NORD/LB
Creating true value.

Norddeutsche Landesbank Girozentrale

Hanover, Braunschweig, Magdeburg

Interim Report
as at 30 June 2023

NORD/LB at a Glance

Income Statement	1 Jan. - 30. Jun. 2023 (in € million)	1 Jan. - 30. Jun. 2022 (in € million)	Change (in %)
Net interest income	517	438	18
Net commission income	97	62	56
Profit/loss from fair value measurement	– 0	– 137	– 100
Risk provisioning	23	67	– 65
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss [2)]	7	– 8	> 100
Profit/loss from hedge accounting	19	– 19	> 100
Profit/loss from shares in companies	10	5	> 100
Profit/loss from investments accounted for using the equity method	3	45	– 93
Administrative expenses	– 443	– 437	1
Other operating profit/loss	– 69	– 60	15
Earnings before restructuring, transformation and taxes	**162**	**– 44**	**> 100**
Profit/loss from restructuring and transformation	– 19	– 46	– 59
Earnings before taxes	**143**	**– 90**	**> 100**
Income taxes	– 35	27	> 100
Consolidated profit	**109**	**– 63**	**> 100**

Key figures	1 Jan. - 30. Jun. 2023 (in %)	1 Jan. - 30. Jun. 2022 (in %)	Change (in %)
Cost-Income-Ratio (CIR)	77.5%	135.8%	– 43
Return-on-Equity (RoE)	4.2%	-2.7%	> 100

Balance sheet figures	30 Jun.2023 (in € million)	31 Dec.2022 (in € million)	Change (in %)
Total assets	109 438	109 325	0
Financial liabilities at amortised costs	86 855	86 033	1
Financial assets at amortised costs	93 785	93 342	0
Equity	6 494	6 248	4

Regulatory key figures	30 Jun.2023	31 Dec.2022[1)]	Change (in %)
Common equity tier 1 capital (in € million)	5 964	6 051	– 1
Tier 1 capital (in € million)	6 014	6 101	– 1
Tier 2 capital (in € million)	1 195	1 340	– 11
Own funds (in € million)	7 209	7 441	– 3
Total risk exposure amount (in € million)	40 385	40 142	1
Common equity tier 1 capital ratio (in %)	14.77%	15.07%	– 2
Total capital ratio (in %)	17.85%	18.54%	– 4
Leverage Ratio (transitional)	5.41%	5.13%	5

[1)] Previous year's figures have been adjusted for individual items.

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 2023

Introductory Notes

The reporting currency of this Interim Group Management Report is the euro. All amounts in the Interim Group Management Report are stated as rounded figures in millions of EUR (€ million) according to standard commercial practice, unless otherwise indicated. This may result in minor differences in the formation of totals and the calculation of percentages, which do not represent any restrictions on the report quality.

The Group – Basic Information

Business Model and Control Systems

NORD/LB's business model and management systems were described in the combined management report for the 2022 financial year in the section "The Group – Basic Information". There were changes to the information there in the strategic business areas in the first half of 2023. On 1 June 2023, the Corporate Customers business was realigned as part of NORD/LB's growth strategy and merged with the savings bank network division, which was previously allocated to the private and commercial customers & savings bank division and with which the Bank's business with the savings banks is bundled. In addition to the structural organisational changes, this also resulted in a corresponding adjustment to the Bank's segment reporting. In this, the savings bank network division is now shown together with the Corporate Customers business. Please refer to the segment reporting in the Notes to the condensed interim consolidated financial statements.

Economic Report

General Economic and Industry-Specific Environment

Global Economic Environment

In many currency regions, high inflation rates have forced central banks to adopt restrictive monetary policy measures and, in particular, to adjust key interest rates, which, put together, have had a corresponding impact on global and, above all, German economic growth over the course of the year to date. For the USA, in the first half of 2023 there were still annualised growth rates of 2.0 per cent for the first quarter and 2.4 per cent for the second quarter in 2023 (according to preliminary information). Nevertheless, the US economy is increasingly faced with greater challenges. When looking at US companies, various developments become apparent. While the industry is already facing significantly greater problems, important US sentiment indicators from the Institute for Supply Management (ISM) point to clear growth in service companies. ISM PMI Manufacturing fell to 46.0 points in the reporting month of June 2023, indicating a decline in economic activity in the manufacturing sector. ISM PMI Services, on the other hand, increased to 53.9 points in June 2023. With an unemployment rate of 3.6 per cent in June 2023, the labour market remains a support for the US economy.

In contrast, Germany's gross domestic product declined slightly in the first two quarters of the current year. Adjusted for price, seasonal and calendar effects, the growth rate was -0.1 per cent in the first quarter of 2023 compared to the previous quarter. According to preliminary information, there was no change in the second quarter of 2023 compared with the previous quarter. The sentiment indicators do not currently point to any sustained improvement. For example, the expectation component of ZEW investor confidence for Germany, which has indicated a noticeable weakness since May 2023 in particular, fell to -14.7 points in July 2023. In June 2023, the seasonally adjusted unemployment rate in Germany was 5.7 per cent.

The inflation-related key interest rate hikes by the central banks in various currency areas have impacted the level of capital market interest rates. The interest rate on German government bonds with a remaining term of ten years was in the region of 2.40 per cent in June 2023. In the USA, the interest rate on US government bonds with a term of ten years in June 2023 was even within sight of the psychologically important (from the market's point of view) 4.00 per cent mark. Despite this interest rate environment, global equity markets have so far held up well. The leading German index DAX fluctuated around the 16,000-point mark in June 2023. The recent key interest rate hikes by the European Central Bank (ECB) have also moved the foreign exchange market. The exchange rate between the euro and the US dollar was in the range of $ 1.09 per € at the end of June 2023.

Finance Sector

The European banking markets have largely emerged stronger from the COVID-19 pandemic years. The continued decline in problem loan portfolios continued in 2022 and then stagnated at the start of 2023, with an occasional slight rebound. The available capital reserves benefit the banks, given the economic uncertainties that have been present since 2022, particularly as a result of the war in Ukraine. Thanks in part to government intervention, there was resilience in terms of banks' liquidity in the first half of 2023. For example, the default of three US regional banks was handled by the markets without any sustained major turbulence and shocks from the difficulties of Credit Suisse were averted by the takeover by UBS.

The withdrawal from the ECB's previous, loose monetary and interest-rate policy, which also occurred due to the inflation trend, is leading to rising refinancing costs for banks and therefore for companies and private and public budgets. With the "special interest period" of the ECB's TLTRO III programme coming to an end, the liquidity reserves previously built up are now gradually being reduced. In addition to inflation-related investment uncertainties, this narrowing of liquidity holdings also led to weakening credit growth at the end of 2022. This trend will continue in 2023, especially in Germany. Anticipating the expected trend, there was already an increase in risk provisioning by banks in 2022, albeit from an overall low baseline.

Renewable Energies

The accelerated expansion of renewable energies will continue to be strongly promoted by politics and the economy, both nationally and internationally, due to the importance of achieving the climate goals. The German Federal Government continues to work on regulatory improvements. The Federal Ministry for Economic Affairs has published both a photovoltaic and land-based wind energy strategy with action areas on how to achieve the ambitious expansion goals. Some of the results have led to concrete legislative initiatives. Among other things, the decision on a two-part solar package is expected in the second half of the year.

According to statistics from the Federal Network Agency, the German expansion figures for renewable energies in the first half of 2023 were generally positive at 6.3 GW (total year 2022: 7.2 GW) for photovoltaics and 1.3 GW (total year 2022: 2.1 GW) for onshore wind energy, although there is a gap to the expansion target, particularly with regard to wind energy expansion. With a half-yearly figure of 3.4 GW for permits for onshore wind turbines, more than 75 per cent of the previous year's total volume has already been achieved.

Real Estate

In the first half of 2023, the global transaction volume fell to around USD 276 billion (first half of 2022: USD 598 billion) (see JLL: Global Real Estate Perspective, August 2023). The European commercial transaction volume fell to around € 74 billion in the same period (first half of 2022: € 157 billion) (see CBRE: European Investment Market Snapshot, Q2 2023).

In the German investment market, the transaction volume in the first half of 2023 fell overall by 62 per cent compared with the previous year to around € 13.5 billion. With a transaction volume of € 3.1 billion, residential real estate was the most traded asset class, followed by office real estate with a volume of € 2.8 billion. The share of international investors in the total transaction volume fell from 47 per cent in the first half of 2022 to around 40 per cent. Investments in the top seven markets in Germany fell by 65.4 per cent to around € 5.9 billion (see CBRE: Real estate investment market Germany, press release of 5 July 2023.

Aircraft

International aviation continued to recover after the slumps caused by the COVID-19 pandemic. According to calculations by the International Air Transport Association (IATA), global passenger volume (RPK, revenue passenger kilometres) increased by 47.2 per cent in the first half of 2023 compared with the previous year. The increases were 58.6 per cent for international traffic and 33.3 per cent for domestic traffic. Among the respective traffic developments, the Asia-Pacific region performed particularly strongly at 125.6 per cent due to the COVID-19-related catch-up demand.

The number of cargo tonne-kilometres (CTK) sold fell by 8.1 per cent in the first half of 2023 compared with the same period in the previous year. This was due, among other things, to the slowing global economy and the recent decline in global trade.

Business Performance and Significant Events in the Financial Year

Business Performance

NORD/LB closed the first half of 2023 with a positive result that was above the planning figures and significantly above the result achieved in the same period last year, and thus at the end of the reporting period, it already exceeded the full-year result for 2022. Business was mainly affected by the Bank continuing to move along its chosen growth path, the described rise in interest rates and the inversity of the yield curve. Capital markets proved to be stable, which also contributed to a stabilisation of measurement effects. Despite the slowdown in economic growth and economic expectations, this did not result in any direct economic impact for NORD/LB. In view of the ongoing economic effects of the war in Ukraine in the form of supply bottlenecks, increased energy prices and high inflation, NORD/LB is monitoring the economic situation of its customers very closely. Nevertheless, only isolated individual impairments were required and these were more than offset by impairment reversals and reversals on receivables written off, so the overall risk provisioning result was positive. However, the indirect effects from the war in Ukraine have scarcely been reflected in the ratings of the overall portfolio so far. The portfolio of defaulted financing also continued to decline compared with the previous year. Nevertheless, the war in Ukraine continues to produce a high level of uncertainty, which NORD/LB addressed in the 2022 financial year by making a Ukraine management adjustment (MAU) as part of risk provisioning. This adjustment was maintained and amounted to € 260 million as at 30 June 2023.

The key interest rate hikes in the currency areas relevant for NORD/LB in 2022 and also in the first half of 2023 led to a sharp rise in the general market interest rate. The effects of this can also be seen in NORD/LB's income statement. The increased interest rate level has had a favourable effect on interest income from financial assets and liabilities measured at amortised cost and on margins in the deposit business. Overall, this led to interest income that was significantly above target, while interest income from the lending business was in line with expectations. On the other hand, the amortisation amounts from hedge accounting, which increased as a result of the rise in interest rates, had a negative impact on net interest income as in the previous year, but fell as expected compared with the previous year. The positions in the Bank's fair value result are consistently unremarkable and balance each other out as a whole. Administrative expenses were below expectations and roughly at the level of the previous year. Detailed explanations of NORD/LB's earnings performance can be found in the presentations on the earnings position.

As in the previous year, the focus of new business was on the Corporate Customers and Savings Banks Network Business, Real Estate Banking Customers as well as the Energy and Infrastructure Customers sub-segment (as part of the Specialised Finance segment). Against the backdrop of the high volume at the end of 2022, inventories and new business are developing positively. This was reflected in a positive performance, particularly in net commission income, and in a stable operating interest result from the lending business.

NORD/LB 2024 Transformation Programme

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. In order to implement the associated objectives, the "NORD/LB 2024" transformation programme was set up at the beginning of 2020 with a term running up until the end of 2024. The aim is to implement all planned earnings and cost measures by the end of 2023 in order to achieve the full effect on earnings in 2024. The transformation process will continue to be closely monitored and supported by various measures for employees through the #creatingthefuture change project.

The measures planned for during the implementation are taking effect and are becoming evident at NORD/LB in the reporting period. This is also reflected in administrative expenses. Overall, the value contribution effects realised in the first half of 2023 are above target. The earnings measures in arrears contained therein will continue to be closely monitored.

In the first half of 2023, the target value contribution for the transformation programme was exceeded. As planned, the Bank is in the process of implementing a range of measures.

The NORD/LB 2024 transformation programme envisages a significant reduction in full-time positions in the NORD/LB Group, the affected employees will leave by the end of 2023 at the latest. Due to increased regulatory requirements and changes in the scope of the transformation programme as well as profitable growth, individual organisational objectives may be adjusted.

The building and office concept is still being implemented. Value contributions should be realised by selling and renting buildings that are not required.

The legal and technical independence of the Saxony-Anhalt investment bank was successfully implemented in the reporting period.

The transformation programme resulted in additional expenses for restructuring and reorganisation in the reporting period. Please refer to the information in the section on the earnings situation.

Over the course of 2023, the focus will be increasingly on successfully implementing and continuing cost and earnings measures.

Current Programme Status "fitt" (formerly new bank management):

Implementing new bank management is still necessary for NORD/LB's future viability. The introduction of the new bank management was replanned in the second half of 2022 and submitted to the Bank's owners for approval in December 2022. As a result of further adjustment requirements, the project approach was further developed in the course of further work in the first half of the year.

The new, adapted solution scenario ("fitt – future investment in technology and transformation" programme) still includes the intended target architecture for new bank management and the regulatory change requirements. Implementation should take place in a phase model (gradual go-live in three phases). The final approval for the start of the Phase I programme is planed for the Owners' Meeting and Supervisory Board Meeting on 18 September 2023. Until then, the project is in the "restart phase", which was approved by the Owners' Meeting and includes the preparation of activities required to start the programme (October 2023).

ESG (Environment, Social, Governance) and Sustainability

NORD/LB has set up the CARE sustainability project to integrate ESG and sustainability across the Bank and to implement regulatory requirements. As at the reporting date of 31 December 2022, the Bank reported extensively about the project as part of the combined separate non-financial report. The report is available at https://www.nordlb.de/die-nordlb/nachhaltigkeit.

ESG governance was adopted as part of the project and will be operationalised across all areas and committees in 2023. The project also identified which high-risk sectors are relevant for NORD/LB. Transition paths for these sectors are now being developed. In addition, the Bank is working on the implementation of additional regulatory requirements for ESG, which must be implemented from the end of 2023 in the CRR disclosure report and in the non-financial report. In particular, this involves quantitative information resulting from the EU Taxonomy Regulation, which is to be published for the first time.

Furthermore, in the second half of the current year, the Bank will carry out a preliminary study on the implementation of the new requirements from the Corporate Sustainability Reporting Directive (CSRD) and plan the implementation of the new regulations on sustainability reporting that will be mandatory from the reporting date of 31 December 2024.

With regard to the consideration of ESG risks in the Bank's risk management, please refer to the comments in the extended risk report of this interim management report.

Guarantees of the State of Lower Saxony

Exposures from the "Maritime Industries" portfolio, which is hedged via guarantees from the State of Lower Saxony, and which primarily includes performing ship finance that is currently being reduced, as well as "aircraft customers", were falling as planned, and in some cases quicker than planned, over the course of the reporting period as a result of regular repayment periods and early repayments in selected exposures. Compared with the same period in the previous year, the planned lower guarantee fees boosted net commission income. Please refer to Note (9) Net commission income in the condensed notes to the interim consolidated financial statements. At the same time, measurement effects resulted from the repayments, which are reflected in the fair value result.

For detailed information on the portfolio 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 interim consolidated financial statements.

