controlling interests	2	–	2
	5 880	**– 32**	**5 848**
Total liabilities and equity	**114 663**	**– 32**	**114 631**

Adjustment of consolidated profit/loss and comprehensive income for the period from 1 January to 30 June 2021:

1 Jan. - 30 Jun. 2021 (in € million)	Before adjust-ment	Adjust-ment Day-One-Profit/Loss	Adjust-ment provident fund	Adjust-ment LBS	After adjust-ment
Interest income from assets	2 069	–	–	–	2 069
of which: interst income calculated using the effective interst method	*901*	–	–	–	*901*
Interest expenses from assets	– 28	–	–	–	– 28
Interest expenses from liabilities	– 1 647	–	1	–	– 1 646
Interest income from liabilities	33	–	–	–	33
of which: interst income calculated using the effective interst method	*33*	–	–	–	*33*
Net interest income	**427**	**–**	**1**	**–**	**428**
Profit/loss from fair value measurement	98	– 6	–	–	92
Other profit/loss	– 77	–	– 1	–	– 78
Further expenses and income	– 472	–	–	–	– 472
Earnings before restructuring, transformation and taxes	**– 24**	**– 6**	**–**	**–**	**– 30**
Profit/loss from restructuring and transformation	– 35	–	–	–	**– 35**
Earnings before taxes	**– 59**	**– 6**	**–**	**–**	**– 65**
Income taxes	14	–	–	–	14
Consolidated profit/loss	**– 45**	**– 6**	**–**	**–**	**– 51**
of which: attributable to the owners of NORD/LB	– 45	– 6	–	–	– 51
Other comprehensive income which is not recycled in the income statement in subsequent periods					
	113	**–**	**2**	**–**	**115**
Other comprehensive income which is recycled in the income statement in subsequent periods					
	– 58	**–**	**–**	**– 21**	**– 79**
Other profit/loss	**55**	**–**	**2**	**– 21**	**36**
Comprehensive income for the period under review	**10**	**– 6**	**2**	**– 21**	**– 15**
of which: attributable to the owners of NORD/LB	10	– 6	2	–	6

The respective adjustments were also taken into account in the following notes: (8) Segment reporting by business area, (9) Net interest income, (11) Profit/loss from financial assets at fair value, (17) Other Operating Profit/Loss, (35) Relationships with related parties

(7) Basis of Consolidation

Compared to 31 December 2021, these Interim Consolidated Financial Statements do not only include NORD/LB as parent, but also 19 (18) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB can exercise a controlling influence in another manner. In addition, no (one) joint venture and five (five) associates were recognised.

Compared to 31 December 2021, the following change was made to the basis of consolidation:

The NORD/LB Group gained control of caplantic GmbH, Hanover, in the first quarter of 2022 by acquiring the shares held by the co-shareholders (55%). As a result, caplantic GmbH, formerly assessed as a joint venture using the equity method, is to be included in the consolidated financial statements as a fully consolidated subsidiary. The transitional consolidation is effective as of 1 January 2022. Cash amounting to the agreed purchase price was received in the transaction. The main assets are receivables from banks, which are reported under financial assets measured at amortized cost of the NORD/LB Group.

Changes in the scope of consolidation did not have any significant effects on the financial position and financial performance of the NORD/LB Group.

Information on the subsidiaries, joint ventures and associates included in the interim consolidated financial statements can be found in Note (36) Overview of Companies and Investment Funds in the consolidated Group.

Segment Reporting

Segment reporting provides information on the Group's operational fields of activity. The segment reporting below is based on IFRS 8 Operating Segments in accordance with the management approach. The segment information is presented in accordance with IFRS on the basis of internal reporting the way it is regularly reported internally for performance assessment and for decisions on the allocation of resources to the segments. The total risk exposure amount was recognised uniformly for the business segments and the Group, shown pursuant to CRR/CRD as at the reporting date. As at the reporting date, there were no renamings or mergers of existing business segments compared to the previous year.

Segment reporting by business segment

The segments are defined as customer or product groups which reflect the organisational structures and thus the internal control of the Group. The calculation is based on the internal assessments of the Group companies. Internal control focuses on the earnings before taxes of the operational units.

The product ranges offered in the segments are described in the following notes. The income generated from them is presented in the following overview table. The product range of the NORD/LB Group offered comprises traditional credit business and syndicate business, savings and checking products, securities, foreign exchange and derivative transactions, complex structured finance solutions, private banking products, liquidity and risk management, as well as services such as account management, payment transactions, securities trading, brokerage activities, documentary business, credit processing, sureties, guarantees and advisory services for asset management.

Success indicators and key figures

Interest income generated by the individual segments is calculated based on the market interest rate method. In doing so, the contribution from interest terms for each transaction is determined by comparing the terms with the structurally congruent market rate for a notional offsetting transaction applicable at the time they were concluded. This market interest rate is also used as the cost rate for the balancing provision in Treasury. As a result, there is no gross recognition of interest income and interest expenses. The financing income from committed equity is distributed across market segments.

Every interest-bearing customer transaction is applied to the balancing provision held by the Treasury as the central cash management unit. As there are no direct business relationships between the market areas, no inter-segment earnings are recognised in internal reporting.

Segment expenses comprise primary expenses, expenses allocated on the basis of cost and service charging, and distributed overhead costs. Risk provisioning is allocated to the segments according to actual costs incurred.

The Bank's overall earnings, such as the profit/loss from hedge accounting and the disposal profit/loss from financial instruments not measured at fair value through profit or loss, are not allocated to the operational business areas, but rather to the "Treasury / Consolidation / Other" segment.

In addition to the profit and loss account figures, the attributable total risk exposure amount, segment assets and liabilities, committed capital and the key figures of cost-income ratio (CIR), return on risk adjusted capital (RoRaC) and return-on-equity (RoE) are also presented in the segment report. The total risk exposure amounts pursuant to CRR/CRD will be reported as at the financial reporting date. The cost-income ratio is defined as the ratio of administrative expenses to the sum of the following types of income: Net interest income, net commission income, profit/loss from fair value measurement, disposal profit/loss from financial instruments that are not measured at fair value through profit or loss, profit/loss from hedge accounting, profit/loss from investments accounted for using the equity method and other operating profit/loss.

Committed capital in the segments is calculated on the basis of average annual values. The amount of the reconciliation between the committed capital recognised in the segments and the long-term equity under commercial law at company level is included in the reconciliation segment. A transfer from long-term equity under commercial law to balance sheet equity is presented separately at the end of the segment overview.

The following segments are considered in the segment reporting by business segment:

Private and commercial customers as well as savings banks network customers

The business area is made up of the Private and Commercial Customers and Savings Banks Network Customers business divisions. In addition, it includes a holding in the public insurance company Braunschweig.

Private and commercial customers

Private and commercial customers includes the sub-areas of private banking, commercial customers, corporate retail customers, branch advisory customers, and service customers in the business areas of Braunschweigische Landessparkasse (BLSK) and the locations in Hanover, Hamburg, Bremen and Oldenburg.

BLSK's business area comprises the City of Braunschweig and the parts of the former Duchy of Braunschweig, which are now part of the federal state of Lower Saxony. As an institution with partial legal capacity within NORD/LB, BLSK is a savings bank established on the market.

The range of products and services is based on the financial concepts of the customer-segment-specific savings banks, including the range of products offered by the savings banks network partners, including the Öffentliche Versicherung Braunschweig insurance company.

In addition, the expanded services in the high-end customer groups range from asset management, tandem support for corporate and business customers at BLSK and NORD/LB to entrepreneurial banking.

Network customers

The Savings Bank Network Customers segment serves the savings banks in the states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania (network savings banks) and in Schleswig-Holstein and Brandenburg (extended network). In addition, there are business activities relating to corporate customers managed jointly with the savings banks and municipal customers.

From NORD/LB's point of view, savings banks play three roles: They are a customer, carrier and market access to a broad customer base. The Bank acts as a partner of the savings banks. As part of its clearing house function, NORD/LB is the principal bank of the savings banks for short-term and long-term refinancing, manages liquidity reserves and acts as a provider of central services for savings banks in payment transactions and foreign business. In the promotional lending business, the NORD/LB Group acts in the interconnected region as the central pass-through institution for KfW loans. It also offers services for savings banks in the capital market business.

The corporate customer business in the area of network customers takes place in consultation with the respective savings bank with a view to joint market development in the network region and in the extended network region.

The business with municipal customers includes the regional municipal loan business in the network area, extended network area and in the Bremen region. In addition to the traditional lending business, NORD/LB provides comprehensive advice to municipalities throughout Germany on all issues relating to capital market products, such as derivatives, investments, portfolio management and facility management.

Corporate customers

The Corporate Customers strategic business division comprises the medium-sized and high-end corporate client business of the NORD/LB Group (excluding corporate client business of the Private and Commercial Clients strategic business sector as well as Savings Banks Network Customers), which operates nationwide:

- As a reliable partner in Germany and its neighbouring countries for medium-sized and high-end corporate customers
- With a focus on three core regions: North, Central and South, where NORD/LB impresses with its very good local customer relationships, regardless of the sector
- With customers from selected industries, who are supported nationwide with many years of in-depth industry expertise

The main goal is to achieve core bank status for its customers.

Furthermore, the Corporate Customers business segment also includes the financing of corporate acquisitions by private equity companies.

Markets

The main task of the Markets strategic business segment is the trading of capital market products and capital market-related products with institutional customers. In terms of the capital market business, the focus is on interest, credit, money market and foreign currency products as well as structured products for the securities account A and B business. Business activities in this area concentrate primarily on the interest segment. Furthermore, capital-market-related products, such as corporate Schuldschein note loans or alternative investment products are also sold to institutional customers as required.

The Markets segment is the operator of NORD/LB's Financial Markets platform. This includes, in particular, the DCM platform, which brings issuers and investors together, the ABF platform, which offers capital-market-related and low-risk credit products to the Bank's customers, as well as the capital market product platform, which focuses on interest rate and FX products for the Bank's wholesale divisions.

The customer groups start with German and European institutional investors (insurance companies, asset managers, pension plans, public authorities and corporate customers) and extend to (mainly) European public sector issuers and financial institutions. The regional focus of business activities is on Germany and the German-speaking region, supplemented by the international sales approach for Europe taken by NORD/LB Luxemburg S.A. Covered Bond Bank. In addition, the market activities include customer business in financial market products for NORD/LB's customer groups outside markets. The customers served by Sales Wholesale Customers are corporate customers, aircraft customers, commercial real estate customers, energy and infrastructure customers as well as network customers.

In addition to the sales business, the Markets strategic business segment also offers traditional trading services (market access for customers in the product groups of interest, foreign currency and their derivatives). In the trading business, the focus is on strengthening customer-generated income across all customer groups. An expansion in the product range geared towards the needs of customers and an increase in cross-selling activities should support the customer areas with increased customer penetration and further exploit existing earnings potential.