Regulatory Aspects

Regulatory requirements for minimum capital – current developments

As part of BaFin's introduction of a countercyclical capital buffer and a sectoral systemic capital buffer, the minimum equity ratios to be complied with by NORD/LB increased by around 0.71 per cent in the reporting period. The following overview contains the capital requirements applicable as at the reporting date 30 June 2023:

	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)	0.65%	0.65%	0.65%
Capital buffer for systemic risk (§ 10e KWG)	0.06%	0.06%	0.06%
Capital buffer for otherwise system relevance (§ 10g KWG)	0.25%	0.25%	0.25%
Total requirement	**9.36%**	**11.33%**	**13.96%**

In the reporting period, NORD/LB participated in the Europe wide stress test of the European Supervisory Authority (EBA) for the first time since 2018. A total of 70 institutions, including ten German banks, were reviewed for their stress resistance in a base and adverse scenario. The results were published on 28 July 2023. Overall, they indicate a robust banking system in Europe that would be able to withstand a severe economic downturn. As a result of the stress test, NORD/LB complies with the regulatory minimum requirements for the Common Equity Tier 1 capital ratio over the entire simulation period, even in the adverse scenario.

The banking supervisory authority has announced that it will review and increase NORD/LB’s minimum capital resources. This review will be part of the Bank’s annual supervisory assessment (SREP dialogue) in the second half of 2023. The new requirements are expected to apply from 2024 and will accordingly be taken into account in the Bank's planning and management.

EBA is currently carrying out at all major credit institutions a formal analysis of the instruments of Common Equity Tier 1 capital for compliance with the CRR. The subject of this investigation is also NORD/LB’s share capital.

Regulatory capital ratios and MREL ratios

NORD/LB met the minimum regulatory capital ratios and the different “MREL” minimum ratios at Group level in the reporting period.

Based on the regulatory capital ratios reported in the annual report as at 31 December 2022, these initially increased retroactively by crediting the 2022 annual result. In the reporting period, this was slightly offset by the small reduction in Common Equity Tier 1 and the small increase in the total risk exposure amount (RWA), which is primarily related to the termination of an existing securitisation transaction and the resulting elimination of the RWA relief. At the same time, the associated expenses were reduced.

As at the reporting date, the regulatory capital ratios were as follows compared with 31 December 2022:
- Common Tier 1 capital ratio 14.77 per cent (14.16 per cent, 15.07 per cent after a retroactive increase);
- Core capital ratio 14.89 per cent (14.28 per cent, 15.20 per cent after a retroactive increase);
- Total capital ratio 17.85 per cent (17.62 per cent, 18.54 per cent after a retroactive increase).

The leverage ratio improved to 5.41 per cent (5.13 per cent) as at the reporting date.

As at the reporting date, NORD/LB solidly complied with all the minimum MREL ratios specified by the SRB.

External Ratings

Moody’s Investors Service

On 24 March 2023, Moody’s confirmed NORD/LB’s ratings and published a report on NORD/LB on 19 April 2023. On 24 March 2023, Moody’s’ outlook was raised from “stable” to “positive”. The change in outlook reflects Moody’s expectation that the Bank will maintain its improved solvency and solid refinancing and liquidity profile, while further increasing its profitability.

Moody’s granted NORD/LB an issuer rating of “A3 (stable)” and a short-term “P-2”, as well as a rating of “Junior Senior Unsecured” of “Baa2”, a financial strength 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, classified as systemically important.

Fitch ratings

On 7 March 2023 Fitch confirmed NORD/LB’s ratings and on 24 March 2023, published a new report on NORD/LB. There were no changes in ratings. The long-term issuer default rating is “A-” or – for “Senior preferred debt” – “A” and the short-term IDR is “F1”. Fitch awarded a “bb” as a “Viability Rating”. The ratings take into account institutional support from the Savings Bank Finance Group and the federal states as owners of NORD/LB.

DBRS Morningstar

There were no changes during the reporting period. On 16 December 2022, the agency confirmed NORD/LB’s ratings, including the “long-term issuer rating” of “A (high)”, the “senior non-preferred debt rating” of “A” and the “short-term issuer rating” of “R-1 (middle)”. The trend for all ratings was “stable”. The ratings mentioned and the trend are in line with the ratings of the Sparkassen-Finanzgruppe. NORD/LB’s financial strength rating (“Intrinsic Assessment”) remains at “BBB (low)”.

Report on the Earnings, Assets and Financial Position

Below, previous year's figures for the period 1 January to 30 June 2022 or as at 31 December 2022 are given in brackets.

Earnings Position

NORD/LB Group reports earnings before taxes of € 143 million (€ -90 million) for the first half of 2023.

The higher result was due in particular to a positive development of operating profit drivers in net interest income and net commission income. In addition, the profit/loss from fair value measurement in the reporting year was neutral, while it was largely impacted by negative measurement effects in the previous year. The risk provisioning result and the at-equity result, both of which were positively influenced by non-recurring effects in the previous year, moved in the opposite direction.

The income statement figures can be summarised as follows:

	1 Jan. - 30. Jun. 2023 (in € million)	1 Jan. - 30. Jun. 2022 (in € million)	Change (in %)
Net interest income	517	438	18
Net commission income	97	62	56
Profit/loss from fair value measurement	– 0	– 137	– 100
Risk provisioning	23	67	– 65
Disposal profit/loss from financial instruments not measured at fair value through profit or loss[1]	7	– 8	> 100
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Earnings before restructuring, transformation and taxes	**162**	**– 44**	**> 100**
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Income taxes	– 35	27	> 100
Consolidated profit	**109**	**– 63**	**> 100**

Key figures	1 Jan. - 30. Jun. 2023	1 Jan. - 30. Jun. 2022	Change (in %)
Cost-Income-Ratio (CIR)	77.5%	135.8%	– 43
Return-on-Equity (RoE)	4.21%	-2.69%	> 100

[1] From the disposal of financial assets measured at amortised cost, there were gains of € 2 million (€ 0 million) and losses of € 2 million (€ 2 million).
[2] The share of the profit and loss of companies accounted for using the equity method was € 3 million (€ -39 million).

At € 517 million, **interest income** was € 79 million above the previous year's level (€ 438 million). This was mainly due to the € 221 million increase in net income from financial assets and liabilities measured at amortised cost as a result of the higher interest rate level in the reporting year. The € 109 million lower expenses from the amortisation of hedge accounting derivatives compared with the previous year was another positive development due to the sharp rise in interest rates in the short-term maturity bands. In contrast, interest income from the amortisation of the PFVH adjustment items fell by € 89 million to € -79 million (€ 10 million) due to changes in inventories of separate line items (SLI). This was due to the significant increase in interest rates compared with the same period in the previous year. Interest income from trading derivatives also fell, dropping from € 169 million to € -126 million (€ 43 million). In the case of existing and new transactions in the reporting period, the rise in interest rates in 2022 led to higher interest expenses in the context of the existing receiver swap surplus that arose as part of managing interest rate risk.

Net commission income rose by € 35 million to € 97 million (€ 62 million) year on year. On the one hand, the result benefited from lower commission expenses, which were mainly due to lower fees of € 16 million (€ 27 million) for the guarantees of the State of Lower Saxony due to the planned reduction of the underlying guarantee portfolio. Furthermore, commission expenses for the North Vest II hedging transaction fell to € 9 million (€ 10 million). This was terminated on 31 May 2023. In addition, the increase in commission income resulted primarily from an increase in income in the lending and guarantee business and the lending brokerage business of € 24 million owing to the continued growth of new business.

At € 0 million, the **profit/loss from fair value measurement** improved significantly compared with the same period in the previous year (€ -137 million). Trading income in the area of interest-bearing securities and receivables in particular performed very positively in terms of valuations, increasing by € 723 million to € 102 million (€ -621 million). This was due to a decline in the euro interest rate in the medium maturity bands compared with the end of the previous year. Trading income from interest rate derivatives improved to € 7 million (€ -262 million) in the first half of 2023. Positive effects also resulted from the profit/loss from financial assets mandatorily at fair value through profit or loss in the amount of € 11 million (€ -39 million). Furthermore, the sales margins from securities and interest rate and currency derivatives improved by € 10 million to € 51 million (€ 41 million). In contrast, the profit/loss from financial instruments designated at fair value through profit or loss in particular amounted to € -61 million (€ 745 million). This effect was attributable to market interest rate-related measurements due to the changes in interest rates. Negative measurement effects of € -46 million (€ -1 million) were also recognised primarily as a result of a reduction in credit exposures in connection with the guarantees of the state of Lower Saxony. The foreign exchange result of € 7 million (€ 14 million) was mainly influenced by exchange rate fluctuations and changes in inventories.

Risk provisioning in the amount of € 23 million changed by € 44 million compared with the same period in the previous year (€ 67 million). The positive result of the previous year was determined by reversals of individual impairments recognised in profit or loss in the net amount of € 60 million, whereas additions in the net amount of € 8 million were recognised this year. Furthermore, the result was mainly influenced by the receipts of receivables written off in the amount of € 35 million (€ 12 million), which was offset by an expense of € 15 million arising from the North Vest II transaction terminated on 31 May 2023. The management adjustments created in the previous year to adequately take into account the indirect risks from the Russia-Ukraine conflict remained almost fully unchanged in the first half of 2023.

Disposal profit/loss from financial instruments not measured at fair value through profit or loss of € 7 million (€ -8 million) was mainly attributable to income from the repurchase of securitised liabilities. Expenses from the disposal of debt securities valued through other comprehensive income had an offsetting effect.

Of the € 19 million (€ -19 million) **profit/loss from hedge accounting**, € 14 million was attributable to the result from micro fair value hedge relationships and € 6 million to the profit/loss from portfolio fair value hedges.

The **profit/loss from shares in companies** amounted to € 10 million (€ 5 million). The positive development compared with the same period in the previous year was due to higher measurement effects from the write-up of an investment.

Profit/loss from investments accounted for using the equity method fell by € 42 million to € 3 million (€ 45 million). This was mainly due to a one-off effect in the previous year, which had a positive impact on the profit.

Administrative expenses increased slightly year on year by € -6 million to € -443 million (€ -437 million). This development resulted, among other things, from higher consulting costs (€ -12 million) and the increase and reallocation of expenses for services from other comprehensive income (€ -12 million). On the other hand, ongoing personnel expenses fell by € 8 million as a result of the headcount reduction. Depreciation fell by € 9 million.

The change in **other operating profit/loss** from € -9 million to € -69 million (€ -60 million) was mainly due to additions to provisions for the deposit guarantee fund in the amount of € -17 million (€ -9 million) and a higher VAT provision in the amount of € -13 million (€ -6 million). In addition, income from the reversal of other provisions in the amount of € 5 million from the previous year was recognised. However, taxes on the Bank levy fell by € 18 million compared with the previous year.

At € -19 million (€ -46 million**), profit/loss from restructuring and transformation** was € 27 million better than in the previous year. Expenses for restructuring were € 7 million below the previous year's figure due to the omission of a non-recurring effect last year. Expenses also incurred for the transformation of NORD/LB, which are shown separately as reorganisation expenses. At € -20 million, these were € 19 million less than the previous year's figure (€ -39 million).

The **tax expense** of € 35 million (income of € 27 million) was mainly due to the current tax burden in Germany and, in the case of foreign branches, owing to positive earnings before taxes in the first half of the year.

The **cost/income ratio (CIR)** of 77.46 per cent improved significantly compared with the previous year (135.8 per cent) as a result of higher earnings.

At 4.21 per cent, **the return on equity (RoE)** was well above the previous year's level (-2.69 per cent), in particular due to the positive earnings before taxes.

Assets and Financial Position

Balance sheet

Total assets went up slightly from € 113 million to € 109,438 million, which was due in particular to increased new business.

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Trading assets	7 475	7 641	– 2
Financial assets mandatorily at fair value through profit or loss	642	722	– 11
Financial assets at fair value through other comprehensive income	10 541	10 633	– 1
Financial assets at amortised costs	86 855	86 033	1
Shares in companies	353	344	3
Investments accounted for using the equity method	57	56	1
Other assets	3 515	3 896	– 10
Total assets	**109 438**	**109 325**	0
Trading liabilities	3 156	3 289	– 4
Financial liabilities designated at fair value through profit or loss	3 982	4 481	– 11
Financial liabilities at amortised costs	93 785	93 342	0
Provisions	2 441	2 433	0
Other liabilities	– 469	– 520	– 10
Equity	6 543	6 300	4
Total liabilities	**109 438**	**109 325**	**0**

Assets

At € 86,855 million (€ 86,033 million), **financial assets at amortised cost** was the largest balance sheet item on the assets side by amount. The principal parts of the traditional credit and lending business are reported in this category. The € 822 million increase was related to new business.

Trading assets of € 7,475 million (€ 7,641 million) fell slightly by € -166 million. At € 2,582 million (€ 3,012 million), they included derivative financial instruments, the decline of which was due in particular to the decrease of € -291 million in the positive fair values from currency derivatives due to currency and basis spread-induced effects. In addition, the positive fair values of interest rate derivatives also fell by € -99 million. The main driver for this development was the decline in positive fair values from securities forward transactions due to the increased price level of the underlying securities compared with the previous year's reporting date. This was slightly offset by the increase in positive fair values from interest rate swaps. This was owing to the slight drop in interest rates in the medium-term maturity bands compared with the end of the year. This was also offset by the increase in debt securities and receivables held for trading from € 4,629 million to € 4,892 million due to the growth in new business, particularly in the area of bearer securities.

Financial assets mandatorily at fair value through profit or loss primarily comprise debt securities and receivables. The change from € 722 million to € 642 million was mainly due to maturing securities in the amount of € -68 million (nominal). Receivables also decreased by € -16 million.

Financial assets at fair value through other comprehensive income in the amount of € 10,541 million (€ 10,633 million) included securities of € 10,117 million (€ 10,192 million) that are used for short and medium-term liquidity management or that are not generally intended to be held. The decrease in the portfolio of € -75 million was due in particular to changes in fair value resulting from the inverse yield curve and the slightly falling interest rate in the medium term, as well as the fact that not all maturing securities were replaced. In addition, there was a fall in receivables of € -18 million to € 423 million (€ 441 million), mainly due to a portfolio reduction in promissory notes and promissory note loans.

The € 9 million increase in **shares in companies** to € 353 million (€ 344 million) was mainly due to measurement effects.

At € 3,515 million (€ 3,896 million), **other assets** comprised the cash reserve, hedge accounting asset balances, property and equipment, investment property, intangible assets, income tax assets and other assets. The reduction in other assets resulted primarily from the decrease in the cash reserve as at the reporting date.

Liabilities

At € 93,785 million (€ 93,342 million), **financial liabilities at amortised cost** was the largest category on the liabilities side by amount. It consisted of deposits in the amount of € 72,871 million (€ 73,919 million) and securitised liabilities in the amount of € 20,914 million (€ 19,423 million). The increase resulted from the rise in securitised liabilities by € 1,491 million, in particular due to significantly higher new issues compared with total maturities and a reduction in deposits of € -1,048 million.

Trading liabilities of € 3,156 million (€ 3,289 million) mainly included derivative financial instruments with negative fair values of € 3,134 million (€ 3,269 million) . The change in the item was due primarily to the decline in negative fair values from interest rate swaps resulting from the slight decline in the interest rate level on the medium maturity bands. On the other hand, there was an increase in negative fair values from credit derivatives, particularly from the measurement of financial guarantees. The negative fair values of currency derivatives also increased due to exchange rate fluctuations and changed baseis 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 € -499 million was mainly due to repayments overcompensating for new issues in the first half of the year. As a result, the nominal amount of own issues reduced by € -461 million.

The total amount of **provisions** fell year on year by € 8 million. This was mainly due to an increase in provisions for pensions and state aid obligations of € 20 million to € 1,903 million (€ 1,883 million) due to the lower actuarial interest rate from 4.25 per cent as at 31 December 2022 to 4.05 per cent as at 30 June 2023. In addition, the restructuring provisions formed as part of the transformation process, which fell by € -17 million to € 348 million (€ 365 million), had a compensating effect.

The decline in **other liabilities** was almost entirely due to the lower adjustment items for portfolio fair value hedges. This balance sheet item shows the required fair value adjustments of the net risk position of the allocated liabilities for the underlying transactions in the portfolio fair value hedge on the liabilities side, which may not be offset against the adjustment item for portfolio fair value hedges for the underlying transactions on the assets side. Due to the sharp rise in interest rates in 2022 and a persistently high interest rate level, the measurement of these separate line items led to a positive amount on the liabilities side.

Balance sheet equity increased to € 6,543 million (€ 6,300 million). This development was caused by the positive overall result for the period (OCI) in the amount of € 253 million. This mainly resulted from changes in the fair value of financial instruments due to a change in credit risk. A slight decrease was due to the revaluation of pension and benefit obligations, as the discount rate used to calculate pension obligations fell (31 December 2022: 4.25 per cent; 30 June 2023: 4.05 per cent). Please also refer in this regard to the statement of changes in equity in the consolidated financial statements.

The total **contingent liabilities and other liabilities** fell by € 451 million to € 15,704 million (€ 16,155 million) as at the reporting date, in particular due to the slight decline in loan commitments.

Liquid assets

NORD/LB's liquidity situation was adequate in the first half of 2023. In the first half of 2023, the internal liquidity stress scenario relevant for management purposes was managed for NORD/LB entirely in the green phase, both at Group level and AöR entity level, and also indicated a satisfactory liquidity situation as at the reporting date.

As at 30 June 2023, the liquidity coverage ratio (LCR) stood at 136.6 per cent (138.6 per cent).

Detailed descriptions and explanations of liquidity risk management, liquidity procedures and the change in the liquidity risk over the past financial year can be found in the extended risk report.

Overall Assessment

The NORD/LB Group reported positive earnings before taxes of € 143 million for the first half of 2023, which were significantly higher than the previous year. The higher result was due in particular to a growth in the operating profit drivers in net interest income and net commission income. Higher margins were earned in the wake of the rise in the yield curve. In addition, a neutral measurement result was achieved in the fair value result. Against the background of the previously robust loan portfolio, income from impaired receivables had a big impact on risk provisions.

Total assets trended sideways to € 109.4 billion (€ 109.3 billion). A slight increase in the traditional lending business, which was a consequence of the strong new business in the previous year, was offset by measurement effects in the wake of the increased interest rate level.

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

Forecast, Opportunities and Risk Report

General Economic Development

Global Economic Outlook

The now significantly higher interest rate level in many currency areas is meanwhile putting a strain on global economic activity. In the second half of 2023, significantly weaker growth rates are therefore to be expected in the USA. In some quarters, even negative annualised values could be seen here. Looking ahead to 2023 as a whole, NORD/LB believes that growth of at least 1.9 per cent can still be expected due to the positive news on the economic situation in the first half of the year.

For 2023 as a whole, NORD/LB anticipates a decline in gross domestic product of 0.5 per cent for the German economy, also against the backdrop of the weaker first half of the year. The further outlook will remain overshadowed in particular by very high geopolitical uncertainties.

With regard to the base scenario, NORD/LB believes that, in view of the expectation of further falling inflation rates, that both the Federal Reserve and the European Central Bank have already largely made the necessary key interest rate hikes. Accordingly, capital market yields in these two currency areas in the coming months can be expected to remain fairly stable at first and then even fall again. The foreign exchange market is also likely to price this scenario in. This means that the US dollar could recover slightly relative to the euro in the future.

Finance Sector

For the expected developments in the banking market, the presentations in the Combined Management Report as at 31 December 2022 continue to apply. The main challenges facing the banking market over the course of the year are likely to lie in the current economic and political developments as well as the monetary policy decisions made by the central banks. The economic slowdown, not least due to second-round effects, is also likely to have an impact on the asset quality of institutions.

Irrespective of this, the earnings situation for the banking market is still expected to remain largely stable, as the rise in interest rates should have a positive effect on the banks’ net interest margin and comprehensive risk provisions were created during the COVID-19 pandemic and due to the existing economic and geopolitical uncertainties, which has for the most part been very selectively used or reversed.

Renewable Energies

The expansion of renewable energies plays a significant role in securing the future energy supply and achieving the climate goals. To achieve this goal, legislators in various countries and regions have implemented measures and incentive programmes to accelerate renewable energy development, optimise investment conditions and remove administrative barriers.

As a result, it is forecast that the expansion of renewable energies will make even greater headway in 2023 than expected at the end of 2022. Forecasts show that newly installed renewable energy capacity is expected to reach the 500 GW mark in 2023. This increase is driven in particular by a significant increase in photovoltaics, which is expected to bring about an increase of almost 55 per cent to 390 GW. In addition to this, wind power capacity is forecast to significantly increase by 25 per cent to 109 GW (see Bloomberg New Energy Finance: Interactive dataset (capacity & generation).

Real Estate

The performance of the real estate market is likely to be negatively impacted in the second half of 2023 by the current market uncertainty combined with the changed financing conditions (see BNP Paribas: Investment Market Germany, At a glance, Q2 2023). According to CBRE (Midyear Global Real Estate Market Outlook, August 2023), the global transaction volume in 2023 should fall by up to 34 per cent compared with the previous year and the European transaction volume by 35 per cent.

For the German investment market, transaction volume for 2023 as a whole is expected to fall by around half compared with the prior-year figure of € 65.8 billion (see Savills: Investment Market Germany, July 2023).

Aircraft

Following the significant market recovery in 2022, IATA expects global passenger traffic (RPK) to increase by 28.3 per cent in 2023 compared with the previous year. Strong growth is expected for the Asia/Pacific region in particular due to pent-up demand from the COVID-19 pandemic. The passenger traffic in the current year will still be 12.2 per cent lower than in 2019.

As a result of the improved market environment and continued high prices, IATA expects global airlines to record a net income profit of USD 9.8 billion. A loss of USD -3.6 billion was recorded in 2022. This would be equivalent to a positive net margin of 1.2 per cent in 2023 (2022: -0.5 per cent). For 2023, IATA is forecasting a fall of 3.8 per cent compared with the previous year for the requested air freight volume (CTK) (see IATA, Industry Statistics Fact Sheet, June 2023).

Group Forecast with Opportunity and Risk Reporting

The following statements refer to the statements on the forecast and opportunities and risks presented in the combined management report as at 31 December 2022. 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

The updated company forecast reflects the positive, above-plan change in individual income components over the course of the financial year to date. The main drivers of slightly higher than originally forecast earnings are increased margin results as a result of the significantly higher interest rate level. In the updated forecast, this increase in earnings also led to a higher consolidated result, which is now valued in the low three-digit million range (original forecast in the high mid-double-digit million range). The earnings forecast continues to be based on the expectation of an administrative expense that is only slightly higher than in the previous year and is characterised by cost discipline and the ongoing implementation of the transformation programme, as well as an increase in risk provisioning expenses in the context of the overall economic situation.

As expected, the cost/income ratio performance indicator will improve significantly compared with the previous year. In conjunction with the earnings forecast, which has been adjusted upwards, a significant year-on-year improvement in the return on equity is also expected. Originally, this performance indicator was forecast to be slightly positive.

Opportunities and Risks

Economic factors

The geopolitical and macroeconomic environment continues to be fraught with a high degree of uncertainty. These include above all the war in Ukraine in particular, other geopolitical tensions such as increasing tensions between China and the Western countries, high energy prices and persistently high inflation rates, which central banks could counter with even more restrictive measures in the form of interest rate hikes. A further aggravation of the above mentioned factors could have additional negative effects on economic performance and economic situation. The forecast assumes a weakening or slightly recessionary trend in economic growth in Germany, the EU and the USA in the second half of 2023 with a more positive outlook for 2024. If the weakening appears to be deeper and longer lasting, ratings could deteriorate and impairment requirements could increase. On the other hand, an easing could be accompanied by opportunities for earnings.

Overall, a further rise in yields on the money and capital markets could lead to further negative effects on earnings from fair value measurements. 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.

Regulatory environment

The forecast at the end of the financial year takes into account all known regulatory requirements, the bank levy amount and expenses for deposit guarantee schemes. Potential new requirements or reliefs carry risk, but also provide opportunities for results, regulatory capital ratios, the leverage ratio and subsequently also for NORD/LB's MREL ratio.

NORD/LB 2024 Transformation Programme

There are opportunities and risks in implementing NORD/LB's transformation programme. If the earmarked income and cost measures are not implemented as planned, this could lead to pressure on the NORD/LB Group's profitability and KPIs. At the same time, it is possible that early implementation or overfulfilment of planned measures may result in unexpected positive effects on the Bank's financial performance indicators.

Depending on how project "fitt" to introduce a new target architecture for new bank management progresses, expenses incurred for the project in 2023 may differ from the planning. This gives rise to opportunities and risks for the Bank's earnings performance and related financial key figures for the forecast year.

Extended Risk Report

Risk Management

The 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 2022. 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 2023. The risk-bearing capacity was met as at 30 June 2023.

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 increased compared with the end of the previous year due to a slight decrease in Common Equity Tier 1 capital and non-disclosed charges to be taken into account of € 419 million. Risk potential has declined since the last reporting date and more than offset the effects on risk capital. As at 30 June 2023, internal risk capital in the amount of € 5,545 million was offset by an aggregated risk position of € 2,317 million (based on a confidence level of 99.9 per cent). The utilisation of the risk-bearing capacity was 42 per cent.

Economic risk limits were monitored based on an approved operating limit in the amount of € 4,300 million. As at 30 June 2023, the operating limit was utilised at 54 per cent 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.

The reduction in economic risk potential as at the reporting date was mainly due to the reduction in market risk potential compared with the end of 2022. In the first half of 2023, market risk fell in the economic perspective by about € 124 million to € 677 million. The decline resulted in particular from the discontinuation of the risk premium (VaR add-on in accordance with the Executive Board resolution of 25 October 2022) after implementing a model adjustment. Due to correlation effects, this led to an overall risk reduction at the top levels of Treasury and the NORD/LB Group. Furthermore, there was a risk reduction due to changes in the positions (in particular the reduction of the Itraxx RWA system) of the OE Credit Investments. The increased provision of cover for mortgage-eligible loans within the AöR in recent months has had a significant positive effect on the free over-collateralisation in the Bank’s cover registers. As the amount of covered issue potential available is taken into account for the measurement or closure of any refinancing gaps within the liquidity maturity balance sheet, the reported liquidity spread risk at Group level as at 30 June 2023 again fell compared to the end of 2022 with roughly the same strategic positioning. Counterparty risk potential was approximately at the level of the year-end. In the case of operational risk, the risk potential increased slightly over the course of the six-month period due to the restructuring of the scenario landscape and loss events incurred.

The still ongoing transformation of the Bank to a lower-risk and more streamlined business model has had a significant influence on the earnings power and profitability of the Bank. NORD/LB therefore decided in 2020 to count business and strategic risk as another material risk type in addition to the risk types previously defined as material (counterparty, market price, liquidity and operational risk), although the risk value did not exceed the materiality threshold. The risk is included in the risk-bearing capacity calculation as part of the "Reserve for other risks", which is part of the risk strategy. € 860 million was earmarked for the “reserve for other risks” as part of the limitation, of which € 439 million is currently allocated (of which € 158 million is for business and strategic risks). Furthermore, the business and strategic risk is monitored on a quarterly basis using defined profit & loss 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. 2023	31 Dec. 2022
Normative perspective		
Common equity tier 1 capital (in € million)	5 964	6 051
Regulatory risk potentials (in € million)	3 231	3 211
Common equity tier 1 capital ratio (in %)	14.77%	15.07%
Tier 1 capital ratio (in %)	14.89%	15.20%
Total capital ratio (in %)	17.85%	18.54%
Economic perspective		
Total risk potential (in € million)	**2 317**	**2 483**
Counterparty risk	905	921
Market-price risk	677	800
Liquidity risk	30	62
Operational risk	266	260
Reserve for other risks (incl. Business and strategic risk)	439	439
Risk capital (in € million)	**5 545**	**5 411**
Risk capital utilisation	**41.8%**	**45.9%**

[1)] Differences in totals are rounding differences.
[2)] Previous year's figures were partially restated.

Counterparty Risk

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

Analysis of the total exposure

The market environment in the corporate customer business remains strained. While the previous challenges (Ukraine war, energy crisis and supply chains) have been taking a back seat, the high inflation rate and a pronounced labour shortage are increasingly having a negative impact. In the project financing business, the year as a whole has run within the usual bounds. Overall, this business segment continues to have a positive growth outlook. Renewable energies, transformative energy solutions, storage technology and financing for digital infrastructure continue to support the established asset classes and serve to sustainably diversify the portfolio. On the real estate market, the changed interest rate environment and high inflation are leading to increased uncertainty, which is reflected in a reduced transaction volume. In particular, the challenges have been increasing in the face of increased construction costs, material bottlenecks and increased financing costs. In the course of the move towards climate neutrality, the shift to ESG compliance for existing real estate is also coming to the fore.

As at 30 June 2023, the NORD/LB Group's total exposure was € 116.9 billion (€ 117.1 billion) and therefore lower compared with the comparison date. 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 - IFD). This rating scale is intended to make it easier to compare 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 provision stages.

Rating Structure[1)2)] (in € million)	Loans 30 Jun.2023	Securities[3)] 30 Jun.2023	Derivatives[4)] 30 Jun.2023	Other[5)] 30 Jun.2023	Total exposure 30 Jun.2023	Total exposure 31 Dec. 2022
very good to good	61 568	13 016	1 335	17 929	93 848	94 189
stage 1[6)]	60 348	2 893	–	17 814	81 054	80 336
stage 2	173	42	–	–	216	117
fair value	1 047	10 080	1 335	115	12 578	13 735
good / satisfactory	10 718	338	205	1 670	12 931	12 862
stage 1	9 907	134	–	1 619	11 660	11 429
stage 2	418	110	–	51	579	548
fair value	392	94	205	–	691	886
reasonable / satisfactory	4 227	60	19	709	5 015	4 527
stage 1	3 329	–	–	662	3 991	3 825
stage 2	753	–	–	46	800	497
fair value	145	60	19	–	224	206
increased risk	2 175	20	26	312	2 532	2 819
stage 1	1 364	–	–	180	1 545	1 668
stage 2	784	7	–	127	917	1 084
fair value	27	13	26	6	71	67
high risk	1 046	4	–	61	1 112	973
stage 1	306	–	–	25	330	242
stage 2	710	–	–	37	747	698
fair value	30	4	–	–	35	33
very high risk	649	–	–	59	709	819
stage 1	71	–	–	2	72	89
stage 2	579	–	–	58	637	729
fair value	–	–	–	–	–	–
default (=NPL)	669	–	–	77	746	862
stage 3	663	–	–	77	740	839
POCI[7)]	1	–	–	–	1	1
fair value	4	–	–	–	5	22
Total	**81 051**	**13 437**	**1 587**	**20 818**	**116 893**	**117 051**
stage 1	75 325	3 027	–	20 302	98 654	97 589
stage 2	3 417	159	–	318	3 895	3 673
stage 3	663	–	–	77	740	839
POCI	1	–	–	–	1	1
fair value	1 645	10 251	1 587	121	13 603	14 949

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).
7) POCI = Purchased or originated credit impaired

The items rated in the “very good to good” rating category fell over the reporting period by € 0.3 billion. The very high share of the best rating category (very good to good) in the total exposure remained at 80°per cent (80°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 the NORD/LB Group’s risk policy. Together, this business continues to account for a significant share of the total exposure at 69 per cent (69 per cent).

Industries by risk provisioning level[1)2)] (in € million)	stage 1[3)] 30 Jun.2023	stage 2 30 Jun.2023	stage 3 30 Jun.2023	POCI[4)] 30 Jun.2023	Fair Value 30 Jun.2023	Total exposure 30 Jun.2023	Total exposure 31 Dec. 2022
Financing institutes / insurance companies	25 390	108	22	–	5 191	30 711	30 203
Service industries / other	41 265	2 356	285	–	6 075	49 981	50 789
Transport / communications	4 947	296	109	–	742	6 094	5 867
Manufacturing industry	4 985	485	77	1	753	6 301	6 288
Energy, water and mining	14 888	430	101	–	624	16 043	16 064
Trade, maintenance and repairs	4 108	107	80	–	181	4 477	4 408
Agriculture, forestry and fishing	2 015	77	45	–	1	2 138	2 172
Construction	1 045	35	17	–	36	1 133	1 243
Other	11	–	4	–	–	15	16
Total	**98 654**	**3 895**	**740**	**1**	**13 603**	**116 893**	**117 051**

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).
4) POCI = Purchased or originated credit impaired.