Special Finance

The Special Finance segment comprises the sub-segments Energy and Infrastructure Customers and Aircraft Customers

Energy and Infrastructure customers

The central locations of the Energy and Infrastructure business area are Hanover, Oldenburg, London, New York and Singapore. The focus is on structuring and arranging bespoke, individual financing solutions, mainly for project-related transactions. In the Energy sector, financing relates mostly to new construction and capacity expansions of wind and photovoltaic plants, and, most recently, battery storage. The focus of the infrastructure business is on the Public buildings, Economic infrastructure and Rail-based transportation sectors. The portfolio is increasingly being supplemented by project financing for digital infrastructure (e.g. broadband). At the heart of this is the development of customer relationships with sustainable earning structures and acceptable risks within the existing limits.

Aircraft customers

The Aircraft Customers segment encompasses primarily asset-based aircraft financing and is based mainly at the Hanover location with additional sales staff in Singapore and New York. NORD/LB has almost 40 years of expertise in this asset class and therefore a high reach and visibility in the market. In addition to the commercial financing of aircraft, other financial products such as Schuldschein note loans or derivatives are offered in this segment.

The Aviation Finance & Investment Solutions (AFIS) division bundles the former Aircraft Customers division, the placement functions and the network of banks as well as institutional investors for alternative investments (individual and portfolio transactions) across all NORD/LB asset classes.

By means of suitable refinancing and outplacement instruments, the division enables the Bank to actively manage its portfolio. Here, the syndication and placement of individual and portfolio transactions is a fundamental part of the Bank's business strategy and the Aircraft Customers subsegment.

Real Estate Banking customers

With its market-established Deutsche Hypothekenbank brand, NORD/LB understands real estate financing to be financing that generates its cash flow primarily from real estate and for customers who regularly make significant real estate investments. These customers include, in particular, institutional investors, open and closed real estate funds, real estate companies/REITs, asset managers, leasing companies, financial investors, professional private investors, developers, and affiliated companies.

In the area of commercial real estate financing, the business focus is on financing residential buildings for rental purposes and offices or retail units as fungible investment properties which are normally or can normally be rented out on a long-term basis. The Bank also finances commercial property in the hotel, logistics and mixed-use properties segments.

In addition to Germany, the regional focus of the business activities is on European regions with a high concentration of target customers, a large real estate portfolio and positive long-term development. The key markets are Germany, France, the United Kingdom, Belgium, Luxembourg, the Netherlands, Poland, Spain and Austria.

The Bank grants green loans to expand the green value chain and to increase the green share in the financing portfolio. As a result, it expects a reduction in portfolio risk due to a modern pool of securities characterised by energy-efficient construction, modern plant technology, lower operating costs and more stringent specifications for future-proof overall building design.

Special Credit & Portfolio Optimization overall bank management function

The Special Credit & Portfolio Optimization (SCPO) business segment was created in 2020 from the previous Special Credit Management (SKM) division and the internal Strategic Portfolio Optimization (SPO) reduction unit and focuses on the reduction of non-strategic portfolios for the previous SPO division in accordance with NORD/LB's strategic realignment. In addition to ship financing, this includes other reduction portfolios such as Housing and Supra-regional municipal finance. SCPO does not represent a strategic business segment, but serves as an area with an overall bank management function for the support and winding down of non-strategic customer relationships and asset classes.

The SPO Ships portfolio (primarily non-performing ship financing) comprises the "Tower Bridge" and "SPO Other" portfolios and is subject to risk shielding through loss allowances. NORD/LB terminated the previously existing financial guarantee of the State of Lower Saxony for "Tower Bridge" on 30 June 2021. The "Maritime Industries" portfolio (primarily non-performing ship financing) continues to be subject to risk shielding through the financial guarantee of the state of Lower Saxony and in parts through the securitisation transaction Northvest II. This sub-portfolio is to be wound down primarily as part of the regular repayment process.

Further wind-down portfolios include Housing, Supra-regional municipal finance and non-strategic agricultural and corporate customers. These are to be wound down mainly as part of the regular repayment process.

Overall Bank Management Function: Treasury/Group Management/Other

This segment covers all other performance indicators directly related to business activities, such as Group companies not recognised in the segments, earnings components not allocated to the segments at overall institution level, profit or loss from financial instruments not recognised in the economic performance of the business segments (in particular from central measurement effects), from financial investments and from hedge accounting, as well as overall bank projects and consolidation items. Other operating income also includes bank levies.

In addition, the business segment includes the Treasury division, which makes a significant contribution to the sustainable business growth of NORD/LB through the management of liquidity, funding as well as interest rate and currency risks. In addition, Treasury provides all market areas with the instruments for effective interest calculation and conditions. Treasury also has market access to the international money and foreign exchange markets. Moreover, the Treasury segment also plays a central role in managing and optimising the banking book.

As part of the integration of Deutsche Hypothekenbank into the AöR, Treasury has taken over the focal points of the previous issue activities of Deutsche Hypothekenbank and will continue to do so. This applies in particular to the issue of mortgage Pfandbriefs, often in benchmark format, as well as the issue activity of green bonds in various formats. The aim is to present a green value chain in full, starting with green assets (green buildings) through to the issue of green bonds.

In addition, the expansion of ESG-compliant issue activities is being further developed. The first step is to examine how quickly the green value chain can be extended to the renewable energies business segment. This puts the focus on the issue of EU taxonomy-compliant products. Further business segments are to follow, so that NORD/LB AöR will acquire a status as a diversified issuer of ESG bonds.

Reconciliation

The reconciliation items from internal accounting to the consolidated overall figures for the income statement are recognised here. It also includes reclassifications of profit and loss items that are shown differently in the internal management system compared with the external reporting.

Essentially, the effects on earnings from amortisation in connection with hedge accounting, measurement effects that cannot be directly allocated to the market areas, clearing items between domestic and foreign cost centres, the settlement of the cooperation business and tax matters are reported in the reconciliation segment.

(8) Segment Reporting by Business Segment

1 Jan. - 30 Jun. 2022 (in € million)	Private and Commercial Customers and Savings Bank Network	Corporate Customers	Markets	Special Finance	Real Estate Banking Customers	Special Credit & Portfolio Optimization	Treasury / Consolidation / Others	Reconciliations	NORD/LB Group
Net interest income	87	132	51	90	82	22	64	– 90	438
Net commission income	44	24	22	18	11	– 21	– 7	– 29	62
Profit/loss from financial instruments at fair value	15	8	22	76	3	– 24	– 74	– 163	– 137
Risk provisions	– 8	–	1	19	30	18	8	– 1	67
Disposal profit/loss from financial instruments that are not measured at fair value through profit or loss	–	–	–	–	–	–	– 8	–	– 8
Profit/loss from hedge accounting	–	–	–	–	–	–	– 19	–	– 19
Profit/loss from shares in companies	–	–	–	–	–	–	5	–	5
Profit/loss from investments accounted for using the equity method	2	–	–	–	–	–	43	–	45
Administrative expenses	– 135	– 60	– 54	– 76	– 36	– 21	– 44	– 12	– 437
Other operating profit/loss	– 6	– 1	– 1	3	2	– 1	– 63	7	– 60
Earnings before restructuring and transformation	**– 1**	**103**	**41**	**130**	**92**	**– 27**	**– 94**	**– 288**	**– 44**
Profit/loss from restructuring and transformation	–	–	–	–	–	–	– 46	–	– 46
Earnings before taxes	**– 1**	**103**	**41**	**130**	**92**	**– 27**	**– 140**	**– 288**	**– 90**
Income taxes	–	–	–	–	–	–	–	27	27
Consolidated profit/loss	**– 1**	**103**	**41**	**130**	**92**	**– 27**	**– 140**	**– 261**	**– 63**
Segment assets	22 880	17 701	10 330	16 359	12 953	5 584	25 854	597	112 257
of which: investments at equity	39	–	–	–	–	–	28	–	67
Segment liabilities	12 626	5 391	29 680	3 951	242	1 956	55 587	2 824	112 257
Total risk exposure amount	4 600	9 765	3 088	6 616	6 293	1 041	2 751	2 931	37 085
Capital employed[1)]	329	680	227	483	448	85	397	4 039	6 688
CIR	95.1%	36.7%	57.8%	40.7%	36.4%	-88.3%			135.8%
RoRaC/RoE[2)]	-0.2%	15.1%	18.0%	26.9%	20.6%	-31.7%			-2.7%

1 Jan. - 30 Jun.2021 [3] (in € million)	Private and Commercial Customers and Savings Bank Network	Corporate Customers	Markets	Special Finance	Real Estate Banking Customers	Special Credit & Portfolio Optimization	Treasury / Consolidation / Others	Reconciliations	NORD/LB Group
Net interest income	81	125	37	90	80	36	18	– 40	428
Net commission income	40	19	28	10	3	– 43	– 33	– 8	14
Profit/loss from financial instruments at fair value	7	5	36	24	2	114	– 66	– 31	92
Risk provisions	1	– 18	–	– 94	7	55	5	24	– 20
Disposal profit/loss from financial instruments that are not measured at fair value through profit or loss	–	–	–	–	–	–	– 18	–	– 18
Profit/loss from hedge accounting	–	–	–	–	–	–	1	–	1
Profit/loss from shares in companies	–	–	–	–	–	–	10	–	10
Profit/loss from investments accounted for using the equity method	2	–	–	–	–	–	– 6	–	– 4
Administrative expenses	– 133	– 63	– 67	– 71	– 34	– 18	– 60	– 11	– 455
Other operating profit/loss	– 11	– 2	2	10	–	– 1	– 81	4	– 78
Earnings before restructuring and transformation	**– 12**	**66**	**36**	**– 30**	**59**	**143**	**– 231**	**– 61**	**– 30**
Profit/loss from restructuring and transformation	–	–	–	–	–	–	– 35	–	– 35
Earnings before taxes	**– 12**	**66**	**36**	**– 30**	**59**	**143**	**– 266**	**– 61**	**– 65**
Income taxes	–	–	–	–	–	–	–	14	14
Consolidated profit/loss	**– 12**	**66**	**36**	**– 30**	**59**	**143**	**– 266**	**– 47**	**– 51**
Segment assets	22 767	15 877	8 151	16 693	6 793	12 429	27 477	4 444	114 631
of which: investments at equity	40	–	–	–	–	–	34	–	74
Segment liabilities	12 875	5 344	29 771	2 780	1 883	255	57 344	4 379	114 631
Total risk exposure amount	4 929	9 434	2 561	6 723	5 917	1 555	2 377	3 842	37 339
Capital employed[1]	353	717	207	498	411	122	686	3 628	6 623
CIR	111.3%	42.5%	64.8%	52.8%	39.8%	16.7%			104.8%
RoRaC/RoE[2]	-3.4%	9.2%	17.4%	-6.1%	14.3%	117.3%			-2.0%

[1] Reconciliation of long-term equity under commercial law to reported equity:

(in € million)	30 Jun. 2022	31 Dec. 2021[3]	30 Jun. 2021[3]
Long-term equity under commercial law	6 688	6 679	6 623
Other comprehensive income	– 465	– 862	– 762
Earnings after taxes	– 63	31	– 51
Reported equity	**6 160**	**5 848**	**5 810**

[2] RoRaC at business level:
Earnings before taxes/committed Tier 1 capital
RoE at company level:
Earnings before taxes/long-term equity under commercial law (see table above).
[3] In the case of individual items, the previous year's figures were restated, see Note (6) Restatement of previous year's figures.

Due to the presentation in million €, the reproduction of mathematical operations in the tables at hand can lead to minor differences.

Notes to the Income Statement

(9) Net Interest Income

The interest income and interest expenses items include paid and received interest, accrued interest and pro rata reversals of premiums and discounts on financial instruments. Due to the fact that silent participations must be classified as debt under IAS 32 under certain circumstances, the corresponding expenses and earnings are likewise recognised in net interest income.

	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021 (in € million)	Change (in %)
Interest income from assets			
Interest income from financial assets at fair value through profit or loss			
Interest income from trading assets	860	941	– 9
Interest income from trading and hedge accounting derivatives	817	906	– 10
Interest income from debt securities and other fixed interest securities	5	4	25
Interest income from loans and advances	38	31	23
Interest income from financial instruments mandatorily at fair value through profit or loss	7	10	– 30
Interest income from debt securities and other fixed interest securities	3	4	– 25
Interest income from loans and advances	4	6	– 33
	867	**951**	**– 9**
Interest income from financial assets at fair value through other comprehensive income			
Interest income from debt securities and other fixed interest securities	67	70	– 4
Interest income from loans and advances	6	8	– 25
	73	**78**	**– 6**
Interest income from financial assets at amortised cost			
Interest income from debt securities and other fixed interest securities	45	46	– 2
Interest income from loans and advances	720	769	– 6
Interest income from impaired debt securities and other fixed interest securities as well as loans and advances	4	8	– 50
	769	**823**	**– 7**
Dividend income	**11**	**7**	**57**
Other interest income and similar income			
Interest income from hedge accounting amortisations	117	175	– 33
Other interest income and similar income	39	35	11
	156	**210**	**– 26**
	1 876	**2 069**	**– 9**

	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021[1)] (in € million)	Change (in %)
Interest expenses from assets	**– 24**	**– 28**	**– 14**
Interest expenses from liabilities			
Interest expenses from financial labilities at fair value through profit or loss			
Interest expenses from trading liabilities	– 794	– 891	– 11
Interest expenses from trading and hedge accounting derivatives	– 794	– 891	– 11
Interest expenses from financial labilities designated at fair value through profit or loss	– 47	– 50	– 6
Interest expenses from deposits	– 40	– 40	–
Interest expenses from securitised liabilities	– 7	– 10	– 30
	– 841	**– 941**	**– 11**
Interest expenses from financial liabilities at amortised cost			
Interest expenses from deposits	– 364	– 400	– 9
Interest expenses from securitised liabilities	– 98	– 117	– 16
	– 462	**– 517**	**– 11**
Other interest expenses and similar expenses			
Interest expenses from hedge accounting amortisations	– 171	– 166	–
Other interest expenses and similar expenses	25	– 22	–
	– 146	**– 188**	– 22
	– 1 449	**– 1 646**	**– 12**
Interest income from liabilities	**35**	**33**	**6**
Total	**438**	**428**	**2**

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.

The interest expenses from assets and the interest income from liabilities mainly relate to the Group's lending and money market transactions.

(10) Net Commission Income

	1 Jan. - 30. Jun. 2022 (in € million)	1 Jan. - 30. Jun. 2021 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	40	39	3
Account management and payment transactions	22	15	47
Security transactions and custody service	19	22	– 14
Brokerage business	30	17	76
Other commission income	5	3	67
	116	**96**	**21**
Commission expenses			
Lending and guarantee business	– 44	– 72	– 39
Account management and payment transactions	– 1	– 1	–
Security transactions and custody service	– 4	– 4	–
Brokerage business	– 3	– 3	–
Other commission income	– 2	– 2	–
	– 54	**– 82**	**– 34**
Total	**62**	**14**	**> 100**

The commission expenses included commissions in the amount of € 27 million (€ 50 million) for the guarantees granted by the state of Lower Saxony to hedge the loss risks of certain credit portfolios (see Note (3) Change in the guarantee portfolios in connection with the guarantee contracts of the state of Lower Saxony).

(11) Profit/Loss from Fair Value Measurement

	1 Jan. - 30 Jun. 2022 (in € million)	1 Jan. - 30 Jun. 2021[1)] (in € million)	Change (in %)
Trading result			
Profit/loss from derivatives			
Interest-rate risks	– 262	11	> 100
Currency risks	68	– 14	> 100
Share-price and other price risks	– 5	1	> 100
Credit derivatives	– 34	52	> 100
	– 233	**50**	**> 100**
Profit/loss from debt securities and other fixed interest securities	– 227	– 69	> 100
Profit/loss from receivables held for trading	– 399	– 121	> 100
Profit/loss from short sales	5	– 1	> 100
Other trading result	– 3	– 1	> 100
	– 857	**– 142**	**> 100**
Profit/loss from financial assets at fair value through profit or loss			
Profit/loss from equity instruments	– 3	1	> 100
Profit/loss from debt securities and other fixed interest securities	– 24	– 1	> 100
Profit/loss from receivables	– 12	60	> 100
	– 39	**60**	**> 100**
Profit/loss from designated financial instruments at fair value through profit or loss			
Profit/loss from deposits	646	158	> 100
Profit/loss from securitised liabilties	99	21	> 100
	745	**179**	**> 100**
Foreign exchange result	**14**	**– 5**	**> 100**
Total	**– 137**	**92**	**> 100**

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.

(12) Risk Provisions

	1 Jan. - 30 Jun. 2022 (in € million)	1 Jan. - 30 Jun. 2021 (in € million)	Change (in %)
Risk provisions of financial assets at fair value through other comprehensive income			
Income from the reversal of risk provisions for			
Debt securities and other fixed interest securities	1	1	–
Expenses from allocations to risk provisions for			
Debt securities and other fixed interest securities	– 1	– 1	–
	–	–	–
Risk provisions of financial assets at amortised cost			
Income from the reversal of risk provisions for			
Debt securities and other fixed interest securities	–	4	– 100
Loans and advances	286	473	– 40
	286	**477**	**– 40**
Expenses from allocations to risk provisions for			
Debt securities and other fixed interest securities	–	– 1	– 100
Loans and advances	– 226	– 502	– 55
	– 226	**– 503**	**– 55**
	60	**– 26**	**> 100**
Provisions in lending business			
Income from the reversal	19	23	– 17
Expenses from allocation	– 17	– 39	– 56
	2	**– 16**	**> 100**
Recoveries of receivables written off	**12**	**30**	**– 60**
Direct write-offs	**– 7**	**– 9**	**– 22**
Modification results	**–**	**1**	**– 100**
Total	**67**	**– 20**	**> 100**

(13) Disposal Profit/Loss from Financial Instruments not measured at Fair Value through Profit or Loss

	1 Jan.-30 Jun. 2022 (in € million)	1 Jan.-30 Jun. 2021 (in € million)	Change (in %)
Disposal profit/loss from financial assets at fair value through other comprehensive income			
Disposal profit/los of			
Debt securities and other fixed interest securities	– 1	– 1	–
Disposal profit/loss from financial assets at amortised cost			
Disposal profit/los of			
Debt securities and other fixed interest securities	–	1	–
Loans and advances	– 2	– 1	100
	– 2	–	–
Disposal profit/loss from financial liabilities at amortised cost			
Disposal profit/los of			
Deposits	– 5	– 12	– 58
Securitised liabilities	–	– 4	– 100
	– 5	**– 16**	**– 69**
Other disposal profit/loss	**–**	**– 1**	**– 100**
Total	**– 8**	**– 18**	**– 56**

(14) Profit / Loss from Hedge Accounting

The profit/loss from hedge accounting includes netted changes in fair value relating to the hedged risk on the underlying transactions and netted changes in fair value to hedging instruments in effective fair value hedges.

	1 Jan. - 30 Jun. 2022 (in € million)	1 Jan. - 30 Jun. 2021 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged items	– 475	– 140	> 100
from derivatives designated as hedging instruments	476	140	> 100
	1	–	–
Profit/loss from portfolio fair value hedges			
from hedged items	854	93	> 100
from derivatives designated as hedging instruments	– 874	– 92	> 100
	– 20	**1**	**> 100**
Total	**– 19**	**1**	**> 100**

(15) Profit/loss from Investments Accounted for using the Equity Method

The profit/loss from investments accounted for using the equity method in the amount of € 45 million was largely due to the LBS belonging to the Treasury/Consolidation/Other segment. In the past write-downs to the recoverable amount were made for this company due to the persistently low level of interest rates. As a change in the assessment of future interest rate developments and measures implemented to improve the profitability of the business model mean that higher earnings expectations can be derived in the long term and the reasons for the impairment losses recognised in prior periods no longer apply, the recoverable amount increased significantly to € 130 million. This resulted in a reversal of impairment losses of € 90 million recognized in income in using the equity method of accounting. The recoverable amount is the value in use discounted at a discount rate of 6.08% (31 December 2021: 5.98%).

(16) Administrative Expenses

	1 Jan.-30 Jun. 2022 (in € million)	1 Jan.-30 Jun. 2021 (in € million)	Change (in %)
Staff expenses	– 219	– 227	– 4
Other administrative expenses	– 188	– 193	– 3
Current depreciation	– 30	– 35	– 14
Total	**– 437**	**– 455**	**– 4**

(17) Other Operating Profit/Loss

	1 Jan.-30 Jun. 2022 (in € million)	1 Jan.-30 Jun. 2021[1)] (in € million)	Change (in %)
Other operating income			
Income from the reversal of provisions	5	–	–
Rental income from investment property	6	5	20
Income from the disposal of non-financial assets	–	1	– 100
Reimbursements	2	4	– 50
Other operating income	13	20	– 35
	26	**30**	**– 13**
Other operating expenses			
Expenses from bank levy	– 68	– 99	– 31
Expenses from investment property	– 2	– 2	–
Other taxes	– 6	– 4	50
Other operating expenses	– 10	– 3	> 100
	– 86	**– 108**	**– 20**
Total	**– 60**	**– 78**	**– 23**

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.

(18) Profit/Loss from Restructuring and Transformation

The result from restructuring and transformation totalling € -46 million (€ -35 million) resulted from expenses and income in connection with the NORD/LB 2024 transformation programme. NORD/LB 2024's measures led to a fundamental restructuring of the Group. The associated expenses are not assigned to the operating business activities, but shown separately due to their significance and their extraordinary, non-recurring nature. These are both personnel costs and expenses for consultancy services incurred as part of the Group's transformation for strategy, implementation, IT and legal consultancy.