Industries[1)2)] (in € million)	Loans 30 Jun.2023	Securities[3)] 30 Jun.2023	Derivatives[4)] 30 Jun.2023	Other[5)] 30 Jun.2023	Total exposure 30 Jun.2023	Total exposure 31 Dec. 2022
Financing institutes / insurance companies	14 404	5 677	462	10 169	30 711	30 203
Service industries / other	41 557	6 682	295	1 446	49 981	50 789
Transport / communications	5 222	171	164	537	6 094	5 867
Manufacturing industry	4 973	447	230	650	6 301	6 288
Energy, water and mining	9 238	375	302	6 127	16 043	16 064
Trade, maintenance and repairs	3 988	60	121	308	4 477	4 408
Agriculture, forestry and fishing	629	–	1	1 509	2 138	2 172
Construction	1 026	25	11	71	1 133	1 243
Other	14	–	–	1	15	16
Total	**81 051**	**13 437**	**1 587**	**20 818**	**116 893**	**117 051**

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

As a result of collateral offsetting, the risk-weighted assets of material Group companies as at 30 June 2023 fell by € 5.4 billion (adjusted comparative value: € 7.2 billion), which corresponds to a share of 13 per cent (17 per cent) of the total risk exposure amount before risk reduction. This mainly involved financial collateral as well as sureties and guarantees from countries, banks, companies and mortgages to be used for netting.

Collaterals[1)2)] (in € million)	Loans 30 Jun.2023	Securities[3)] 30 Jun.2023	Derivatives[4)] 30 Jun.2023	Other[5)] 30 Jun.2023	Total exposure 30 Jun.2023	Total exposure 31/ Dec 2022
Mortgages	10 696	–	–	629	11 325	10 673
Financial collaterals	1 354	–	–	9	1 362	386
Sureties and guarantees	3 513	11	12	462	3 997	4 081
Others	9	–	–	1	10	14

1) The collateral values shown were calculated taking into account CRR eligibility and avoiding double offsetting. Items for which, for example, the collateral information was included in the LGD estimate were not included in the valuation.
2) to 5) See the preceding Rating structure table.

The breakdown of total exposure by region shows that the eurozone accounts for a hefty 86 per cent (85 per cent) of the total exposure and remains by far the most important business region for the NORD/LB Group. Germany's share was 71 per cent (70 per cent) of the total exposure.

Regions[1)2)] (in € million)	Loans 30 Jun.2023	Securities[3)] 30 Jun.2023	Derivatives[4)] 30 Jun.2023	Other[5)] 30 Jun.2023	Total exposure 30 Jun.2023	Total exposure 31 Dec. 2022
Euro countries	68 477	10 198	731	20 675	100 081	99 583
Of which: Germany	55 875	6 721	420	19 551	82 567	82 401
Other Europe	6 559	966	401	120	8 046	8 223
North America	4 121	1 652	39	–	5 813	6 097
Middle and South America	677	–	–	23	701	818
Middle East / Africa	116	–	–	–	116	128
Asia / Australia	1 100	621	414	–	2 136	2 202
Total	**81 051**	**13 437**	**1 587**	**20 818**	**116 893**	**117 051**

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

NORD/LB is thus directly affected by the war in Ukraine only to a very limited extent. In Russia, as at the reporting date NORD/LB held portfolios of € 3.4 million (€ 5.1 million) with respect to Financial Institutions & Insurance Companies, 95 per cent of which are covered by guarantees. After the reporting date, these portfolios were further reduced by € 1.7 million through repayments. There are currently no exposures 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. No significantly increased risks were identified in the reporting period. A Management Adjustment Ukraine was already formed in 2022 in order to avoid possible indirect effects of the war, such as sharply increasing energy prices on the NORD/LB portfolio. The basis for calculating this adjustment are the in-house adverse scenarios, which take into account a dynamic status quo and other geopolitical tensions in addition to the energy crisis. In addition, provisions have been made to take full account of the changed situation and, in particular, international sanctions.

The other countries below were selected on the basis of the rating-dependent limit utilisation and a country-specific risk assessment, e.g. current natural disasters, specific political developments, current or impending epidemics or pandemics, and the specific composition of portfolios. The focus was then refined further based on the criterion of credit risk exposure.

The holdings in the United Kingdom currently amounted to € 4,252 million (€ 4,337 million), which was divided into € 3,357 million (€ 3,376 million) Corporates & Others, € 832 million (€ 868 million) Financial Institutions & Insurance Companies and € 63 million (€ 93 million) Sovereign Exposure. In Poland, the NORD/LB Group had an exposure of € 964 million (€ 881 million); divided into € 734 million (€ 669 million) Corporates & Others and € 148 million (€ 120 million) Financial Institutions & Insurance Companies as well as € 82 million (€ 92 million) Sovereign Exposure. In China, NORD/LB held an exposure of € 133 million (€ 155 million), consisting of € 133 million (€ 128 million) Corporates & Others and € 0 million (€ 27 million) Financial Institutions & Insurance Companies. NORD/LB also closely monitors and analyses significant developments in other countries. However, the Bank does not consider it necessary to make any loss allowances at this stage.

In addition to direct exposure, the reported exposure also comprises indirect exposure (primarily credit default swaps). The calculation is based on utilisation (in the case of guarantees, the nominal value, and in the case of securities, the carrying amount pursuant to the German Commercial Code (HGB)), and the credit equivalent resulting from derivatives (including add-ons and with due consideration of netting). Irrevocable and revocable credit commitments are included proportionally 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 has a guarantee.

Credit risk plays a central role in the context of ESG risks. These risks are taken into account using the various instruments shown below.

ESG scores are used to classify ESG risk in the credit decision on an aggregated basis. At the risk classification level, these ESG scores supplement the proven IRBA rating procedures as an additional element by taking ESG-specific risk factors into account and systematically consolidating them in a combined ESG rating. In the future, there will be a requirement to carry out more detailed analysis on the significance of these risk factors and their transmission channels in relation to the types of risk. In terms of credit risk, this issue is taken into account in the further development of both the ESG scores and the rating procedures. In 2023, NORD/LB has been participating in joint projects of the Landesbanks and savings banks to develop such ESG scores for the wholesale and retail business. Following the introduction of an ESG score for the retail business in 2022, an ESG score for the wholesale business will also be established in the second half of 2023. The ESG scores represent a structured ESG risk assessment at individual client level. In the event of an increased ESG score, increased ESG risks are assumed for the client, after which a more in-depth analysis must be carried out with the ESG risk drivers. In addition, the ESG project team is working on the gradual expansion to other asset classes.

In addition, the definition of sustainability according to NORD/LB's own criteria is formulated in a Sustainable Loan Framework in addition to and in preparation for the EU taxonomy. The Bank already conducts business classified as "sustainable" in some areas, e.g. in line with its Green Bond Framework, and will classify sustainable loans using a multi-stage process along a decision tree that initially focuses on environmental criteria. The Bank is working intensively on the process and technical implementation and will use its Sustainable Loan Framework as a bank-wide basis in the customer business.

To reduce the financed CO2 emissions, the "decarbonisation of its financing portfolio", NORD/LB is also focusing on scientifically recognised transition paths to sector decarbonisation, e.g. the International Energy Agency. This enables the Bank to channel its financing funds specifically into sustainable financing activities and thus make a contribution to the decarbonisation goals of the Paris Agreement and the German Climate Protection Act. The focus is initially on particularly emission-intensive sectors in line with the regulatory classification. At NORD/LB, these include real estate, energy, aviation, agriculture, oil and gas, and steel. Transition paths based on physical emission intensities for these sectors will be developed in 2023.

When it comes to the implementation of climate stress analyses, the Bank intends to establish a climate stress test framework in 2023 following the ECB climate stress test successfully completed last year and to carry out further physical and transitory stress test analyses.

In the area of credit risks, the Bank is continuing to work on further developing the key risk indicators introduced in 2022 on the proportion of high-risk sectors or areas with regard to physical and transitory risks. NORD/LB defines high-risk sectors as sectors that are characterised by increased climate and environmental risks in the form of physical and transitory risks and in which the Bank holds a significant share in the portfolio. High-risk sectors currently include agriculture, food, real estate, aviation and non-renewable energy. The identification of high-risk sectors is updated annually. For financing in high-risk sectors, additional sector analyses are carried out with the aim of analysing the effects of climate and environmental risks on the borrower. On this basis, suitable management impulses should be derived for monitoring and controlling the portfolio in the future.

Market-Price Risk

The first half of 2023 was characterised by high interest rate volatility in both the eurozone and the US dollar area. From the beginning of March, the market turbulence around some US banks and later Credit Suisse initially affected interest rates and credit spreads. Credit spreads had widened significantly at the beginning of March compared with the end of the previous year, but narrowed again in the second quarter. As measured by cross-currency basis spreads between US dollar and euro interest rates, the yield differential narrowed slightly since the beginning of the year.

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.

As at 30 June 2023, the VaR calculated for NORD/LB in the economic perspective amounted to € 677 million. This corresponded to a decline of € 123 million compared with the end of the prior year (€ 800 million). The limit utilisation was 48 per cent (53 per cent) as at the reporting date.

The decline in market risk was due in particular to the implementation of a model adjustment. As part of the model validation, an underestimation of the risk in operational management was determined for the "NORD/LB Interest Book Management" portfolio. Until the model adjustment is implemented, a VaR add-on was added to the calculated risk values of the "NORD/LB Interest Book Management" portfolio. After the model adjustment, there was an increase in risk potential in the economic perspective and in operational management. The VaR add-on was accordingly no longer taken into account from when the model adjustment was implemented on 30 March 2023. Due to correlation effects, this led to an overall risk reduction at Group level.

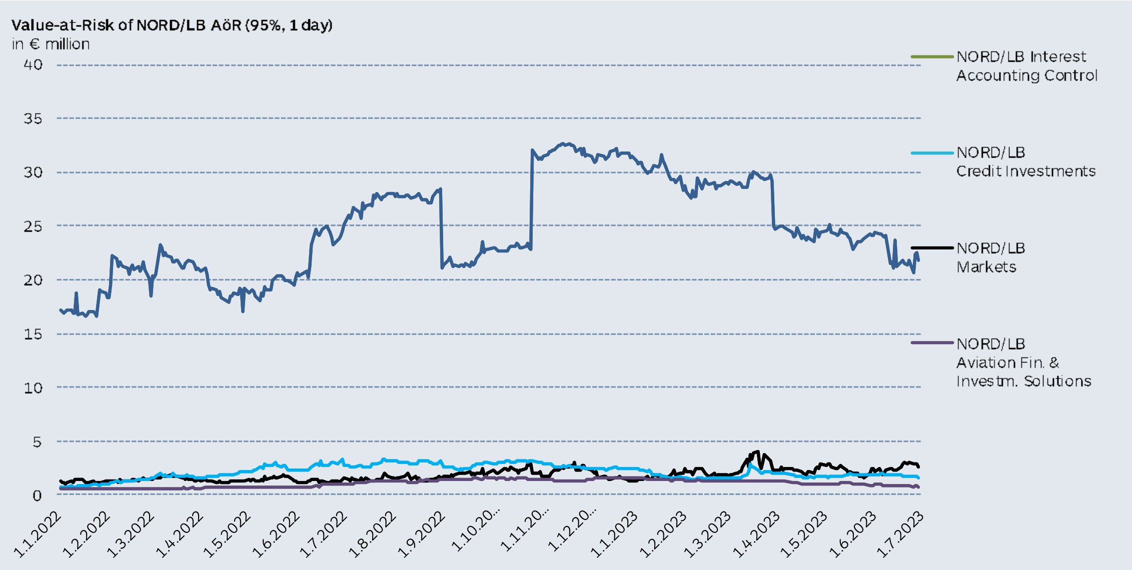
In the correlated total risk exposure in the economic perspective, interest-rate risks and credit-spread risks dominated. All other sub-risks were of minor significance. The correlated total risk exposure for NORD/LB breaks down into the following individual partial risks:

Market-Price Risks[1]	Business Case				
in € million	30. Jun. 2023	31. Mar. 2023	31. Dec. 2022	30. Sep. 2022	30. Jun. 2022
Interest rate risk	377	359	353	328	382
Credit-spread-risk	469	519	412	403	519
Currency risk	41	48	50	61	55
Stock price and fund price risk	1	1	1	1	1
Votality risk	9	9	7	11	12
Other add-ons	3	6	214	6	3
Total risk[2]	**677**	**711**	**800**	**543**	**641**

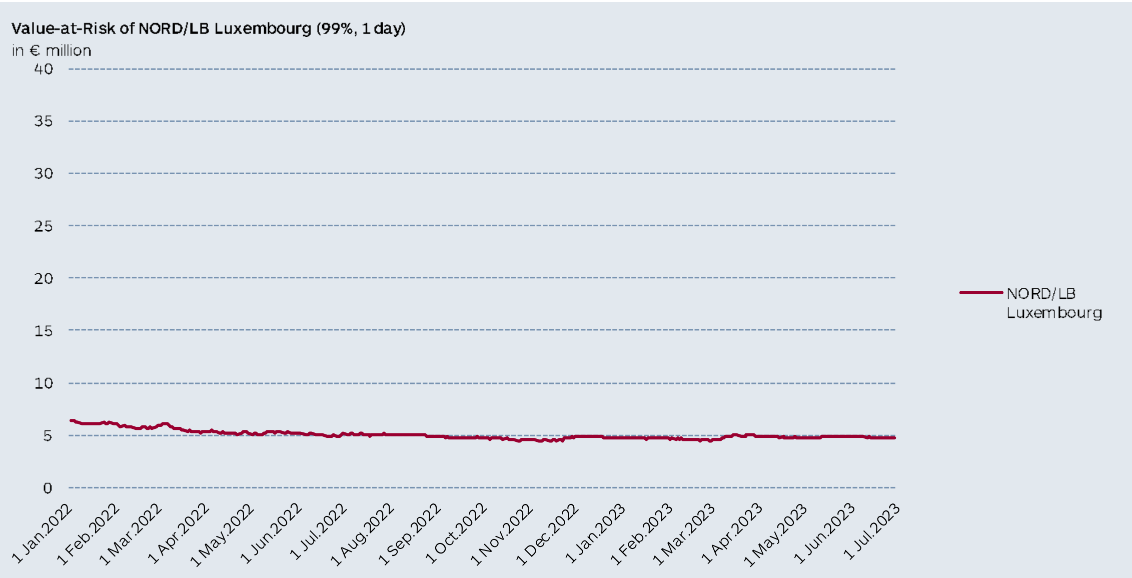
[1] Value at Risk (99.9 per cent; 250 days holding period)
[2] Due to diversification effects, the overall risk is smaller than the sum of the individual risks.

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 market risks for NORD/LB. The operational limiting of the corresponding VaR ratios is implemented with different 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. The operating limits of all sub-portfolios were complied with as at the reporting date of 30 June 2023.

Both of the charts below show the change in the correlated VaR, as calculated each day, in the present value perspective (economic perspective) since 1 January 2022 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. At NORD/LB AöR, operations are managed at a 95-per cent confidence level, as this is more sensitive to market movements than a confidence level of 99 per cent and management inputs can therefore be triggered earlier. The risk decline in the "NORD/LB Interest Book Management" portfolio at the end of March 2023 resulted from the model change described above and the associated discontinuation of the VaR add-on.



The Group subsidiary NORD/LB Luxembourg uses a confidence level of 99 per cent and a holding period of one trading day. NORD/LB Luxembourg operates at a 99-per cent confidence level in order to achieve greater comparability and consistency with the ICAAP view. The representation of the course of the VaR in the above graphic thus refers to the confidence level, at which the subsidiary institution is being managed. The risk of the NORD/LB Luxembourg subsidiary did not materially change year on year.