(19) Income Taxes

Income **taxes** reported in the Interim Financial Statements are calculated based on the anticipated income tax rate for the full year. The underlying tax rate is based on the legal regulations applicable or enacted as at the reporting date.

Notes to the Balance Sheet

(20) Financial Asstes at Fair Value through Profit or Loss

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Trading assets			
Positive fair values from derivatives			
Interest-rate risks	2 144	2 860	– 25
Currency risks	343	123	> 100
Share and other price risks	1	2	– 50
Credit derivatives	137	164	– 16
	2 625	**3 149**	**– 17**
Debt-securities and other fixed-interest securities	1 504	782	92
Loans and advances to customers	848	663	28
Registered securities	2 942	1 845	59
	7 919	**6 439**	**23**
Financial assets mandatorily at fair value through profit or loss			
Equity instruments	17	20	– 15
Debt-securities and other fixed-interest securities	484	638	– 24
Loans and advances to banks	47	56	– 16
Loans and advances to customers	214	245	– 13
	762	**959**	**– 21**
Total	**8 681**	**7 398**	**17**

The credit derivatives reported under trading assets include the guarantees received from the state of Lower Saxony as part of NORD/LB's capital strengthening on a portfolio of the Special Credit & Portfolio Optimisation (SCPO) segment and on the aircraft customer portfolio of the Special Financing segment. These guarantees are to be reported as credit derivatives according to the IFRS and have a carrying amount as at the reporting date of € 110 million (€ 108 million).

(21) Financial Assets at Fair Value through other Comprehensive Income

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Debt-securities and other fixed-interest securities	11 017	12 158	– 9
Loans and advances to banks	260	378	– 31
Loans and advances to customers	301	494	– 39
Total	**11 578**	**13 030**	**– 11**

The changes in the risk provisions recognised in other comprehensive income (OCI) related to this item is presented under Note (31) Risk provisions and gross carrying amount.

(22) Financial Assets at Amortised Cost

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Debt securities and other fixed interest securities	3 343	3 593	– 7
Loans and advances to banks	13 216	13 595	– 3
Loans and advances to customers	67 483	67 408	–
Total	**84 042**	**84 596**	**– 1**

The change in the risk provisioning contained in the item is presented under Note **(31)** Risk provisions and gross carrying amount.

(23) Shares in Companies

The balance sheet item Shares in companies includes all shares in companies of the NORD/LB Group which are not accounted for in accordance with IFRS 10, IFRS 11 or IAS 28 but measured in accordance with IFRS 9.

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Subsidiaries	25	25	–
Joint Ventures	10	10	–
Associated companies	43	34	26
Other shares in companies	271	276	– 2
Total	**349**	**345**	**1**

(24) Property and Equipment

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Land and buildings	185	189	– 2
Operating and office equipment	28	31	– 10
Other property and equipment	5	4	25
Right-of-use assets from leasing	57	63	– 10
Total	**275**	**287**	– 4

(25) Intangible Assets

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Software			
Purchased	52	49	6
Internally developed	27	34	– 21
	79	**83**	**– 5**
Prepayments and intangible assets under development and preparation	36	31	16
Leasing assets			
Leased Software	3	4	– 25
	3	**4**	**– 25**
Total	**118**	**118**	**–**

Intangible assets under development refer primarily to internally generated software.

(26) Financial Liabilities at Fair Value through Profit or Loss

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives			
Interest-rate risks	2 037	1 627	25
Currency risks	626	417	50
Share-price and other price risks	5	1	> 100
Credit derivatives	18	5	> 100
	2 686	**2 050**	**31**
Delivery obligations from short-sales	96	19	> 100
	2 782	**2 069**	**34**
Financial liabilities designated at fair value through profit or loss			
Deposits			
Liabilities to banks	261	267	– 2
Liabilities to customers	2 987	3 666	– 19
	3 248	**3 933**	**– 17**
Securitised liabilities			
Securitised liabilities	1 658	1 712	– 3
	1 658	**1 712**	**– 3**
	4 906	**5 645**	**– 13**
Total	**7 688**	**7 714**	**–**

(27) Financial Liabilities at Amortised Cost

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Deposits			
Deposits from banks	3 851	4 096	– 6
Saving deposits from customers	1 029	1 044	– 1
Other liabilillities	70 835	68 989	3
Subordinated liabilities	266	282	– 6
	75 981	**74 411**	**2**
Securitised Liabilities			
Covered bonds	8 624	9 797	– 12
Municipal debentures	2 500	2 525	– 1
Other securitised liabilities	6 315	6 538	– 3
Subordinated securitised liabilities	2 098	2 013	4
	19 537	**20 873**	**– 6**
Total	**95 518**	**95 284**	**–**

Repurchased debt securities issued by the Bank itself in the amount of € 2,101 million (€ 2,438 million) are deducted directly from securitised liabilities.

In the first six months of the financial year 2022, the nominal volume of issues in the NORD/LB Group amounted to € 907 million (€ 851 million) in the first six months of financial year 2022. Repurchases totaled € 610 million (€ 611 million), while repayments amounted to € 1,467 million (€ 4,138 million). In addition to original issues, the amount of the issues also includes securities resold after repurchases. The disclosures reported under securitised liabilities related to money market instruments and debt securities, and included both financial liabilities measured at amortised cost and financial liabilities designated at fair value through profit and loss (see Note (26)).

(28) Provisions

The provisions are broken down as follows:

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Provisions for pensions and other obligations	**2 029**	**2 985**	**– 32**
Other provisions			
Provisions for personnel	52	55	– 5
Provisions in lending business	55	55	–
Provisions for litigation and recourse risks	26	26	–
Provisions for restructuring measures	392	462	– 15
Other provisions	61	53	15
	586	**651**	**– 10**
Total	**2 615**	**3 636**	**– 28**

The decrease in provisions for pensions and similar obligations of € 956 million compared with 31 December 2021 is mainly due to the interim increase in the discount rate from 1.5 per cent to 3.55 per cent as at 30 June 2022 as a result of the massive increase in interest rates since the beginning of the year.

The restructuring provisions mainly result from the NORD/LB 2024 transformation programme and the previous One Bank reorganisation programme of the NORD/LB Group. They relate to early retirement-measures in connection with the leveraging of synergies in the NORD/LB Group and the redimensioning of the Group as part of the implementation of the new business model.

Notes to the condensed Cash Flow Statement

Notes on cash flow from investment activities

In transactions that resulted in gaining or losing control of subsidiaries and other business units during the reporting period, consideration of € 4 million (€ 0 million) was paid and € 0 million (€ 107 million) was received in cash and cash equivalents in the reporting year. The assets and liabilities of the subsidiaries over which control was gained or lost during the financial year are as follows:

Assets	Acquisition of control		Loss of control	
(in € million)	30 Jun. 2022	31 Dec. 2021	30 Jun. 2022	31 Dec. 2021
Financial assets at amortised cost	8	-	-	-
Shares in companies	-	-	-	18
Assets held for sale	-	-	-	67
Other assets	1	-	-	-
Total assets	**9**	**-**	**-**	**85**

Liabilities	Acquisition of control		Loss of control	
(in € million)	30 Jun. 2022	31 Dec. 2021	30 Jun. 2022	31 Dec. 2021
Other liabilities	1	–	–	–
Total liabilities	**1**	**–**	**–**	**–**

Other Disclosures

(29) Fair Value Hierarchy

The NORD/LB Group applies the three-level fair value hierarchy using the Level 1, Level 2 and Level 3 terminology set out in IFRS 13. Alongside IFRS 13, the specific regulations of IDW RS HFA 47 are taken into account for the allocation of the financial instruments at the various levels.

The respective level is determined by the input data used in the measurement and reflects the market proximity of the variables included in the determination of fair value. If input data from multiple levels of the fair value hierarchy are used in the determination of fair value, the resultant fair value of the respective financial instrument is assigned to the lowest level at which the input data has a significant influence on the fair value measurement.

Level 1

Within the fair value hierarchy, a financial instrument is categorised in Level 1 if it is traded on an active market and if publicly listed market prices or prices actually traded on the over-the-counter market (OTC market) are used to determine the instrument’s fair value. If publicly listed market prices or prices actually traded on the OTC market are not available, executable prices from traders and brokers without a transaction as a reference will be used to determine the value used for the measurement. Instruments are allocated in this case to Level 1 if there is an active market for these broker quotes, i.e. the bid-ask spread is low and there are multiple price suppliers with very little difference in their prices. Level 1 input factors are not regularly corrected.

Level 2

If no price quotes on an active market are available, the fair value is calculated using recognised measurement methods or models or through external pricing services, provided that the measurement in such cases makes either full or significant use of observable input data such as spread curves (Level 2). To measure financial instruments in these situations, measurement methods are used that are widely recognised in the market under normal market conditions (e.g. the discounted cash flow method and the Hull & White model for options) and the calculations of which are fundamentally based on inputs available on an active market. One requirement here is that variables which market participants would have taken into account in the pricing are included in the measurement process. Wherever possible, the respective inputs are taken from the markets on which the instruments are issued or acquired.

Measurement models are used primarily for OTC derivatives and securities listed on inactive markets. The models include a range of inputs such as market prices and other market quotations, risk-free yield curves, risk premiums, exchange rates and volatilities. A standard market approach is always selected for necessary model parameterisations.

In the case of asset-side securities for which there is no active market and for which market prices can not be used for measurement, the fair value for measurement purposes is determined on the basis of discounted cash flows. With the discounted cash flow method, all payments are discounted using the risk-free interest-rate curve adjusted by the credit spread. Spreads are determined based on comparable financial instruments (for example, taking account of the respective market segment and the issuer’s credit rating).

The financial instruments at the NORD/LB Group to be measured in this way are identified on the basis of individual securities and a subsequent separation into active and inactive markets. Changes in market assessments are consistently included in the measurement. Several divisions within the Group identify, analyse and value financial instruments in inactive markets. This approach makes it possible to assess inactivity in the most objective manner possible. The measurement model for financial instruments assigned to Level 2 is based on term-specific interest rates, the credit rating of the respective issuer and, where applicable, other components, such as foreign currency premiums.

Level 3

Financial instruments for which there is no active market, which cannot be measured on the basis of market prices and cannot be fully measured on the basis of observable market parameters, are allocated to Level 3. In differentiation to Level 2 measurement, Level 3 measurement generally uses both institution-specific models and market-based discounted-cash-flow models as well as significant volumes of data which are not observable on the market. The inputs used in these methods include, among other things, assumptions about cash flows, loss estimates and the discount rate, and are determined as far as possible on a near-market basis.

Level 3 procedures are used for portfolios of interest-bearing securities and derivatives for which the market has been classified as inactive or for which significant valuation parameters are not observable on the market. These include:

- Equity-linked structures measured using historical volatilities
- CMS spread options since the ingoing correlation is not directly observable
- Own and third-party issues as well as futures on such issues if the credit/funding spread is not observable on the market.

Furthermore, all loans measured at fair value and loan commitments intended for syndication that are presented as derivatives, are regularly assigned to Level 3. The portfolio guarantees of the state of Lower Saxony which are accounted for as credit derivatives are also assigned to Level 3.

Fair value calculation

The valuation models used in the NORD/LB Group and the data included are reviewed periodically. The resulting fair values are subject to internal controls and monitoring procedures. These controls and processes are carried out in and coordinated by the Bank Control/Finance and Risk Control divisions.

All relevant factors, such as bid-ask spread, counterparty default risk or business-typical discount rates, are appropriately taken into account when determining fair value. In the context of the bid-ask spread, a valuation is generally made at the average rate or average notation. The financial instruments particularly impacted by this include securities or liabilities whose fair values are based on prices listed on active markets, as well as financial instruments, such as OTC derivatives, whose fair values are determined using a measurement method and for which the average quote is an observable input in the measurement method.

No listed prices are generally available for OTC market derivatives; their fair values are therefore determined using other measurement methods. The measurement is first carried out using cash flow models without taking account of the credit default risk. The measurement adjustment on the basis of the counterparty default risk (credit value adjustment (CVA)/debit value adjustment (DVA)) is calculated on the basis of the net risk position pursuant to IFRS 13.48. The calculation is based on simulated future market values and, if available, market-implied input data.

The NORD/LB Group measures secured OTC derivatives primarily in accordance with the current market standard of overnight index swap discounting (OIS discounting). This means that secured derivatives are now discounted using the OIS interest-rate curve rather than the term-specific interest rate. Unsecured derivatives are discounted using the tenor-specific interest rate to establish their fair value. The measurement of unsecured derivative positions also takes account of a funding valuation adjustment (FVA), which represents the market-implied funding costs.

The fair values of financial assets and their classification in the fair value hierarchy are compared with their carrying amounts in the following table.

	30 Jun. 2022					
(in € million)	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Assets						
Cash reserve	**5 804**	**–**	**–**	**5 804**	**5 804**	**–**
Trading assets	**95**	**4 098**	**3 726**	**7 919**	**7 919**	**–**
Positive fair values from derivatives	–	2 350	275	2 625	2 625	–
Interest-rate risks	–	1 980	164	2 144	2 144	–
Currency risks	–	343	–	343	343	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	26	111	137	137	–
Debt securities and other fixed interest securities	67	1 393	44	1 504	1 504	–
Loans and advances	28	355	3 407	3 790	3 790	–
Financial assets mandatorily at fair value through profit or loss	**317**	**187**	**258**	**762**	**762**	**–**
Equity instruments	16	1	–	17	17	–
Debt securities and other fixed interest securities	301	183	–	484	484	–
Loans and advances	–	3	258	261	261	–
Financial assets at fair value through other comprehensive income	**2 283**	**8 678**	**617**	**11 578**	**11 578**	**–**
Debt securities and other fixed interest securities	2 283	8 678	56	11 017	11 017	–
Loans and advances	–	–	561	561	561	–
Financial assets at amortised cost	**248**	**3 137**	**76 117**	**79 502**	**84 042**	**– 4 540**
Debt securities and other fixed interest securities	114	3 137	–	3 251	3 343	– 92
Loans and advances	134	–	76 117	76 251	80 699	– 4 448
Positive fair values from hedge accounting derivatives	**–**	**279**	**11**	**290**	**290**	**–**
Positive fair values from allocated micro fair value hedge derivatives	–	242	11	253	253	–
Interest-rate risks	–	229	11	240	240	–
Currency risks	–	13	–	13	13	–
Positive fair values from allocated portfolio fair value hedge derivatives	–	37	–	37	37	–
Interest-rate risks	–	37	–	37	37	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	**–**	**–**	**–**	**–**[1]	**– 154**	**154**
Shares in companies	**20**	**–**	**329**	**349**	**349**	**–**
Other assets (only financial instruments) measured at fair value	**–**	**45**	**–**	**45**	**45**	**–**
Total	**8 767**	**16 424**	**81 058**	**106 249**	**110 635**	**– 4 386**

[1] Contributions relating to the assets item Balancing items for financial instruments hedged in the portfolio fair value hedge are shown in the fair values of the hedged financial instruments.

(in € million)	31 Dec. 2021 Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Assets						
Cash reserve	6 930	–	–	6 930	6 930	–
Trading assets	8	4 124	2 307	6 439	6 439	–
Positive fair values from derivatives	–	3 032	117	3 149	3 149	–
Interest-rate risks	–	2 851	9	2 860	2 860	–
Currency risks	–	123	–	123	123	–
Share-price and other price risks	–	2	–	2	2	–
Credit derivatives	–	56	108	164	164	–
Debt securities and other fixed interest securities	8	772	2	782	782	–
Loans and advances	–	320	2 188	2 508	2 508	–
Financial assets mandatorily at fair value through profit or loss	463	198	298	959	959	–
Equity instruments	19	1	–	20	20	–
Debt securities and other fixed interest securities	444	194	–	638	638	–
Loans and advances	–	3	298	301	301	–
Financial assets at fair value through other comprehensive income	1 406	10 721	903	13 030	13 030	–
Debt securities and other fixed interest securities	1 406	10 721	31	12 158	12 158	–
Loans and advances	–	–	872	872	872	–
Financial assets at amortised cost	161	3 601	82 286	86 048	84 596	1 452
Debt securities and other fixed interest securities	50	3 601	–	3 651	3 593	58
Loans and advances	111	–	82 286	82 397	81 003	1 394
Positive fair values from hedge accounting derivatives	–	468	6	474	474	–
Positive fair values from allocated micro fair value hedge derivatives	–	468	6	474	474	–
Interest-rate risks	–	461	6	467	467	–
Currency risks	–	7	–	7	7	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	–	–	–	–[1]	284	– 284
Shares in companies	21	–	324	345	345	–
Total	**8 989**	**19 112**	**86 124**	**114 225**	**113 057**	**1 168**

[1] Contributions relating to the assets item Balancing items for financial instruments hedged in the portfolio fair value hedge are shown in the fair values of the hedged financial instruments.

The fair values of financial liabilities and their classification in the fair value hierarchy are compared with their carrying amounts in the following table.

	30 Jun. 2022					
(in € million)	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Liabilities						
Trading liabilities	**–**	**2 767**	**15**	**2 782**	**2 782**	**–**
Negative fair values from derivatives	–	2 671	15	2 686	2 686	–
Interest-rate risks	–	2 025	12	2 037	2 037	–
Currency risks	–	626	–	626	626	–
Share-price and other price risks	–	5	–	5	5	–
Credit derivatives	–	15	3	18	18	–
Delivery obligations from short-sales	–	96	–	96	96	–
Financial liabilities designated at fair value through profit or loss	**479**	**1 919**	**2 442**	**4 840**	**4 906**	**– 66**
Deposits	–	1 422	1 778	3 200	3 248	– 48
Securitised liabilities	479	497	664	1 640	1 658	– 18
Financial liabilities at amortised cost	**1 334**	**30 645**	**61 092**	**93 071**	**95 518**	**– 2 447**
Deposits	–	16 380	57 797	74 177	75 981	– 1 804
Securitised liabilities	1 334	14 265	3 295	18 894	19 537	– 643
Negative fair values from hedge accounting derivatives	**–**	**619**	**–**	**619**	**619**	**–**
Negative fair values from allocated micro fair value hedge derivatives	–	591	–	591	591	–
Interest-rate risks	–	451	–	451	451	–
Currency risks	–	140	–	140	140	–
Negative fair values from allocated portfolio fair value hedge derivatives	–	28	–	28	28	–
Interest-rate risks	–	28	–	28	28	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	**–**	**–**	**–**	**–[1]**	**– 823**	**823**
Other liabilities (only financial instruments) measured at fair value	**43**	**87**	**–**	**130**	**130**	**–**
Total	**1 856**	**36 037**	**63 549**	**101 442**	**103 132**	**– 1 690**

[1] Contributions relating to the liabilities item Balancing items for financial instruments hedged in the portfolio fair value hedge are shown in the fair values of the hedged financial instruments.

(in € million)	31 Dec. 2021 Level 1	Level 2[2)]	Level 3[2)]	Total fair values	Carrying amount	Difference
Liabilities						
Trading liabilities	–	2 040	29	2 069	2 069	–
Negative fair values from derivatives	–	2 021	29	2 050	2 050	–
Interest-rate risks	–	1 598	29	1 627	1 627	–
Currency risks	–	417	–	417	417	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	5	–	5	5	–
Delivery obligations from short-sales	–	19	–	19	19	–
Financial liabilities designated at fair value through profit or loss	505	2 198	2 883	5 586	5 645	– 59
Deposits	–	1 736	2 153	3 889	3 933	– 44
Securitised liabilities	505	462	730	1 697	1 712	– 15
Financial liabilities at amortised cost	1 386	35 215	60 845	97 446	95 284	2 162
Deposits	–	18 984	57 463	76 447	74 411	2 036
Securitised liabilities	1 386	16 231	3 382	20 999	20 873	126
Negative fair values from hedge accounting derivatives	–	1 099	–	1 099	1 099	–
Negative fair values from allocated micro fair value hedge derivatives	–	1 066	–	1 066	1 066	–
Interest-rate risks	–	895	–	895	895	–
Currency risks	–	171	–	171	171	–
Negative fair values from allocated portfolio fair value hedge derivatives	–	33	–	33	33	–
Interest-rate risks	–	33	–	33	33	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	–	–	–	–[1)]	531	– 531
Other liabilities (only financial instruments) not recognised at fair value	–	–	1	1	1	–
Total	**1 891**	**40 552**	**63 758**	**106 201**	**104 629**	**1 572**

1) Contributions relating to the liabilities item Balancing items for financial instruments hedged in the portfolio fair value hedge are shown in the fair values of the hedged financial instruments.
2) With regard to the previous year's figures, adjustments were made in accordance with IAS 8.42 due to the overstatement of fair values. In the item Financial liabilities designated at fair value through profit or loss, the deposits in Level 2 were restated by € -17 million and in Level 3 by € -27 million and the securitised liabilities in Level 2 by € -7 million and in Level 3 by € -8 million.

The transfers within the fair value hierarchy are summarised as follows:

1 Jan. - 30 Jun. 2022 (in € million)	From level 1 to level 2	From level 2 to level 1	From level 2 to level 3	From level 3 to level 2
Trading assets	**–**	**8**	**8**	**3**
Positive fair values from derivatives	–	–	8	–
Interest-rate risks	–	–	8	–
Debt securities and other fixed interest securities	–	8	–	–
Loans and advances	–	–	–	3
Financial assets at fair value through other comprehensive income	**15**	**950**	**26**	**–**
Debt securities and other fixed interest securities	15	950	26	–
Positive fair values from hedge accounting derivatives	**–**	**–**	**4**	**–**
Positive fair values from allocated micro fair value hedge derivatives	–	–	4	–
Interest-rate risks	–	–	4	–
Trading liabilities	**–**	**–**	**2**	**–**
Negative fair values from derivatives	–	–	2	–
Interest-rate risks	–	–	2	–
Designated financial liabilities at fair value through profit or loss	**–**	**–**	**4**	**14**
Deposits	–	–	4	14

Most level transfers as at the reporting date compared with 31 December 2021 took place between Level 2 and Level 1. These transfers are due to changes in trading activity.