According to the risk inventory, the impact of ESG risks on market price risk is rated as relevant, but low. According to the investment guidelines, ESG aspects are taken into account when making investment decisions. For monitoring and controlling purposes, a stress test for climate and environmental risks in market risk is carried out on a quarterly basis and the result reported to the Managing Board. The scenario for the climate and environmental stress test was adapted by the ECB climate stress test ("Short-term disorderly 2022"). This is a credit spread scenario based on the statistical classification of economic activities in the European Community (NACE). A strong expansion of credit spreads for the mining, energy supply and manufacturing sectors in the context of coal and oil products and mineral products is assumed, as well as small to moderate credit spread movements in other sectors.

Liquidity Risk

There was sufficient liquidity on the money and capital market throughout the reporting period despite the uncertainties arising from the war in Ukraine and ongoing inflation trends. Refinancing costs continued to rise in the eurozone. Market interest has focused on shorter maturities due to the successful and expected interest rate hikes by the European Central Bank in the case of uncovered issues and has made uncovered refinancing in long maturities more difficult.

NORD/LB's liquidity situation was adequate in the first half of 2023. 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. Developments were closely monitored on an ongoing basis and regularly reassessed. In April 2023, the assumed scenario of the liquidity stress test relevant to management was changed and since then has taken into account the inflation trends and the effects of the inverse interest rate structure on the difficult refinancing conditions. The COVID-19 pandemic thus moved out of focus.

In the first half of 2023, 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 indicated an adequate liquidity situation as at the reporting date. At all times, 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 liquidity gaps in all other maturity ranges, which are strongest in the "up to 1 year" maturity range and are reduced again in the longer maturities of "up to 5 years". The liquidity gaps in all maturities "up to 5 years" were reduced in the first half of 2023 compared with the end of 2022. The gap structure continued to reflect the performance of new lending business, the refinancing of which did not exclusively coincide with the maturity, taking into account profitability aspects. The liquidity gaps in the Group were within the limits derived from the risk-bearing capacity model. At NORD/LB Group level, the limits were respected in the reporting year, both when taking all currencies into account and when taking the major individual currencies into account.

The refinancing of the NORD/LB Group is mainly made up of liabilities to banks at 26 per cent (26 per cent), to customers at 43 per cent (44 per cent) and securitised liabilities at 20 per cent (19 per cent).

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 € 20 billion (€ 19 billion), of which 80 per cent (79 per cent) were suitable for repo transactions with the European Central Bank (ECB). As at 30 June 2023, the liquidity coverage ratio (LCR) stood at 136.6 per cent (138.6 per cent).

Operational Risk

Loss events from operational risks that occurred in the first half of 2023 are low compared with the previous year. As at the reporting date, the losses of NORD/LB stood at € 0.8 million (€ 18,1 million). The claims were mainly distributed among the "external influences" cause category. The largest share of this was due to the increase in a loss event relating to a service provider's underperformance in the project environment. The frequency of loss events in the first half of the year was heavily influenced by phishing cases in customers' online banking. In addition to this, storm "Lambert" caused damage in individual branches at the end of June. The amount of damage has not yet been determined.

The focus for OpRisk is currently on the management of IT risks, which include, for example, information security risks and IT default risks. Against the background of the ever growing IT requirements and greater IT outsourcing, the Bank's IT risk was analysed and risk-mitigating measures were taken. However, the topics of Information Security Management System (ISMS) and IT risks had no influence on OpRisk loss events in 2023.

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. NORD/LB uses the standard approach of CRD IV (Pillar I) to calculate the capital adequacy requirements. At Group level, this requirement as at 30 June 2023 amounted to € 168 million (€ 196 million).

In 2023, there will be a push to implement the revision of the OpRisk instruments, which will include the greater integration of ESG issues. The focus here is more on the main operational risks from scenario analyses and significant individual risks and loss events.

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.

ESG Risks

Environmental, social and governance (ESG) risks are climate/environmental, social or governance events or conditions that may occur or have a potentially significant negative impact on the Bank’s net assets, financial position, results of operations and reputation.

ESG risks continue to be a general focus. Based on this, NORD/LB is initially focusing on climate change as a significant macroeconomic risk factor and considers itself exposed to exposed to short, medium and long-term risks in this regard. For the purposes of this “ECB Guideline on Climate and Environmental Risks”, the relevance of environmental and climate risks in particular was recognised and these were defined as drivers of the types of risk – which materialise primarily in counterparty risks. ESG risks are taken into account in all relevant risk types in the risk inventory. The qualitative materiality assessment of the risk drivers was differentiated over various time horizons according to physical and transitory climate and environmental risks. In the current reporting year, it is planned to expand the risk driver analysis and expand the quantification of the individual risk drivers. As a risk driver, ESG risks are implicitly incorporated into the risk models of the material risk types. Historically observed events, such as operational losses arising from physical climate risks, could have an impact on the results of the risk models. In addition, the rating procedure includes an assessment of the borrowers’ business model with regard to transitory risks.

NORD/LB has defined certain business activities in its guidelines, e.g. pornography or controversial weapons as well as the new construction of nuclear and coal-fired power plants and the construction of dams and hydropower plants in particularly vulnerable areas are excluded. There are also other sector-specific regulations to take ESG and reputation aspects into account in business activities.

To meet the broad scope of the ESG issue in its effects on the entire bank and the resulting cross-departmental tasks, the cross-divisional Sustainability Board has been actively working on coordination and cohesion since the start of 2021. ESG centres of expertise have been established in various areas of the Bank since the second half of 2022. These pool key tasks on the topic of ESG, also perform interface functions and are in regular communication with each other.

Condensed Interim Consolidated Financial Statements as at 30 June 2023

Income Statement

	Notes	1 Jan.-30 Jun. 2023 (in € million)	1 Jan.-30 Jun. 2022 (in € million)	Change (in %)
Interest income from assets		2 924	1 876	56
of which: interst income calculated using the effective in-terst method		*1 408*	*842*	*67*
Interest expenses from assets		– 1	– 24	– 97
Interest expenses from liabilities		– 2 407	– 1 449	66
Interest income from liabilities		1	35	– 98
of which: interst income calculated using the effective in-terst method		*1*	*35*	*– 98*
Net interest income	**8**	**517**	**438**	**18**
Commission income		139	116	20
Commission expenses		– 43	– 54	– 21
Net commission income	**9**	**97**	**62**	**56**
Profit/loss from fair value measurement	10	– 0	– 137	– 100
Risk provisions	11	23	67	– 65
Disposal Profit/loss from financial instruments not measured at fair value through profit or loss [1]	12	7	– 8	> 100
Profit/loss from hedge accounting	13	19	– 19	> 100
Profit/loss from shares in companies		10	5	> 100
Profit/loss from investments accounted for using the equity method [2]		3	45	– 93
Administrative expenses	14	– 443	– 437	1
Other operating profit/loss	15	– 69	– 60	15
Earnings before restructuring, transformation and taxes		**162**	**– 44**	**> 100**
Profit/loss from restructuring and transformation	16	– 19	– 46	– 59
Earnings before taxes		**143**	**– 90**	**> 100**
Income taxes	17	– 35	27	> 100
Consolidated profit/loss		**109**	**– 63**	**> 100**
of which: attributable to the owners of NORD/LB		*109*	*– 63*	
of which: attributable to non-controlling interests		*0*	*0*	

[1] From the disposale of financial assets measured at amortised cost, there were gains of € 2 Mio (€ 0 Mio) and losses of € 2 Mio (€ 2 Mio).
[2] The share of the profit and loss of investments accounted for using the equity method was € 3 million (€ -39 million).

Statement of Comprehensive Income

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

	1 Jan.-30 Jun. 2023 (in € million)	1 Jan.-30 Jun. 2022 (in € million)	Change (in %)
Consolidated profit/loss	**109**	**– 63**	**> 100**
Other comprehensive income which is not reclassified to the income statement in subsequent periods			
Investments accounted for using the equity method - Share of other comprehensive income	–	– 102	– 100
Changes in financial liabilities designated at fair value through profit or loss due to changes in own credit risk	100	91	10
Revaluation of the net liability from defined benefit pension plans	– 15	886	> 100
Deferred taxes	– 25	– 79	– 68
	60	**796**	**– 92**
Other comprehensive income which is reclassified to the income statement in subsequent periods			
Changes in financial assets at fair value through other comprehensive income			
Unrealised profits/losses	33	– 790	> 100
Reclassification due to profit/loss realisation	26	235	– 89
Investments accounted for using the equity method - Share of other comprehensive income	–	30	– 100
Translation differences of foreign business units			
Unrealised profits / losses	3	7	– 57
Deferred taxes	22	107	– 79
	84	**– 411**	**> 100**
Other comprehensive income	**144**	**385**	**– 63**
Comprehensive income for the period under review	**253**	**322**	**– 21**
of which: attributable to the owners of NORD/LB	253	322	
of which: attributable to non-controlling interests	–	–	

Balance Sheet

Assets	Notes	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Cash reserve		2 076	2 464	– 16
Trading assets	18	7 475	7 641	– 2
of which: Loans and advances to customers		*1 252*	*1 260*	– 1
Financial assets mandatorily at fair value through profit or loss	18	642	722	– 11
of which: Loans and advances to banks		*43*	*43*	–
of which: Loans and advances to customers		*194*	*210*	– 8
Financial assets at fair value through other comprehensive income	19	10 541	10 633	– 1
of which: Loans and advances to banks		*161*	*174*	– 7
of which: Loans and advances to customers		*262*	*267*	– 2
Financial assets at amortised costs	20	86 855	86 033	1
of which: Loans and advances to banks		*13 446*	*12 890*	4
of which: Loans and advances to customers		*70 431*	*69 968*	1
Positive fair values from hedge accounting derivatives		166	198	– 16
Balancing item for financial instruments hedged in the portfolio fair value hedge		– 207	– 227	– 9
Shares in companies	21	353	344	3
Investments accounted for using the equity method		57	56	1
Property and equipment	22	214	280	– 24
Investment property		185	143	29
Intangible assets	23	78	89	– 12
Assets held for sale	24	0	0	–
Current income tax assets		17	21	– 20
Deferred income taxes		440	439	0
Other assets		546	489	12
Total assets		**109 438**	**109 325**	**0**

Liabilities	Notes	30 Jun. 2023 (in € million)	31 Dec.2022 (in € million)	Change (in %)
Trading liabilities	25	3 156	3 289	– 4
Financial liabilities designated at fair value through profit or loss	25	3 982	4 481	– 11
of which: Liabilities to banks		*258*	*261*	– 1
of which: Liabilities to customers		*2 756*	*2 667*	3
of which: Securitised liabilities		*969*	*1 553*	– 38
Financial liabilities at amortised costs	26	93 785	93 342	0
of which: Liabilities to banks		*28 511*	*28 403*	0
of which: Liabilities to customers		*44 177*	*45 308*	– 2
of which: Securitised liabilities		*20 914*	*19 423*	8
of which: Subordinated liabilities		*2 049*	*2 263*	– 9
Negative fair values from hedge accounting derivatives		370	438	– 15
Balancing item for financial instruments hedged in the portfolio fair value hedge		– 1 185	– 1 298	– 9
Provisions	27	2 441	2 433	0
Current income tax liabilities		62	59	4
Deferred income taxes		12	10	23
Other liabilities		272	271	0
Equity				
Issued capital		3 137	3 137	–
Capital reserve		2 579	2 579	–
Retained earnings		1 158	1 060	9
Accumulated other comprehensive income (OCI)		– 373	– 519	– 28
Currency translation reserve		– 7	– 9	– 24
Equity capital attributable to the owners of NORD/LB		**6 494**	**6 248**	**4**
Additional equity		49	50	– 1
Equity capital attributable to non-controlling interests		0	2	– 97
		6 543	**6 300**	**4**
Total liabilities		**109 438**	**109 325**	**0**

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. 2023	**3 137**	**2 579**	**1 060**	**– 519**	**– 9**	**6 248**	**50**	**2**	**6 300**
Comprehensive income for the period under review	–	–	109	141	3	**253**	–	–	**253**
Changes in the basis of consolidation	–	–	– 2	–	–	**– 2**	–	– 2	**– 4**
Other changes in capital	–	–	– 9	3	–	**– 6**	–	–	**– 6**
Equity as at 30 Jun. 2023	**3 137**	**2 579**	**1 158**	**– 373**	**– 7**	**6 494**	**49**	**–**	**6 543**

(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**

Condensed Cash Flow Statement

	1 Jan. - 30 Jun. 2023 (in € million)	1 Jan. - 30 Jun. 2022 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	**2 464**	**6 930**	**– 64**
Cash flow from operating activities	– 132	– 1 049	– 87
Cash flow from investment activities	2	– 19	> 100
Cash flow from financing activities	– 255	– 79	> 100
Total cash flow	**– 385**	**– 1 147**	**– 66**
Effects of changes in exchange rates	– 3	21	> 100
Cash and cash equivalents as at 30 June	**2 076**	**5 804**	**– 64**

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 2023 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 regulations 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 audited, published consolidated financial statements of NORD/LB as at 31 December 2022.

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 2023 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 **(7)** 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 the risk report within the Interim Group Management Report.

The reporting currency for the interim consolidated financial statements is the euro. All amounts in the interim consolidated financial statements are stated as rounded figures in millions of euro (€ million) according to standard commercial practice, unless otherwise indicated. This may result in minor differences in the formation of totals and the calculation of percentages, which do not represent any restrictions of the quality of the report. The figures for the previous year are given in brackets in the following texts.

These interim consolidated financial statements were signed by the Managing Board on 22 August 2023 and authorised for publication.

(2) Management Adjustment

For the indirect effects of the war in Ukraine, a Management Adjustment Ukraine was established for the first time in the 2022 financial year. The expected second and third-round effects such as the energy crisis, the continued high inflation and the associated increase in interest rates have not yet been fully reflected in the current ratings for corporate and real estate customers. The direct effects of the war are negligible, as there is no direct exposure to Ukraine and the exposure to borrowers based in Russia is only around € 3 million (one trading transaction with Gazprombank), which is almost completely covered by Oesterreichische Kontrollbank AG (OeKB). After collateralisation, a residual risk of € 0.2 million remains.

Overall, the amount of the management adjustment for the NORD/LB Group as at 30 June 2023 totalled around € 260 million (31 December 2022: € 259 million). The forecast effects were allocated to the Corporate Customers segment in the amount of € 122 million (31 December 2022: € 121 million), of which € 17 million each was attributable to industrial consumer goods (31 December 2022: € 15 million), metal and plant construction (31 December 2022: € 17 million) and the construction industry (31 December 2022: € 11 million). On the other hand, the effects in the Real Estate Customers segment amounted to € 115 million (31 December 2022: € 114 million). In addition, a management adjustment of € 23 million

(31 December 2022: € 24 million) was recognised across all segments for the municipal utilities sector, which is almost exclusively attributable to the non-renewable energy industry.

From the current perspective, the time horizon for the retaining the management adjustment continues to be 31 December 2023. The level continues to be subject to relatively high uncertainty and is continually monitored and calculated quarterly.