The date of the transfer between the individual levels is the end of the reporting period.

The change in financial assets and liabilities in Level 3 of the fair-value hierarchy is as follows:

	Trading assets									
	Positive fair values from derivatives interest-rate risks		Positive fair values from derivatives share-price and other price risks		Positive fair values from derivatives credit derivatives		Debt securities and other fixed interest securities		Loans and advances	
(in € million)	2022	2021	2022	2021	2022	2021[2]	2022	2021	2022	2021
1 Jan.	**9**	**2**	**–**	**1**	**108**	**95**	**2**	**63**	**2 188**	**2 124**
Effect on the income statement[1]	– 7	– 1	–	– 1	3	27	– 3	–	– 271	– 59
Addition from purchase or issue	154	1	–	–	–	–	124	11	3 595	515
Disposal from sale	–	–	–	–	–	–	79	67	2 109	1 204
Repayment/exercise	–	–	–	–	–	–	–	–	3	4
Addition from level 1 and 2	8	–	–	–	–	–	–	–	–	–
Disposal to level 1 and 2	–	–	–	–	–	–	–	7	3	178
Change from currency translation	–	–	–	–	–	–	–	–	10	9
30 Jun.	**164**	**2**	**–**	**–**	**111**	**122**	**44**	**–**	**3 407**	**1 203**
For information: Effect on income statement for financial instruments still held[1]	1	– 1	–	–	3	27	– 2	–	– 226	– 33

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income and profit/loss from financial measurement.

	Financial assets mandatorily at fair value through profit or loss – Loans and advances	
(in € million)	2022	2021
1 Jan.	**298**	**251**
Effect on the income statement [1]	– 14	60
Addition from purchase or issue	81	22
Repayment/exercise	107	95
Disposal to level 1 and 2	–	54
30 Jun.	**258**	**184**
For information: Effect on income statement for financial instruments still held [1]	2	15

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income and profit/loss from financial measurement.

	Financial assets at fair value through other comprehensive income			
	Debt securities and other fixed interest securities		Loans and advances	
(in € million)	2022	2021	2022	2021
1 Jan.	**31**	**163**	**872**	**1 058**
Effect on the income statement [1]	–	–	– 10	– 11
Effect on other comprehensive income (OCI)	– 1	1	– 51	– 16
Disposal from sale	–	11	–	–
Repayment/exercise	–	102	250	79
Addition from level 1 and 2	26	–	–	–
Disposal to level 1 and 2	–	21	–	–
Change from currency translation	–	1	–	–
30 Jun.	**56**	**31**	**561**	**952**
For information: Effect on income statement for financial instruments still held[1]	–	–	– 5	– 8

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income, profit/loss from risk provisioning, and disposal profit/loss from financial instruments that are not measured at fair value through profit or loss.

,	Positive fair values from hedge accounting derivatives	
	Positive fair values from allocated micro fair value hedge derivatives	
(in € million)	2022	2021
1 Jan.	**6**	**–**
Effect on the income statement [1]	1	–
Addition from level 1 and 2	4	–
30 Jun.	**11**	**–**
For information: Effect on income statement for financial instruments still held [1]	1	–

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income and profit/loss from hedge accounting.

	Shares in companies		Financial assets held for sale measured at fair value	
(in € million)	2022	2021	2022	2021
1 Jan.	**324**	**312**	**–**	**–**
Effect on the income statement [1]	4	10	–	–
Addition from purchase or issue	1	–	–	–
Changes from the basis of consolidation	–	– 5	–	5
30 Jun.	**329**	**317**	**–**	**5**
For information: Effect on income statement for financial instruments still held [1]	4	10	–	–

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income, profit/loss from financial measurement, risk provisioning, disposal profit/loss from financial instruments that are not measured at fair value through profit or loss, profit/loss from shares in companies, administrative expenses and other operating result.

	Trading liabilities			
	Negative fair values from derivatives interest-rate risks		Negative fair values from derivatives credit derivatives	
(in € million)	2022	2021	2022	2021
1 Jan.	**29**	**123**	**–**	**29**
Effect on the income statement[1]	– 26	– 111	–	– 24
Addition from purchase or issue	7	21	3	–
Addition from level 1 and 2	2	–	–	–
Disposal to level 1 and 2	–	6	–	–
30 Jun.	**12**	**27**	**3**	**5**
For information: Effect on income statement for financial instruments still held [1]	–	– 7	–	– 24

[1] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income and profit/loss from financial measurement.

(in € million)	Designated financial liabilities at fair value through profit or loss			
	Deposits		Securitised liabilities	
	2022	2021[2)]	2022	2021
1 Jan.	**2 153**	**2 144**	**730**	**725**
Effect on the income statement [1)]	– 339	– 71	– 40	2
Effect on other comprehensive income (OCI)	– 66	26	–	–
Addition from purchase or issue	96	76	39	52
Repayment/exercise	56	74	65	21
Addition from level 1 and 2	4	–	–	–
Disposal to level 1 and 2	14	16	–	1
30 Jun.	**1 778**	**2 085**	**664**	**757**
For information: Effect on income statement for financial instruments still held [1)]	– 338	– 71	– 40	1

[1)] The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items net interest income and profit/loss from financial measurement.
[2)] With regard to the previous year's figures, adjustments were made in accordance with IAS 8.42 due to the overstatement of fair values. In the financial liabilities designated at fair value through profit or loss item, deposits were additionally restated by € -4 million.

The following significant non-observable input data were used for the fair value measurement of financial instruments classified in Level 3.

Product	Fair value 30 Jun. 2022 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bond (liabilities)	664	Discount rate	-0,3 - 3,7 %	2,1 %
Participations	329	Discount rate	6,7 - 9,5 %	8,6 %
Loans (assets) and Interest-bearing bonds (assets)	1 647	Rating	Rating Class (27er DSGV-Scale) 1 - 20	Averaged Rating 6
	2 658	Discount rate	-0,3 - 2,4 %	0,2 %
	21	Cashflow	-	-
Loans (liabilities)	1 765	Discount rate	-0,3 - 3,7 %	3,1 %
	13	Historical volatilities	15 %	15 %
Derivatives (assets)	1	Historical volatilities	15 %	15 %
	87	Rating	Rating Class (27er DSGV-Scale) 1 - 26	Averaged Rating 12
	42	Rating	Rating Class (27er DSGV-Scale) 1 - 27	Averaged Rating 15
	155	Price of Underlying	51 - 110	85
	1	Correlation	0,6 - 0,8	0.7
Derivatives (liabilities)	14	Rating	Rating Class (27er DSGV-Scale) 8 - 17	Averaged Rating 12
	1	Price of Underlying	89 - 124	108

Significant changes to the material input that cannot be observed on the market may result in a significantly higher or lower fair value. As part of the sensitivity analysis, the relevant input data was improved and/or downgraded by the factor specified in the table. The potential change in the fair value of Level 3 from the suggested change to the assumption-related parameter is specified below.

Product	Significant non-observable input data in the fair value measurement	Changes in sensitivity analysis	Potential changes in fair value as at 30 Jun. 2022 (in € million)	Potential changes in fair value as at 31 Dec.2021 (in € million)
Interest-bearing bond (liabilities)	Discount rate	+/- 10 basis points	-/+ 3	-/+3
Participations	Discount rate	+/- 50 basis points	-16; 18	-17; 7
Loans (assets) and Interest-bearing bonds (assets)	Rating	+/- 1 rating grade	- 2 /+ 1	-/+ 1
	Discount rate	+/- 10 basis points	-/+ 12	-/+ 10
	Cashflow	+/- 1 per cent	+/- 0,2	+/- 0,2
Loans (liabilities)	Discount rate	+/- 10 basis points	-/+ 26	-/+ 21
Derivatives (assets)	Rating	+/- 1 rating grade	66; -51	22; -19
	Price of Underlying	+/- 1 per cent	+/- 1,5	+/- 0,1
	Correlation	+/- 5 per cent	-/+ 0,4	-/+ 0,3
Derivatives (liabilities)	Rating	+/- 1 rating grade	-0,6; 0,5	-0,5; 0,4
	Price of Underlying	+/- 1 per cent	+/- 0	+/- 0,3

There are no relevant correlations between significant Level 3 input data for the fair value measurement of Level 3 financial instruments. As a result, there was no impact on the fair value.

(30) Day-one profits or losses

Day-one profits or losses arising in the NORD/LB Group and their changes are presented below.

	Financial liabilities designated at fair value through profit or loss	
(in € million)	2022	2021
1 Jan.	**59**	**46**
New transactions Day-One Profits	11	11
Effect on the income statement	– 4	– 1
30 Jun.	**66**	**56**

The NORD/LB Group’s day-one profits or losses relate to long-term structured issues.

(31) Risik Provisions and Cross Carrying Amount

The following overview presents the change during the reporting period, in the risk provisioning for financial assets not measured at fair value through profit and loss and for off-balance-sheet items:

(in € million)		Transfer			Addition loss allowances		Reversal/utilisation loss allowances					
	Opening balance 1 Jan. 2022	to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Unwinding	Currency translation	Closing balance 30 Jun. 2022
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	1	1	–	–	–	–	1	–	–	–	–	1
	1	1	–	–	–	–	1	–	–	–	–	1
Stage 2												
Debt securities	5	– 1	–	–	1	–	–	–	–	–	–	5
	5	– 1	–	–	1	–	–	–	–	–	–	5
	6	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**–**	**–**	**–**	**6**
Financial assets at amortised cost												
Stage 1												
Debt securities	1	–	–	–	–	–	–	–	–	–	–	1
Loans and advances	213	31	– 60	–	69	17	102	–	15	–	3	156
	214	31	– 60	–	69	17	102	–	15	–	3	157
Stage 2												
Debt securities	2	–	–	–	–	–	–	–	–	–	–	2
Loans and advances	282	– 31	60	– 28	109	16	71	–	32	–	27	332
	284	– 31	60	– 28	109	16	71	–	32	–	27	334
Stage 3												
Loans and advances	382	–	–	28	46	31	30	15	98	– 4	– 13	327
	382	–	–	28	46	31	30	15	98	– 4	– 13	327
	880	**–**	**–**	**–**	**224**	**64**	**203**	**15**	**145**	**– 4**	**17**	**818**
Total	**886**	**–**	**–**	**–**	**225**	**64**	**204**	**15**	**145**	**– 4**	**17**	**824**

(in € million)		Transfer			Addition loss allowances		Reversal/utilisation loss allowances					
	Opening balance 1 Jan. 2022	to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Unwinding	Currency translation	Closing balance 30 Jun. 2022
Off-balance sheet liabilities												
Stage 1												
Loan commitments	5	–	–	–	–	2	2	–	1	–	–	4
Financial guarantees	1	–	–	–	–	–	–	–	–	–	–	1
Off-balance-sheet liabilities	2	–	–	–	–	2	2	–	2	–	2	2
	8	–	–	–	–	4	4	–	3	–	2	7
Stage 2												
Loan commitments	3	–	–	–	6	2	–	–	3	–	–	8
Financial guarantees	3	–	–	–	2	–	1	–	1	–	1	4
Off-balance-sheet liabilities	4	–	–	–	1	–	–	–	1	–	–	4
	10	–	–	–	9	2	1	–	5	–	1	16
Stage 3												
Loan commitments	4	–	–	–	–	3	4	–	2	–	–	1
Financial guarantees	4	–	–	–	–	–	–	–	–	–	–	4
Off-balance-sheet liabilities	12	–	–	–	2	11	12	–	2	–	–	11
	20	–	–	–	2	14	16	–	4	–	–	16
Total	**38**	**–**	**–**	**–**	**11**	**20**	**21**	**–**	**12**	**–**	**3**	**39**

The decline in risk provisions in the reporting period was primarily due to reversals recognised in profit or loss, which arose as part of recoveries and from the redemption of aircraft financing.

Of the total risk provisioning as at 30 June 2022, a total of € 352 million was attributable to management adjustments related to the coronavirus pandemic (MAC-19) and the war in Ukraine (MAU).

The following overview presents the change during the period of the previous year in the risk provisioning for financial assets not measured at fair value through profit and loss and for off-balance-sheet items.

(in € million)		Transfer			Addition loss allowances		Reversal/utilisation loss allowances					
	Opening balance 1 Jan. 2021	to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Unwinding	Currency translation	Closing balance 30 Jun. 2021
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	1	1	–	–	–	–	1	–	–	–	–	1
	1	1	–	–	–	–	1	–	–	–	–	1
Stage 2												
Debt securities	4	– 1	–	–	1	–	–	–	1	–	–	3
	4	– 1	–	–	1	–	–	–	1	–	–	3
	5	**–**	**–**	**–**	**1**	**–**	**1**	**–**	**1**	**–**	**–**	**4**
Financial assets at amortised cost												
Stage 1												
Debt securities	5	–	–	–	–	–	4	–	–	–	–	1
Loans and advances	232	12	– 46	–	111	10	101	–	21	–	10	207
	237	12	– 46	–	111	10	105	–	21	–	10	208
Stage 2												
Debt securities	5	–	–	–	1	–	–	–	–	–	–	6
Loans and advances	260	– 12	46	– 20	125	10	85	–	36	–	– 11	277
	265	– 12	46	– 20	126	10	85	–	36	–	– 11	283
Stage 3												
Loans and advances	522	–	–	20	223	48	53	119	201	– 8	9	441
	522	–	–	20	223	48	53	119	201	– 8	9	441
	1 024	**–**	**–**	**–**	**460**	**68**	**243**	**119**	**258**	**– 8**	**8**	**932**
Total	**1 029**	**–**	**–**	**–**	**461**	**68**	**244**	**119**	**259**	**– 8**	**8**	**936**

(in € million)	Opening balance 1 Jan. 2021	Transfer to Stage 1	Transfer to Stage 2	Transfer to Stage 3	Addition loss allowances Credit-related additions	Addition loss allowances Addition of assets	Reversal/utilisation loss allowances Credit-related reversals	Reversal/utilisation loss allowances Utilisation	Reversal/utilisation loss allowances Disposal of assets	Unwinding	Currency translation	Closing balance 30 Jun. 2021
Off-balance sheet liabilities												
Stage 1												
Loan commitments	7	1	–	–	2	2	3	–	2	–	–	7
Financial guarantees	2	1	–	–	–	–	1	–	–	–	–	2
Off-balance-sheet liabilities	4	–	–	–	1	2	1	–	1	–	–	5
	13	2	–	–	3	4	5	–	3	–	–	14
Stage 2												
Loan commitments	3	– 1	–	–	5	2	–	–	6	–	3	6
Financial guarantees	9	– 1	–	–	3	–	1	–	4	–	–	6
Off-balance-sheet liabilities	5	–	–	–	–	1	–	–	1	–	– 1	4
	17	– 2	–	–	8	3	1	–	11	–	2	16
Stage 3												
Loan commitments	1	–	–	–	1	3	1	1	1	–	–	2
Financial guarantees	8	–	–	–	–	–	–	–	2	–	–	6
Off-balance-sheet liabilities	9	–	–	–	13	14	10	–	1	–	– 1	24
	18	–	–	–	14	17	11	1	4	–	– 1	32
Total	**48**	**–**	**–**	**–**	**25**	**24**	**17**	**1**	**18**	**–**	**1**	**62**

The change in the gross carrying amounts during the reporting period for the financial assets at fair value through profit or loss is shown in the following overview.

(in € million)		Transfer						Other changes				
	Opening balance 1 Jan. 2022	to Stage 1	to Stage 2	to Stage 3	Addition of assets	Disposal of assets	Direct write-offs of assets	Modification of assets	Currency translation	Change from the basis of consolidation	Other Changes	Closing balance 30 Jun. 2022
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	11 386	92	– 14	–	573	1 063	–	–	38	–	–	11 012
Loans and advances	842	–	–	–	9	269	–	–	–	–	–	582
	12 228	92	– 14	–	582	1 332	–	–	38	–	–	11 594
Stage 2												
Debt securities	206	– 92	14	–	5	–	–	–	–	–	–	133
	206	– 92	14	–	5	–	–	–	–	–	–	133
	12 434	–	–	–	587	1 332	–	–	38	–	–	11 727
Financial assets at amortised cost												
Stage 1												
Debt securities	3 394	39	– 51	–	2	330	–	–	92	–	–	3 146
Loans and advances	77 513	741	– 578	– 18	11 229	11 436	–	–	70	–	27	77 548
Cash reserve	6 930	–	–	–	948	2 121	–	–	29	–	19	5 805
	87 837	780	– 629	– 18	12 179	13 887	–	–	191	–	46	86 499
Stage 2												
Debt securities	201	– 39	51	–	–	32	–	–	19	–	–	200
Loans and advances	3 293	– 741	578	– 46	471	509	–	–	75	–	–	3 121
	3 494	– 780	629	– 46	471	541	–	–	94	–	–	3 321
Stage 3												–
Loans and advances	1 076	–	–	64	84	375	24	–	21	–	–	894
	1 076	–	–	64	84	375	24	–	21	–	–	894
	92 407	–	–	–	12 734	14 803	24	–	306	–	46	90 714
Total	104 841	–	–	–	13 321	16 135	24	–	344	–	46	102 441

The following overview presents the change during the period of the previous year in the gross carrying amounts of financial assets not measured at fair value through profit or loss.

(in € million)	Opening balance 1 Jan. 2021	Transfer to Stage 1	to Stage 2	to Stage 3	Addition of assets	Disposal of assets	Direct write-offs of assets	Other changes Modification of assets	Currency translation	Change from the basis of consolidation	Other Changes	Closing balance 30 Jun. 2021
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	12 670	128	– 51	–	221	1 134	–	–	16	–	–	11 850
Loans and advances	999	–	–	–	4	94	–	–	–	–	–	909
	13 669	128	– 51	–	225	1 228	–	–	16	–	–	12 759
Stage 2												
Debt securities	317	– 128	51	–	6	43	–	–	–	–	–	203
	317	– 128	51	–	6	43	–	–	–	–	–	203
	13 986	–	–	–	231	1 271	–	–	16	–	–	12 962
Financial assets at amortised cost												
Stage 1												
Debt securities	3 440	–	– 33	–	39	127	–	–	34	–	–	3 353
Loans and advances	82 999	232	– 1 169	– 43	15 234	18 875	73	–	204	–	– 50	78 459
Cash reserve	6 031	–	–	–	1 573	2 780	–	–	31	–	2	4 857
	92 470	232	– 1 202	– 43	16 846	21 782	73	–	269	–	– 48	86 669
Stage 2												
Debt securities	395	–	33	–	–	57	–	–	12	–	–	383
Loans and advances	3 508	– 232	1 169	– 178	1 855	2 339	–	2	41	–	–	3 826
	3 903	– 232	1 202	– 178	1 855	2 396	–	2	53	–	–	4 209
Stage 3												
Loans and advances	1 427	–	–	221	192	543	78	–	15	54	–	1 288
	1 427	–	–	221	192	543	78	–	15	54	–	1 288
	97 800	–	–	–	18 893	24 721	151	2	337	54	– 48	92 166
Total	111 786	–	–	–	19 124	25 992	151	2	353	54	– 48	105 128

(32) Derivative Financial Instruments

The composition of the portfolio of derivative financial instruments is as follows:

(in € million)	Nominal values 30 Jun. 2022	31 Dec. 2021	Positive fair value 30 Jun. 2022	31 Dec. 2021	Negative fair value 30 Jun. 2022	31 Dec. 2021
Interest-rate risk	275 310	268 860	2 421	3 327	2 516	2 554
Currency risk	24 159	20 948	356	131	766	588
Share and other price risks	29	34	1	2	5	1
Credit derivatives risks	4 104	3 527	137	164	18	5
Total	**303 602**	**293 369**	**2 915**	**3 624**	**3 305**	**3 148**

(33) Regulatory Data

The following regulatory data for the Group were determined as at the reporting date in accordance with the provisions of Regulation (EU) No. 575/2013 on prudential requirements for banks and investment firms (CRR).

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)
Total risk exposure amount	**37 085**	**37 609**
Capital requirements for credit risks	2 589	2 617
Capital requirements for operational risks	196	227
Capital requirements for market risks	127	115
Capital requirements for loan amount adjustments	44	40
Other or transitional capital requirements	10	10
Capital requirements	**2 967**	**3 009**

The following overview shows the composition of regulatory capital for the Group in accordance with Article 25 et. seq. of the CRR:

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)
Paid-up capital including premium	5 662	5 662
Retained profits	1 174	1 249
Accumulated OCI	– 851	– 851
Regulatory adjustments	– 131	– 18
Common Equity Tier 1 (CET 1) capital instruments due to grandfathering	–	10
– Deductible items (from CET 1 capital)	– 237	– 221
Common Equity Tier 1 capital	**5 618**	**5 831**
Paid-in instruments of Additional Tier 1 capital	50	50
Additional Tier 1 capital	**50**	**50**
Tier 1 capital	**5 668**	**5 881**
Paid-up instruments of Tier 2 capital	1 325	1 436
Other components of Tier 2 capital	173	172
– Deductible items (from Tier 2 capital)	– 10	– 10
Tier 2 capital	**1 488**	**1 598**
Own funds	**7 157**	**7 479**

	30 Jun. 2022 (in %)	31 Dec. 2021 (in %)
Common Equity Tier 1 capital ratio	15.15%	15.50%
Tier 1 capital ratio	15.28%	15.64%
Total capital ratio	19.30%	19.89%

Due to the presentation in million €, the reproduction of mathematical operations in the tables at hand can lead to minor differences.