The starting point 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 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). The economic forecasts are made available in the standard format of the stress test analyser of the rating service providers, subsequently transformed into PD and LGD shifts and validated based on experts. The management adjustment was determined as at 30 June 2023, as previously at the reporting date of 31 December 2022, for all industries affected using the shift factors resulting in scenario 3 on the PD and LGD risk parameters. 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 3 (Q2 2023)		Scenario 3 (Q4 2022)	
	2023	2024	2022	2023
Unemployment rate (in %)	6,7	7,6	5,9	7,7
GDP (real; Y/Y1 in %)	-2,3	-6,4	-0,4	-5,6
CPI[2] (in % Y/Y)	4,2	1,4	8,5	3,0
Leading index shares (% p.a. real)	-30,0	5,0	-44,7	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	2,8	0,4	0,3	0,7
Long-Term Interest Rate (10Y Government, in %)	1,8	0,5	1,1	0,6
Rate of change of exchange to USD (in % Y/Y)	-0,8	-3,4	-9,3	-5,6

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

Great Britain and Northern Ireland	Scenario 3 (Q2 2023)		Scenario 3 (Q4 2022)	
	2023	2024	2022	2023
Unemployment rate (in %)	5,3	6,0	5,8	9,0
GDP (real; Y/Y1 in %)	-1,1	-0,5	2,4	-2,2
CPI[2] (in % Y/Y)	6,8	1,4	6,6	2,2
Leading index shares (% p.a. real)	-5,0	-3,0	-13,5	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	4,4	3,4	1,4	1,0
Long-Term Interest Rate (10Y Government, in %)	3,4	2,5	1,8	1,0
Rate of change of exchange to USD (in % Y/Y)	-2,2	0,8	-10,4	-8,1

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

USA	Scenario 3 (Q2 2023)		Scenario 3 (Q4 2022)	
	2023	2024	2022	2023
Unemployment rate (in %)	4,6	6,2	4,3	9,5
GDP (real; Y/Y1 in %)	0,5	-0,9	2,1	-2,7
CPI2 (in % Y/Y)	4,4	1,5	7,3	2,0
Leading index shares (% p.a. real)	-3,0	-5,0	-34,5	-17,5
Short Term Interest Rate (3M Money Market rate, in %)	5,0	3,6	1,8	1,7
Long-Term Interest Rate (10Y Government, in %)	3,0	2,4	2,8	2,0
Rate of change of exchange to USD (in % Y/Y)	-0,8	-3,4	-9,3	-5,6

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

Euroland	Scenario 3 (Q2 2023)		Scenario 3 (Q4 2022)	
	2023	2024	2022	2023
Unemployment rate (in %)	8,5	10,0	7,8	10,3
GDP (real; Y/Y1 in %)	-1,2	-6,7	0,7	-5,3
CPI2 (in % Y/Y)	4,0	1,1	8,1	2,6
Leading index shares (% p.a. real)	-25,0	5,0	-39,9	-14,2
Short Term Interest Rate (3M Money Market rate, in %)	2,8	0,4	0,3	0,7
Long-Term Interest Rate (10Y Government, in %)	1,8	0,5	1,1	0,6
Rate of change of exchange to USD (in % Y/Y)	-0,8	-3,4	-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.

Ölpreis	Scenario 3 (Q2 2023)		Scenario 3 (Q4 2022)	
	2023	2024	2022	2023
Brent (USD je Barrel)	67,5	69,9	92,0	70,0
Exchange Rate (EUR/USD))	1,05	1,01	1,07	1,01

As part of the analysis of the scenario presentation Q2 2023 compared with Q4 2022, we focused on the changes in the eurozone relevant for NORD/LB. The eurozone economy would contract less significantly by -1.2% in 2023 compared to Q4 2022 assumptions. However, a GDP change rate of a weak -6.7% can then be observed for 2024. As a result, in the severe adverse scenario considered, the assumption of unemployment will also fall somewhat less significantly compared with Q4 2022 (8.5% vs 10.3%). For 2024, this scenario again assumes a significantly increased unemployment rate of 10.0% as a result of the significant economic slowdown, resulting in higher inflation and interest rates for 2023 compared with the Q4 2022 projection. However, this will noticeably reduce again in 2024. In this context, compared with the end of the previous year, this will result in an assumed lower decline in the EUR/USD exchange rate.

The simulated results for increased risk provisions based on the increase in the probability of default including, if applicable, the transfer to impairment stages 2 or 3 form the basis for the management adjustment as the difference to the total risk provisions of impairment stages 1 and 2 as at 30 June 2023. The focus of the management adjustment is on the non-defaulted transactions of the relevant segment portfolios. The corresponding amount is reduced if an exposure expires or migrates to impairment level 3.

(3) Development in the Guarantee Portfolios in Connection with the Guarantee Contracts of the State of Lower Saxony

The performance in the reporting period of the hedged assets and liabilities and of the guarantee amount formed as a hedging derivative is presented below per guarantee. It is subdivided according to balance sheet items and measurement approach, and also by the off-balance-sheet transactions and, for the IFRS 9 risk provisions formed on the assets of the portfolios, by impairment level. The fair values of the derivatives listed form the anticipated and realised guarantee payments of the guarantor that had not yet been invoiced as at 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 extension option with regard to the contract term was utilised again, so that the guarantee contracts now have a term until 31 December 2028.

A portfolio in the segment Special Credit & Portfolio Optimization was hedged as at 30 June 2023 at a gross carrying amount of € 98 million (€ 283 million) (of which € 0 million (€ 14 million) was measured at fair value) plus € 0 million (€ 26 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 2 and 3 in the amount of € 1 million (€ 6 million) and € 2 million (€ 1 million) respectively.

The fair value of the derivative of € -11 million (€ 11 million) including accrued interest was largely influenced by the early reduction of portfolio assets as at the reporting date.

(in € million)	Special Credit & Portfolio Optimization Opening balance 1 Jan. 2023	Changes in stock	Loss allowance and Fair value measurement	Currency translation	Closing balance 30 Jun. 2023
Assets					
Trading assets - Loans and advances to customers	13	– 13	–	–	–
Financial assets mandatorily at fair value through profit or loss - Loans and advances to customers	1	– 1	–	–	–
Financial assets at amortised cost - Gross carrying amount of Loans and advances to customers	269	– 172	–	0	98
Loss allowance - Stage 2	– 6	– 0	6	0	– 1
Loss allowance - Stage 3	– 1	–	– 0	0	– 2
Total	**276**	**– 187**	**6**	**0**	**95**
Liabilities					
Trading liabilities - Negative fair values from derivatives	3	– 1	– 0	– 0	1
Total	**3**	**– 1**	**– 0**	**– 0**	**1**
Contingent liabilities					
Credit commitments	18	– 18	–	–	–
Other Off-balance-sheet liabilities	8	– 8	–	–	0
Total	**26**	**– 26**	**–**	**–**	**0**
Net value of the hedged portfolio	**299**	**– 211**	**6**	**0**	**94**
Guarantee contract (Hedging derivative)	**11**	**–**	**– 22**	**–**	**– 11**

The Aircraft Financing sub-portfolio from the Special Financing segment was hedged as at 30 June 2023 at a gross carrying amount of € 257 million (€ 411 million) (of which € 21 million (€ 22 million) was measured at fair value). The hedged gross carrying amount of the receivables valued at amortised cost included in the portfolio is offset, in particular, against a risk provision in stages 2 and 3 in the amount of € 5 million (€ 9 million) and € 6 million (€ 8 million) respectively.

As at the reporting date, the fair value of the derivative of € 44 million (€ 66 million) including accrued interest was mainly influenced by the change in credit risk data, which had a negative impact on the insurance value.

(in € million)	Aircraft customers Opening balance 1 Jan. 2023	Changes in stock	Loss allowance and Fair Value Measurement	Currency translation	Closing balance 30 Jun. 2023
Assets					
Trading assets - Loans and advances to customers	22	– 1	–	0	21
Financial assets at amortised cost - Gross carrying amount of Loans and advances to customers	389	– 152	–	– 1	235
Loss allowance - Stage 1	– 0	– 1	2	– 0	– 0
Loss allowance - Stage 2	– 9	1	2	0	– 5
Loss allowance - Stage 3	– 8	–	2	0	– 6
Total	**394**	**– 154**	**6**	**– 1**	**246**
Liabilities					
Trading liabilities - Negative fair values from derivatives	12	– 0	– 0	– 0	12
Total	**12**	**– 0**	**– 0**	**– 0**	**12**
Net value of the hedged portfolio	**382**	**– 153**	**7**	**– 1**	**234**
Guarantee contract (Hedging derivative)	**66**	**–**	**– 22**	**–**	**44**

(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 2022. In the reporting period, account was taken of the following standards and amendments to standards applicable to the NORD/LB Group for the first time as at 1 January 2023:

IFRS 17 – Insurance contracts

The IFRS 17 standard on accounting for insurance contracts, published by the IASB for the first time in May 2017 and amended in December 2021, has been mandatory as at 1 January 2023. IFRS 17 supersedes the former standard IFRS 4 Insurance contracts and regulates anew the principles in relation to the recognition, measurement, reporting and disclosures of insurance contracts. IFRS 17 applies to every company that issues insurance contracts according to the definition of the standard. The scope is therefore not limited to traditional insurance companies, but the standard includes exceptions from the scope of application for some insurance contracts, e.g. if these contracts are subject to other accounting standards.

At the time of initial application, the current business activities of the NORD/LB Group were analysed for the existence of insurance contracts in accordance with the definition of IFRS 17. In the process, warranty guarantees and performance guarantees were identified in particular whose cash flows depend on uncertain future non-financial events, which could have an adverse effect on the other contracting party. However, these types of transactions do not fall within the scope of IFRS 17, as they are either financial guarantees that the NORD/LB Group has already recognised in the past in accordance with IFRS 9 and are therefore excluded from the scope of IFRS 17, or they are agreements for which NORD/LB does not assume any significant insurance risk for the purposes of IFRS 17 and which are also recognised in the balance sheet in accordance with IFRS 9. As a result, IFRS 17 has no impact on the NORD/LB Group's consolidated interim financial statements.

Amendments to IAS 1 – Disclosure of accounting policies

The amendments to IAS 1 are designed to assist preparers of financial statements in deciding which accounting policies to disclose in the financial statements. These were published by the IASB in February 2021 and are mandatory for financial years beginning on or after 1 January 2023. The amendments to IAS 1 do not have a material impact on NORD/LB's interim consolidated financial statements.

Amendments to IAS 8 – Definition of accounting estimates

In February 2021, the IASB issued amendments to IAS 8 regarding the definition of accounting estimates. The amendments are designed to make it easier for IFRS users to distinguish between accounting policies and accounting estimates. There is mandatory initial application for financial years beginning on or after 1 January 2023. The changes have no impact on NORD/LB's interim consolidated financial statements.

Amendments to IAS 12 – Deferred taxes

In May 2021, the IASB published amendments to IAS 12, which essentially aim to recognise deferred taxes in connection with the recognition of lessee relationships in accordance with IFRS 16. Specifically, the prohibition on the recognition of deferred taxes (initial recognition exemption) for assets and liabilities arising from a single transaction is excluded. In particular, this is intended to prevent a distortion of the Group tax rate that arises in the case of multi-year terms of lessees, since the deferred tax assets and liabilities recognised without the prohibition on recognition would only be offset if the overall term were considered. A corresponding draft amendment was already available at the time of initial application of IFRS 16. For these reasons, the NORD/LB Group has not made use of the initial recognition exemption for lessee relationships since the introduction of IFRS 16, so that the changes do not have any impact on the interim consolidated financial statements.

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

The NORD/LB Group completed the project to implement the global reform of benchmark interest rates ("IBOR reform") as at 31 December 2022. The remaining work, which is almost exclusively related to the conversion of the transactions based on USD LIBOR, is carried out by the customer support departments of the respective responsible market areas. Significant USD LIBOR interest rates are expected to be published by 30 September 2024.

The challenges in the final implementation of the IBOR reform continue to be essentially operational in nature.

Product-related implementation

Derivatives business

The transformation of the cleared derivatives was completed in the first half of 2023 with the now complete conversion from USD LIBOR to USD SOFR.

For USD LIBOR-based client contracts, as at 30 June 2023 there was a nominal volume of € 880 million for conversion in the further course of the financial year 2023. The transformation of the transactions was value-neutral at the first interest rate fixing date and is generally carried out by means of a change to the respective compounded overnight rate of the same currency plus of the ISDA IBOR fallback spread. The interest rate derivatives economically linked to loan agreements will be transferred to the new benchmark interest rate in parallel with the adjustment of the loan agreements.

Hedge accounting

In portfolio hedge accounting and in micro hedge positions, the still outstanding replacement of USD LIBOR took place during the first half of 2023.

Securities, loans and account products

In the area of issued variable-interest securities, the NORD/LB Group is only marginally affected by the reform. There is only one variable-rate USD LIBOR-based security that has not yet been converted, the last interest rate fixing date of which is 30 June 2023. As a result of the publication of the relevant USD LIBOR reference interest rates, which will be extended up until 30 September 2024, there is no further need for action in this regard. New issues with a variable benchmark rate are currently only issued in EUR based on the EURIBOR.

Of the purchased securities based on GBP LIBOR, the transformation for four transactions is still pending. As the publication of the GBP LIBOR benchmark interest rates has already been discontinued, interest on these securities will be paid until the final conversion date for the 3M Legacy LIBOR. The portfolio also includes a USD LIBOR-based business with a nominal volume of less than € 1 million, which is still due for conversion in 2023.

With the exception of the USD LIBOR-based transaction, the individual contractual conversion in the lending business and account products was fully completed in the first half of 2023. This conversion generally included the replacement of the previous benchmark interest rates in the respective contract with an alternative benchmark interest rate and the updating of fallback agreements.

As at the reporting date 30 June 2023, 153 (45 per cent) of the USD LIBOR-based credit transactions with a gross carrying amount of € 851 million were not yet converted. The full conversion to the USD SOFR is planned for the second half of 2023 and is thus expected to happen well before the expected end of the publication of the USD LIBOR (30 September 2024).

(6) Basis of Consolidation

Compared with 31 December 2022, these interim consolidated financial statements include not only NORD/LB as parent, but also 20 (21) 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, five (five) associates are recognised.

Compared with 31 December 2022, the following changes were made to the basis of consolidation:

As part of the NORD/LB 2024 programme, the former main building of Bremer Landesbank was transferred at the beginning of the second quarter of 2023 within the Group by means of a contribution in kind to a new company founded last year. The real estate property company based in Bremen

- BGG Geo8 GmbH & Co. KG, Bremen

was included in the consolidated financial statements for the first time as a fully consolidated subsidiary as at 30 June 2023.

In 2020, NORD/LB terminated the silent participations of the two consolidated special purpose entities

- Fürstenberg Capital Erste GmbH and
- Fürstenberg Capital II GmbH, both Fürstenberg

in accordance with the contract at the end of 2022. Since repayment of the silent participations on 30 June 2023, the two special purpose entities are no longer subject to consolidation and will be deconsolidated.

The change 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 (35) 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 8 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 Article 92 (3) of Regulation (EU) No. 575/2013 as at the reporting date. As a result of a strategic realignment of the Corporate Customers division, the former Private and Commercial Customers and Savings Bank Network Customers and Corporate Customers segments were both reorganised and renamed on 1 June 2023. The new designations are Private & Commercial Customers and Corporate Customers & Savings Bank Network Business. This was accompanied by the shift of the previous subsegment Savings Bank Network Customers to the Corporate Customers segment. In addition, the Sales Wholesale Customers group was moved from an organisational perspective from DBE 11 Markets to DBE 46 Structured Solutions & Products and at the same time renamed Corporate Sales. Since it is structurally a service centre, the move has no impact on revenue reporting. The costs will continue to be allocated to the corresponding wholesale areas via the cost allocation. The previous year's figures were adjusted in line with the new business sector structure. In addition, a total of €0.9 billion of the "Housing Industry" portfolio was transferred in October 2022 from the overall bank management function Special Credit & Portoflio Optimization (SCPO) to the Commercial Real Estate business segment and in June 2023 a total of € 0.9 billion in the "Health Care" and "Construction Industry/Project Developers" portfolios was transferred from the Corporate Customers business segment to the Commercial Real Estate business segment.

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 key criterion for forming segments is the greatest possible homogeneity of the customers aggregated there with respect to financing and investment needs as well as the requested range of products. The dependencies on individual customers are not discernible. The product ranges offered in the segments are described in the following notes. The income generated from them is presented in the following overview. The product range 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.

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 customer transaction is determined by comparing the customer 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.

Within the Bank, every interest-bearing customer transaction is applied to the balancing provision held by the Treasury as the central cash management unit. There are no direct business relationships among the market divisions within the Bank. Hence, 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 provisions are 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 Bank's 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 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.

Segment reporting is broken down as follows:

Private and commercial customers

The Private and Commercial Customers segment includes private banking and 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 and Oldenburg (private investors).