(34) Contingent Liabilities and Other Obligations

	30 Jun. 2022 (in € million)	31 Dec. 2021 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	3 833	3 650	5
Other contingent liabilities	85	76	12
	3 918	**3 726**	**5**
Other obligations			
Irrevocable credit commitments	10 055	8 791	14
Total	**13 973**	**12 517**	**12**

(35) Related Parties

The scope of relations (excluding transactions to be eliminated in the consolidation) with related companies and persons is shown in the following tables:

30 Jun. 2022 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Trading assets	**257**	**–**	**–**	**109**	**–**	**–**
Derivatives	180	–	–	109	–	–
Debt securities and other fixed interest securities	34	–	–	–	–	–
Loans and advances	43	–	–	–	–	–
Financial assets mandatorily at fair value through profit or loss	**–**	**813**	**–**	**–**	**–**	**–**
Equity instruments	–	813	–	–	–	–
Financial assets at fair value through other comprehensive income	**864**	**–**	**–**	**–**	**–**	**–**
Debt securities and other fixed interest securities	**837**	–	–	–	–	–
Loans and advances	27	–	–	–	–	–
Financial assets measurd at amortised cost	**1 356**	**2**	**–**	**411**	**2**	**51**
Loans and advances	1 356	2	–	411	2	51
Other assets	**96**	**3**	**–**	**–**	**–**	**–**
Total	**2 573**	**818**	**–**	**520**	**2**	**51**

30 Jun. 2022 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Trading liabilities	**3**	**–**	**–**	**1**	**–**	**1**
Derivatives	3	–	–	1	–	1
Financial liabilities designated at fair value through profit or loss	**36**	**–**	**–**	**–**	**–**	**38**
Deposits	36	–	–	–	–	38
Financial liabilities at amortised costs	**355**	**46**	**–**	**309**	**1**	**232**
Deposits	355	20	–	309	1	232
Other financial liabilities	–	26	–	–	–	–
Hedge accounting derivatives	–	–	–	–	–	–
Other liabilities	**–**	**1**	**–**	**–**	**–**	**–**
Total	**394**	**47**	**–**	**310**	**1**	**271**
Guarantees and securities received	50	–	–	–	–	–
Guarantees and securities granted	–	–	–	1	–	33

1 Jan. - 30 Jun. 2022 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest income	23	–	–	8	–	–
Interest expense	– 13	– 1	–	–	–	– 2
Commission income	4	–	–	–	–	–
Commission expenses	– 27	–	–	–	–	–
Other income/expense	24	2	–	40	– 3	7
Total	**11**	**1**	**–**	**48**	**– 3**	**5**

31 Dec. 2021 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Trading assets	**213**	**–**	**–**	**80**	**–**	**11**
Derivatives	107	–	–	80	–	1
Debt securities and other fixed interest securities	20	–	–	–	–	–
Loans and advances	86	–	–	–	–	10
Financial assets mandatorily at fair value through profit or loss	**–**	**8**	**–**	**–**	**–**	**–**
Equity instruments	–	8	–	–	–	–
Financial assets at fair value through other comprehensive income	**877**	**–**	**–**	**–**	**–**	**–**
Debt securities and other fixed interest securities	**847**	**–**	**–**	**–**	**–**	**–**
Loans and advances	30	–	–	–	–	–
Financial assets measurd at amortised cost	**1 596**	**–**	**–**	**376**	**2**	**44**
Loans and advances	1 596	–	–	376	2	44
Other assets	**91**	**3**	**–**	**–**	**–**	**–**
Total	**2 777**	**11**	**–**	**456**	**2**	**55**

31 Dec. 2021 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Trading liabilities	**66**	**–**	**–**	**16**	**–**	**–**
Derivatives	66	–	–	16	–	–
Financial liabilities designated at fair value through profit or loss	**32**	**–**	**–**	**–**	**–**	**49**
Deposits	32	–	–	–	–	49
Financial liabilities at amortised costs	**278**	**49**	**5**	**248**	**3**	**231**
Deposits	278	20	5	248	3	231
Other financial liabilities	–	29	–	–	–	–
Hedge accounting derivatives	7	–	–	–	–	–
Other liabilities	**–**	**1**	**–**	**–**	**–**	**–**
Total	**383**	**50**	**5**	**264**	**3**	**280**
Guarantees and securities received	50	–	–	–	–	–
Guarantees and securities granted	–	–	–	2	–	2

1 Jan. - 30 Jun. 2021 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties[1)]
Interest income	23	–	–	6	–	2
Interest expense	– 28	– 13	–	–	–	– 3
Commission income	7	–	–	–	–	–
Commission expenses	– 79	–	–	–	–	–
Other income/expense [1)]	42	–	–	21	– 2	2
Total	**– 35**	**– 13**	**–**	**27**	**– 2**	**1**

[1)] In the case of individual items, the previous year's figures have been restated, see Note (6) Restatement of previous year's figures.

(36) Overview of Companies and Investment Funds in the consolidated Group

Company name and registered office	Shares (%) indirect	Shares (%) direct
Subsidiaries included in the consolidated financial statements		
BGG Katharina GmbH & Co. KG, Bremen	–	100.00
BGG Rathausmarkt GmbH & Co. KG, Bremen	–	100.00
BLB Immobilien GmbH, Bremen	–	100.00
caplantic GmbH, Hannover	–	100.00
KreditServices Nord GmbH, Braunschweig	–	100.00
Nieba GmbH, Hannover	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hannover	–	100.00
NORD/LB Leasing GmbH, Oldenburg	–	100.00
NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel / Luxemburg	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	91.00	9.00

Company name and registered office	Shares (%) indirect	Shares (%) direct
Special Purpose Entities included in the consolidated financial statements		
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg/Weser	–	–
Fürstenberg Capital II. GmbH, Fürstenberg/Weser	–	–
Hannover Funding Company LLC, Dover / USA	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach im Isartal	–	–
Unterstützungskasse Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e.V., Hannover	–	–
Investment funds included in the consolidated financial statements		
NORDLB SICAV-RAIF S.C.Sp. Aviation 1, Luxemburg	–	100.00
NORD/LB SICAV-RAIF S.C.Sp.-Infrastructure & Renewables GBP 2, Luxemburg	–	100.00

Company name and registered office	Shares (%) indirect	Shares (%) direct
Companies accounted for in the consolidated financial statements using the equity method		
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	–	32.26
GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	–	22.22
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover	–	44.00
Öffentliche Lebensversicherung Braunschweig, Braunschweig [1)]	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig [1)]	–	75.00

[1)] This company is classified as an associate due to its structure under company law.

(37) Events after Reporting Date

The general contractor for the New Bank Control project has given notice of termination effective August 18, 2022. The legal and financial consequences of this termination are currently being examined.

Hanover / Braunschweig / Magdeburg, 18. August 2022

Norddeutsche Landesbank Girozentrale

The Managing Board

Frischholz Dieng Schulz

Seidel Spletter-Weiß

Review and Preparation

Review Report

To NORD/LB Norddeutsche Landesbank –Girozentrale -, Hannover, Braunschweig and Magdeburg

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, the statement of comprehensive income, the statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows, and selected explanatory notes - and the interim group management report of Norddeutsche Landesbank - Girozentrale -, Hannover, Braunschweig, Magdeburg, for the period from 1 January 2022 to 30 June 2022 which are part of the half-year financial report pursuant to § (Article) 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hannover, 19. August 2022
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Gero Martens
Wirtschaftsprüfer

ppa. Mirko Braun
Wirtschaftsprüfer

Responsibility Statement by the legal representatives

We declare that to the best of our knowledge and in accordance with applicable accounting principles for semi-annual financial reporting, the consolidated semi-annual financial statements provide a true and fair view of the Group's financial position and financial performance and that the Interim Group Management Report presents a true and fair view of the development of business, including the operating results and the position of the Group, and also describes the significant opportunities and risks relating to the probable development of the Group in the remainder of the financial year.

Hanover / Braunschweig / Magdeburg, 18 August 2022

Norddeutsche Landesbank Girozentrale

The Managing Board

Frischholz Dieng Schulz

Seidel Spletter-Weiß

Other Information

Board Members

(As at 30 June 2022)

1. Members of the Managing Board

Jörg Frischholz (Chairman)

Christoph Dieng

Christoph Schulz

Olof Seidel

Ingrid Spletter-Weiß

2. Members of the Supervisory Board

(The current status of the members of the Supervisory Board is provided on the homepage of the NORD/LB: www.nordlb.com/nordlb/investor-relations/committees-and-executive-bodies/)

Chairman
Reinhold Hilbers
Minister
Ministry of Finance Lower Saxony

1st Deputy Chairman
Herbert Hans Grüntker
FIDES Delta GmbH

2nd Deputy Chairman
Thomas Mang
President
Sparkassenverband, Lower Saxony

Members
Bernd Brummermann
CEO
OstseeSparkasse Rostock

Edda Döpke
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Frank Doods
Secretary of State
Lower Saxony Ministry for Environment, Energy and Climate Protection

Jutta Echterhoff-Beeke
Managing Partner
Echterhoff Holding GmbH

Dr. Jürgen Fox
CEO
Saalesparkasse

Nana Geisler
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Cornelia Günther
Trade Union Secretary
ver.di Bezirk Hannover

Hermann Kasten

Prof Dr Susanne Knorre
Management Consultant

Ulrich Markurth

Frank Oppermann
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Jörg Reinbrecht

Michael Richter
Minister
Ministry of Finance Lower Saxony-Anhalt

Jörg Walde
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Matthias Wargers
FIDES Gamma GmbH

Forward-looking Statements

This report contains forward-looking statements. They can be recognised in terms such as “expect”, “intend”, “plan”, “endeavour” and “estimate” and are based on our current plans and estimations. These statements include uncertainties since there are numerous factors which influence our business and are beyond our control. These include, in particular, the performance of financial markets and changes in interest rates and market prices. Actual results and developments may therefore differ considerably from the assumptions made in the report. NORD/LB accepts no responsibility for the forward-looking statements and also does not intend to update or correct them if developments materialise that are different than those expected.

Our annual and interim reports are available for download at www.nordlb.com/reports/.

For questions about the reports, please contact our Investor Relations department.
Tel.: +49 511 361 - 53 82
Email: ir@nordlb.de

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover
Tel.: +49 511 361 – 0
Fax: +49 511 361 – 25 02
Email: info@nordlb.de

Branches (including Braunschweigische Landessparkasse)

Bad Harzburg	Braunschweig	Bremen
Düsseldorf	Hamburg	Helmstedt
Holzminden	Magdeburg	Munich
Oldenburg	Salzgitter	Schwerin
Seesen	Stuttgart	Wolfenbüttel

In total, there are more than 100 branches and SB centres in the Braunschweigische Landessparkasse business region.
Details can be found at https://www.blsk.de

Foreign branches
London, New York, Singapore, Shanghai