BLSK's business area comprises 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 with a high degree of business independence.

BLSK's 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.

Corporate customers & savings bank network business segment

The Corporate Customers and Savings Banks Network Business segment comprises NORD/LB's medium-sized and high-end corporate customer business, its business with savings banks in the network area and the municipal business. The corporate customer business operates throughout Germany - in close cooperation and coordination with the savings banks in the network area - with the aim of being the core bank for the majority of our customers.

Financing for energy and infrastructure projects is supported in the Germany, Austria and Switzerland region in close cooperation with the Structured Finance division, which is responsible for project-related financing structures. Furthermore, the Corporate Customers business segment also includes the financing of corporate acquisitions by private equity companies and the refinancing of leasing companies.

From the perspective of the Landesbank, the savings banks of the states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania as well as Schleswig-Holstein and Brandenburg in the savings banks network business have three roles: They are owners, customers and a point of access to a broad market of customers.

The central giro function for network savings banks forms the basis of the business relationship with the owners of the savings banks and in Schleswig-Holstein. It includes payment transactions, foreign payment transactions, promotional business (mainly KfW pass-through loans) as well as liquidity provision and refinancing of savings banks. In addition, there are services for savings banks for will enforcement and asset management.

In the municipal business, there is a regionally operated municipal loan business and a nationwide range of capital market products.

In addition, the Structured Solutions and Products division is responsible for product sales (including financial market products) for the corporate customer and network business as well as the special financing business (energy and infrastructure, aircraft and commercial real estate financing)

Markets

The main task of the Markets business segment is the trading of capital market products and capital market-related products with institutional customers. Markets also acts as a centre of expertise/producer for capital market products. 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 promissory notes or alternative investment products are also sold to institutional customers.

The Markets business segment is the operator of NORD/LB’s Financial Markets platform. This includes, in particular, the DCM platform, which brings together issuers and investors, and the ABF platform, which offers capital-market-related and low-risk credit products to the Bank's customers.

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 Luxembourg S.A. Covered Bond Bank.

In addition to the sales business, the Markets 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 groups.

Special Finance

The Special Financing segment consists of the Energy and Infrastructure Customers and Aviation Finance & Investment Solutions (AFIS) business areas.

Energy and Infrastructure Customers

The central locations of the Energy and Infrastructure business areas are Hanover, London, Oldenburg and New York. Customers are also managed at the Singapore office. At the heart of this is the development of customer relationships with sustainable earning structures and acceptable risks. The focus is on structuring and arranging individual and sustainable financing solutions for predominantly project-related transactions in the areas of energy and infrastructure. In the Germany, Austria and Switzerland region, this takes place in close cooperation with the Corporate Clients division, which is responsible for corporate financing structures.

In the Energy sub-area, the focus is on predominantly project-related transactions in the renewable energy sectors, in particular wind and solar/photovoltaics in Europe. Individual gas projects and high-voltage grids as well as other neighbouring sectors (e.g. electricity storage) are also financed. The focus of the infrastructure sub-division is on the "public buildings", "economic and digital infrastructure" and "rail-based transportation" sectors.

Aviation Finance & Investment Solutions (AFIS)

Aviation Finance & Investment Solutions (AFIS) bundles aviation finance and investment solutions using the networks to banks and institutional investors for alternative investments (individual and portfolio transactions) across all NORD/LB asset classes.

Customers in the transport sector continue to be supported in the transition to greater sustainability. NORD/LB finances the increasing decarbonisation of the transport sector and actively supports their customers in their transformation.

Aviation Finance encompasses primarily asset-based aircraft financing and is based mainly at the Hanover location with additional sales staff in Singapore, London and New York. In addition to the commercial financing of aircraft and the provision of corporate loans, other cross-selling products such as derivatives are offered in this business area.

With the functionalities of Investment Solutions, NORD/LB is pursuing its goal to push the development from a credit bank towards an enhanced originate-to-manage business model. This is intended to successively decouple income from the Bank's own balance sheet and achieve commission income that is largely free of credit risk. To this end, capital market customers should benefit from NORD/LB’s asset and structuring expertise by either making co-investments or sole investments in business originating from NORD/LB as part of placements of individual transactions or transaction packages, or appointing Caplantic as asset manager.

Real Estate Banking customers

Real estate financing basically comprises financing regardless of collateralisation for customers who primarily generate their cash flow from real estate or 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. These are regarded as fungible investment properties as they can normally be rented or can be rented on a long-term basis. The Bank also finances commercial properties in the asset classes hotel, logistics and other as well as combinations of these with different focal points (mixed-use properties).

Special Credit & Portfolio Optimization overall bank management function

The overall bank management function Special Credit & Portfolio Optimization (SCPO) was created in 2020 from the previous Special Credit Management (SKM) division and the internal DBE 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 and corresponding EUC business plan. These include ship financing and the other portfolios being wound down "Housing industry" and "Supra-regional municipal financing" as well as the sub-portfolios "Corporate customers" and "Agricultural Customers", which are also being wound down. The division does not represent a strategic business area, but serves as an area with an overall bank management function for the winding down of non-strategic customer relationships and asset classes. The ship portfolio essentially consists of the "Maritime Industries" portfolio (primarily non-performing ship financing) and continues to be subject to risk shielding through the guarantee of the state of Lower Saxony. The NPL exposure (Non-performing loans Exposure) has been reduced as far as possible. The "Maritime Industries" 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.

Treasury/Consolidation/Other overall bank management function

This overall bank management function 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 sectors (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. Treasury/Consolidation/Other also includes the Treasury division. Treasury makes a significant contribution to NORD/LB's sustainable business development by managing liquidity, funding, interest rate, interest rate option and currency risks in the operating banking book. In addition, Treasury provides all market areas with the Funds Transfer Pricing System and advises them at an early stage on complex transactions in the new business process so that viable refinancing solutions can be achieved for customers and the Bank. In addition, Treasury has direct market access to the international money and repo markets and makes use of direct access to the credit markets for RWA allocation and credit risk management. In addition to this, Treasury also will also take on the former issue activities of Deutsche Hypothekenbank. This applies in particular to the issue of mortgage Pfandbriefs, often in benchmark format, as well as the issue of green bonds in various formats and asset classes.

Reconciliation

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

(7) Segment Reporting by Business Segment

1 Jan. - 30 Jun. 2023 (in € million)	Private and Commercial Customers	Corporate Customers and Savings Bank Network	Markets	Special-financing	Real Estate Banking Customers	Special Credit & Portfolio Optimiza-tion	Treasury / Consolida-tion / Others	Recon-ciliations	NORD/LB Group
Net interest income	119	187	22	136	96	18	– 63	2	517
Net commission income	37	38	19	38	12	– 15	– 12	– 19	97
Profit/loss from financial instruments at fair value	1	8	43	– 24	2	– 11	12	– 31	– 0
Risk provisions	5	– 26	0	25	– 20	35	3	2	23
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	–	–	–	–	–	–	7	–	7
Profit/loss from hedge accounting	–	–	–	–	–	–	19	–	19
Profit/loss from shares in companies	–	–	–	–	–	–	10	–	10
Profit/loss from invest-ments accounted for using the equity method	2	–	–	–	–	–	1	–	3
Administrative expenses	– 122	– 85	– 60	– 83	– 41	– 10	– 36	– 7	– 443
Other operating profit/loss	– 1	– 0	0	0	– 1	– 0	– 66	– 1	– 69
Earnings before restructuring and trans-formation	**40**	**121**	**24**	**93**	**47**	**18**	**– 126**	**– 54**	**162**
Profit/loss from restructuring and trans-formation	–	–	–	–	–	–	– 19	–	– 19
Earnings before taxes	**40**	**121**	**24**	**93**	**47**	**18**	**– 145**	**– 54**	**143**
Income taxes	–	–	–	–	–	–	–	– 35	– 35
Consolidated profit/loss	**40**	**121**	**24**	**93**	**47**	**18**	**– 145**	**– 89**	**109**
Segment assets	7 140	34 966	9 269	16 866	16 372	3 538	21 138	149	109 438
of which: investments accounted for using the equity method	40	–	–	–	–	–	16	–	56
Segment liabilities	9 006	8 765	30 689	4 453	586	1 604	55 099	– 765	109 438
Total risk exposure amount	4 003	11 364	3 226	8 156	7 900	593	2 842	2 300	40 385
Capital employed[1]	286	862	233	603	516	46	454	3 815	6 815
CIR	77.4%	36.6%	71.6%	55.1%	37.7%	-128.2%			77.5%
RoRaC/RoE[2]	14.1%	14.0%	10.4%	15.4%	9.1%	38.4%			4.2%

1 Jan. - 30 Jun. 2022 (in € million)	Private and Commercial Customers	Corporate Customers and Savings Bank Network	Markets	Special-financing	Real Estate Banking Customers	Special Credit & Portfolio Optimiza-tion	Treasury / Consolida-tion / Others	Recon-ciliations	NORD/LB Group
Net interest income	64	154	51	90	82	22	64	– 90	438
Net commission income	38	30	22	18	11	– 21	– 7	– 29	62
Profit/loss from financial instruments at fair value	3	21	22	76	3	– 24	– 74	– 163	– 137
Risk provisions	– 13	6	1	19	30	18	8	– 1	67
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	–	–	–	–	–	–	– 8	– 0	– 8
Profit/loss from hedge accounting	–	–	–	–	–	–	– 19	–	– 19
Profit/loss from shares in companies	–	–	–	–	–	–	5	–	5
Profit/loss from invest-ments accounted for using the equity method	2	–	–	–	–	–	43	–	45
Administrative expenses	– 116	– 74	– 60	– 76	– 36	– 21	– 44	– 12	– 437
Other operating profit/loss	– 6	– 2	– 1	3	2	– 1	– 63	7	– 60
Earnings before restructuring and trans-formation	**– 28**	**135**	**36**	**130**	**92**	**– 27**	**– 94**	**– 288**	**– 44**
Profit/loss from restructuring and trans-formation	–	–	–	–	– 0	–	– 46	–	– 46
Earnings before taxes	**– 28**	**135**	**36**	**130**	**92**	**– 27**	**– 140**	**– 288**	**– 90**
Income taxes	–	–	–	–	–	–	–	27	27
Consolidated profit/loss	**– 28**	**135**	**36**	**130**	**92**	**– 27**	**– 140**	**– 261**	**– 63**
Segment assets	7 138	35 124	9 691	17 054	15 148	4 056	20 316	799	109 325
of which: investments accounted for using the equity method	39	–	–	–	–	–	28	–	67
Segment liabilities	9 534	9 178	30 970	4 430	486	1 845	50 707	2 174	109 325
Total risk exposure amount	3 846	10 519	3 088	6 616	6 293	1 041	2 753	2 931	37 088
Capital employed[1]	271	739	227	483	448	85	429	4 007	6 688
CIR	114.5%	36.2%	63.3%	40.7%	36.4%	-88.3%			135.8%
RoRaC/RoE[2]	-10.3%	18.3%	15.7%	26.9%	20.6%	-31.7%			-2.7%

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

(in € million)	30 Jun. 2023	31 Dec. 2022	30 Jun. 2022
Long-term equity under commercial law	6 815	6 739	6 688
Other comprehensive income	– 380	– 528	– 465
Consolidated profit/loss	109	89	– 63
Reported equity	**6 543**	**6 300**	**6 160**

[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

Notes to the Income Statement

(8) 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.

	1 Jan. - 30. Jun. 2023 (in € million)	1 Jan. - 30. Jun. 2022 (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	1 270	860	48
Interest income from trading and hedge accounting derivatives	1 177	817	44
Interest income from debt securities and other fixed interest securities	19	5	> 100
Interest income from loans and advances	74	38	95
Interest income from financial instruments mandatorily at fair value through profit or loss	8	7	14
Interest income from debt securities and other fixed interest securities	3	3	1
Interest income from loans and advances	5	4	23
	1 278	**867**	**47**
Interest income from financial assets at fair value through other comprehensive income			
Interest income from debt securities and other fixed interest securities	77	67	15
Interest income from loans and advances	3	6	– 48
	80	**73**	**10**
Interest income from financial assets at amortised cost			
Interest income from debt securities and other fixed interest securities	52	45	16
Interest income from loans and advances	1 272	720	77
Interest income from impaired debt securities and other fixed interest securities as well as loans and advances	4	4	– 5
	1 328	**769**	**73**
Dividend income	**11**	**11**	**-**
Other interest income and similar income			
Interest income from hedge accounting amortisations	164	117	40
Other interest income and similar income	**63**	**39**	62
	227	**156**	**> 100**
	2 924	**1 876**	**56**

	1 Jan. - 30. Jun. 2023 (in € million)	1 Jan. - 30. Jun. 2022 (in € million)	Change (in %)
Interest expenses from assets	**– 1**	**– 24**	**– 97**
Interest expenses from liabilities			
Interest expenses from financial labilities at fair value through profit or loss			
Interest expenses from trading liabilities	– 1 306	– 794	64
Interest expenses from trading and hedge accounting derivatives	– 1 306	– 794	64
Interest expenses from financial labilities designated at fair value through profit or loss	– 54	– 47	15
Interest expenses from deposits	– 42	– 40	4
Interest expenses from securitised liabilities	– 12	– 7	75
	– 1 360	**– 841**	**62**
Interest expenses from financial liabilities at amortised cost			
Interest expenses from deposits	– 648	– 364	78
Interest expenses from securitised liabilities	– 151	– 98	54
	– 799	**– 462**	**73**
Other interest expenses and similar expenses			
Interest expenses from hedge accounting amortisations	– 199	– 171	16
Other interest expenses and similar expenses	– 50	25	> 100
	– 249	**– 146**	71
	– 2 407	**– 1 449**	**66**
Interest income from liabilities	**1**	**35**	**– 98**
Total	**517**	**438**	**18**

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

(9) Net Commission Income

	1 Jan. - 30. Jun. 2023 (in € million)	1 Jan. - 30. Jun. 2022 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	74	40	84
Account management and payment transactions	22	22	2
Securities and custody business	19	19	2
Brokerage business	20	30	– 35
Other commission income	4	5	– 17
	139	**116**	**20**
Commission expenses			
Lending and guarantee business	– 35	– 44	– 22
Account management and payment transactions	– 1	– 1	– 16
Securities and custody business	– 4	– 4	10
Brokerage business	– 1	– 3	– 70
Other commission income	– 2	– 2	– 4
	– 43	**– 54**	**– 21**
Total	**97**	**62**	**56**

The commission expenses included commissions in the amount of € 16 million (€ 27 million) for the guarantees granted by the state of Lower Saxony to hedge the loss risks of certain credit portfolios (see Note (3) Development in the guarantee portfolios in connection with the guarantee contracts of the state of Lower Saxony).

(10) Profit/Loss from Fair Value Measurement

	1 Jan. - 30 Jun. 2023 (in € million)	1 Jan. - 30 Jun. 2022 (in € million)	Change (in %)
Trading result			
Profit/loss from derivatives			
Interest-rate risks	– 7	– 262	– 97
Currency risks	– 9	68	> 100
Share-price and other price risks	1	– 5	> 100
Credit derivatives	– 40	– 34	19
	– 55	**– 233**	**– 76**
Profit/loss from debt securities and other fixed interest securities	0	– 227	> 100
Profit/loss from receivables held for trading	101	– 399	> 100
Profit/loss from short sales	0	5	– 99
Other trading result	– 4	– 3	37
	43	**– 857**	**> 100**
Profit/loss from financial assets at fair value through profit or loss			
Profit/loss from equity instruments	1	– 3	> 100
Profit/loss from debt securities and other fixed interest securities	– 2	– 24	– 93
Profit/loss from receivables	12	– 12	> 100
	11	**– 39**	**> 100**
Profit/loss from designated financial instruments at fair value through profit or loss			
Profit/loss from deposits	– 47	646	> 100
Profit/loss from securitised liabilties	– 14	99	> 100
	– 61	**745**	**> 100**
Foreign exchange result	**7**	**14**	**– 49**
Total	**– 0**	**– 137**	**– 100**

(11) Risk Provisions

	1 Jan. - 30 Jun. 2023 (in € million)	1 Jan. - 30 Jun. 2022 (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	– 3
	1	**1**	**– 3**
Expenses from allocations to risk provisions for			
Debt securities and other fixed interest securities	– 1	– 1	– 7
	– 1	**– 1**	**– 7**
Risk provisions of financial assets at amortised cost			
Income from the reversal of risk provisions for			
Loans and advances	231	286	– 19
	231	**286**	**– 19**
Expenses from allocations to risk provisions for			
Loans and advances	– 239	– 226	6
	– 239	**– 226**	**6**
	– 8	**60**	**> 100**
Provisions in lending business			
Income from the reversal	14	19	– 28
Expenses from allocation	– 19	– 17	11
	– 5	**2**	**> 100**
Recoveries of receivables written off	**35**	**12**	**> 100**
Direct write-offs	**– 3**	**– 7**	**– 50**
Premium payments for credit insurance	**– 1**	**–**	**–**
Modification results	**5**	**–**	**–**
Total	**23**	**67**	**– 65**

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

	1 Jan.-30 Jun. 2023 (in € million)	1 Jan.-30 Jun. 2022 (in € million)	Change (in %)
Disposal profit/loss from financial assets at fair value through other comprehensive income			
Disposal profit/loss from			
Debt securities and other fixed interest securities	– 4	– 1	> 100
	– 4	**– 1**	**> 100**
Disposal profit/loss from financial assets at amortised cost			
Disposal profit/loss from			
Loans and advances	– 0	– 2	– 97
	– 0	**– 2**	**– 96**
Disposal profit/loss from financial liabilities at amortised cost			
Disposal profit/loss from			
Deposits	0	– 5	> 100
Securitised liabilities	11	–	–
	11	**– 5**	**> 100**
Total	**7**	**– 8**	**> 100**

(13) 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. 2023 (in € million)	1 Jan. - 30 Jun. 2022 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged items	– 8	– 475	– 98
from derivatives designated as hedging instruments	22	476	– 95
	14	**1**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged items	– 25	854	> 100
from derivatives designated as hedging instruments	30	– 874	> 100
	6	**– 20**	**> 100**
Total	**19**	**– 19**	**> 100**

(14) Administrative Expenses

	1 Jan.-30 Jun. 2023 (in € million)	1 Jan.-30 Jun. 2022 (in € million)	Change (in %)
Staff expenses	– 219	– 219	– 0
Other administrative expenses	– 203	– 188	8
Current depreciation	– 21	– 30	– 29
Total	**– 443**	**– 437**	**1**

(15) Other Operating Profit/Loss

	1 Jan.-30 Jun. 2023 (in € million)	1 Jan.-30 Jun. 2022 (in € million)	Change (in %)
Other operating income			
Income from the reversal of provisions	1	5	– 78
Rental income from investment property	6	6	– 1
Income from the disposal of non-financial assets	1	–	–
Reimbursements	3	2	56
Other operating income	14	13	9
	26	**26**	**– 1**
Other operating expenses			
Expenses from bank levy	– 58	– 68	– 14
Expenses from allocation to provisions	– 1	–	–
Expenses from impairment losses on non-financial assets	– 5	–	–
Expenses from investment property	– 2	– 2	– 14
Expenses from the disposal of non-financial assets	– 1	–	–
Other taxes	– 13	– 6	> 100
Other operating expenses	– 15	– 10	50
	– 95	**– 86**	**10**
Total	**– 69**	**– 60**	**15**

(16) Profit/Loss from Restructuring and Transformation

The result from restructuring and transformation totalling € -19 million (€ -46 million) resulted from expenses and income as part of 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 of the NORD/LB Group, but shown separately due to their significance and their extraordinary non-recurring nature. These are both personnel costs and expenses for consultancy services incurred during the Group's transformation for strategy, implementation, IT and legal consultancy.

(17) 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

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

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Trading assets			
Positive fair values from derivatives			
Interest-rate risks	2 300	2 399	– 4
Currency risks	220	511	– 57
Share and other price risks	1	1	– 2
Credit derivatives	61	101	– 39
	2 582	**3 012**	**– 14**
Debt-securities and other fixed-interest securities	1 725	882	96
Loans and advances to customers	1 252	1 260	– 1
Registered securities	1 916	2 487	– 23
	7 475	**7 641**	**– 2**
Financial assets mandatorily at fair value through profit or loss			
Equity instruments	19	16	21
Debt-securities and other fixed-interest securities	386	453	– 15
Loans and advances to banks	43	43	0
Loans and advances to customers	194	210	– 8
	642	**722**	**– 11**
Total	**8 117**	**8 363**	**– 3**

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 an aircraft customer portfolio of the Special Financing segment. These guarantees are to be formed as credit derivatives according to the IFRS and had a carrying amount as at the reporting date of € 33 million (€ 77 million).

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

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Debt-securities and other fixed-interest securities	10 117	10 192	– 1
Loans and advances to banks	161	174	– 7
Loans and advances to customers	262	267	– 2
Total	**10 541**	**10 633**	**– 1**

The changes in the risk provisions recognised in other comprehensive income (OCI) related to this item is presented under Note (30) Risk provisions and gross carrying amount.

(20) Financial Assets at Amortised Cost

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Debt securities and other fixed interest securities	2 978	3 175	– 6
Loans and advances to banks	13 446	12 890	4
Loans and advances to customers	70 431	69 968	1
Total	**86 855**	**86 033**	**1**

The change in the risk provisions contained in the item is presented in Note (30) Risk provisions and gross carrying amount.

(21) Shares in Companies

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

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Subsidiaries	18	18	– 1
Joint Ventures	11	11	– 3
Associated companies	44	43	2
Other shares in companies	280	272	3
Total	**353**	**344**	**3**

(22) Property and Equipment

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Land and buildings	114	168	– 32
Operating and office equipment	28	30	– 6
Other property and equipment	5	4	15
Right-of-use assets from leasing	67	78	– 14
Total	**214**	**280**	– 24

(23) Intangible Assets

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Software			
Purchased	35	38	– 9
Internally developed	18	21	– 13
	53	**59**	**– 10**
Prepayments and intangible assets under development and preparation	24	28	– 16
Leased Software	2	2	– 20
Total	**78**	**89**	**– 12**

For internally generated software in the area of bank management with a total carrying amount of € 20 million, the amortisation periods were adjusted to a longer expected useful life in line with the rescheduling of the launch of the new bank management. The adjustment led to an increase of around € 9 million or around € 3 million lower amortisation for 2023 and 2024. For the following years 2025 to 2028, the amortisation amounts increased by between € 4 million and around € 2 million.

Intangible assets under development refer primarily to internally generated software.

(24) Assets Held for Sale

As at 30 June 2023, the investment in an associate from the Treasury/Consolidation/Other segment was reported under Assets held for sale as it had already been on 31 December 2022. Due to the expected merger for inclusion in another company, the disposal of the associate is planned in the third quarter of 2023.

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

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives			
Interest-rate risks	2 775	2 931	– 5
Currency risks	327	318	3
Share-price and other price risks	3	4	– 32
Credit derivatives	29	16	80
	3 134	**3 269**	**– 4**
Delivery obligations from short-sales	22	20	11
	3 156	**3 289**	**– 4**
Financial liabilities designated at fair value through profit or loss			
Deposits			
Liabilities to banks	258	261	– 1
Liabilities to customers	2 756	2 667	3
	3 013	**2 928**	**3**
Securitised liabilities	969	1 553	– 38
	3 982	**4 481**	**– 11**
Total	**7 138**	**7 770**	**– 8**

(26) Financial Liabilities at Amortised Cost

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Deposits			
Deposits from banks	3 267	4 278	– 24
Saving deposits from customers	967	996	– 3
Other liabililities	68 454	68 437	0
Subordinated liabilities	183	208	– 12
	72 871	**73 919**	**– 1**
Securitised Liabilities			
Covered bonds	9 084	8 781	3
Municipal debentures	2 628	2 389	10
Other securitised liabilities	7 336	6 198	18
Subordinated securitised liabilities	1 866	2 055	– 9
	20 914	**19 423**	**8**
Total	**93 785**	**93 342**	**0**

Repurchased debt securities issued by the Bank itself in the amount of von € 1,941 million (€ 1,976 million) were deducted directly from securitised liabilities.

The notional volume of issues in the NORD/LB Group totalled € 4,027 million (€ 907 million) in the first six months of financial year 2023. Repurchases totalled € 763 million (€ 610 million), while repayments amounted to € 2,436 million (€ 1,467 million). In addition to original issues, the amount of the issues also includes securities sold again following repurchases. The disclosures reported under securitised liabilities related to money market instruments and debt securities, and included not only financial liabilities at amortised cost, but also designated financial liabilities at fair value through profit and loss (see Note (25)).

(27) Provisions

The provisions are broken down as follows:

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Provisions for pensions and other obligations	**1 903**	**1 883**	**1**
Other provisions			
Provisions for personnel	32	52	– 38
Provisions in lending business	65	62	4
Provisions for litigation and recourse risks	25	23	7
Provisions for restructuring measures	348	365	– 5
Other provisions	68	48	43
	538	**550**	**– 2**
Total	**2 441**	**2 433**	**0**

Notes to the Cash Flow Statement

Notes on cash flow from investment activities

In transactions that led to the acquisition or loss of control of subsidiaries and other business units in the reporting period, remuneration of € 0 million (€ -4 million) was paid in the reporting period or € 0 million (€ 0 million) was received in cash and cash equivalents. The assets and liabilities of the subsidiaries over which control was gained or lost during the reporting period are as follows:

Assets	Acquisition of control		Loss of control	
(in € million)	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
Financial assets at amortised cost	–	8	–	–
Investments accounted for using the equity method	–	–	–	3
Property and equipment	–	1	–	–
Other assets	–	–	17	–
Total assets	**–**	**9**	**17**	**3**

Liabilities	Acquisition of control		Loss of control	
(in € million)	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
Deferred income taxes	–	1	–	–
Other liabilities	–	–	15	–
Equity	–	8	2	–
Total liabilities	**–**	**9**	**17**	**–**

Other Disclosures

(28) 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)/debt 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. 2023					
(in € million)	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Assets						
Cash reserve	**2 076**	**–**	**–**	**2 076**	**2 076**	**–**
Trading assets	**0**	**5 869**	**1 605**	**7 475**	**7 475**	**–**
Positive fair values from derivatives	–	2 503	79	2 582	2 582	–
Interest-rate risks	–	2 265	35	2 300	2 300	–
Currency risks	–	220	–	220	220	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	17	44	61	61	–
Debt securities and other fixed interest securities	0	1 725	–	1 725	1 725	–
Loans and advances	–	1 641	1 527	3 168	3 168	–
Financial assets mandatorily at fair value through profit or loss	**255**	**150**	**237**	**642**	**642**	**–**
Equity instruments	18	1	–	19	19	–
Debt securities and other fixed interest securities	237	149	–	386	386	–
Loans and advances	–	–	237	237	237	–
Financial assets at fair value through other comrehensive income	**1 111**	**9 001**	**429**	**10 541**	**10 541**	**–**
Debt securities and other fixed interest securities	1 111	9 001	5	10 117	10 117	–
Loans and advances	–	–	423	423	423	–
Financial assets at amortised cost	**158**	**2 853**	**78 114**	**81 125**	**86 855**	**– 5 730**
Debt securities and other fixed interest securities	32	2 853	–	2 886	2 978	– 93
Loans and advances	125	–	78 114	78 240	83 877	– 5 637
Positive fair values from hedge accounting derivatives	**–**	**166**	**1**	**166**	**166**	**–**
Positive fair values from allocated micro fair value hedge derivatives	–	166	1	166	166	–
Interest-rate risks	–	147	1	148	148	–
Currency risks	–	19	–	19	19	–
Balancing items for financial instruments hedged in in the portfolio fair value hedge	**–**	**–**	**–**	**–**[1)]	**– 207**	**207**
Shares in companies	**14**	**–**	**339**	**353**	**353**	**–**
Other assets (only financial instruments) measured at fair value	**–**	**25**	**–**	**25**	**25**	**–**
Total	**3 614**	**18 064**	**80 726**	**102 403**	**107 927**	**– 5 523**

[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. 2022 Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Assets						
Cash reserve	2 464	–	–	2 464	2 464	–
Trading assets	1	5 921	1 719	7 641	7 641	–
Positive fair values from derivatives	–	2 892	120	3 012	3 012	–
Interest-rate risks	–	2 355	44	2 399	2 399	–
Currency risks	–	511	–	511	511	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	25	76	101	101	–
Debt securities and other fixed interest securities	–	882	–	882	882	–
Loans and advances	1	2 147	1 599	3 747	3 747	–
Financial assets mandatorily at fair value through profit or loss	306	163	253	722	722	–
Equity instruments	15	1	–	16	16	–
Debt securities and other fixed interest securities	291	162	–	453	453	–
Loans and advances	–	–	253	253	253	–
Financial assets at fair value through other comprehensive income	1 047	9 108	478	10 633	10 633	–
Debt securities and other fixed interest securities	1 047	9 108	37	10 192	10 192	–
Loans and advances	–	–	441	441	441	–
Financial assets at amortised cost	196	3 029	76 923	80 148	86 033	– 5 885
Debt securities and other fixed interest securities	22	3 029	–	3 051	3 175	– 124
Loans and advances	174	–	76 923	77 097	82 858	– 5 761
Positive fair values from hedge accounting derivatives	–	196	2	198	198	–
Positive fair values from allocated micro fair value hedge derivatives	–	190	2	192	192	–
Interest-rate risks	–	167	2	169	169	–
Currency risks	–	23	–	23	23	–
Positive fair values from allocated portfolio fair value hedge derivatives	–	6	–	6	6	–
Interest-rate risks	–	6	–	6	6	–
Balancing items for financial instruments hedged in in the portfolio fair value hedge	–	–	–	–[1]	– 227	227
Shares in companies	13	–	331	344	344	–
Other assets (only financial instruments) not recognised at fair value	–	–	17	17	17	–
Total	**4 027**	**18 417**	**79 723**	**102 167**	**107 825**	**– 5 658**

[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. 2023					
(in € million)	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Liabilities						
Trading liabilities	**–**	**3 129**	**27**	**3 156**	**3 156**	**–**
Negative fair values from derivatives	–	3 107	27	3 134	3 134	–
Interest-rate risks	–	2 765	10	2 775	2 775	–
Currency risks	–	327	–	327	327	–
Share-price and other price risks	–	3	–	3	3	–
Credit derivatives	–	12	17	29	29	–
Delivery obligations from short-sales	–	22	–	22	22	–
Financial liabilities designated at fair value through profit or loss	**–**	**1 758**	**2 158**	**3 916**	**3 982**	**– 66**
Deposits	–	1 375	1 591	2 966	3 013	– 48
Securitised liabilities	–	383	567	950	969	– 19
Financial liabilities at amortised cost	**1 177**	**28 550**	**59 262**	**88 989**	**93 785**	**– 4 796**
Deposits	–	13 834	55 245	69 078	72 871	– 3 793
Securitised liabilities	1 177	14 716	4 017	19 911	20 914	– 1 004
Negative fair values from hedge accounting derivatives	**–**	**364**	**6**	**370**	**370**	**–**
Negative fair values from allocated micro fair value hedge derivatives	–	364	6	370	370	–
Interest-rate risks	–	269	6	275	275	–
Currency risks	–	95	–	95	95	–
Balancing items for financial instruments hedged in in the portfolio fair value hedge	**–**	**–**	**–**	**–[1)]**	**– 1 185**	**1 185**
Other liabilities (only financial instruments) measured at fair value	**1**	**34**	**–**	**35**	**35**	**–**
Total	**1 178**	**33 835**	**61 453**	**96 466**	**100 144**	**– 3 678**

[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. 2022 Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Liabilities						
Trading liabilities	–	3 270	19	3 289	3 289	–
Negative fair values from derivatives	–	3 250	19	3 269	3 269	–
Interest-rate risks	–	2 918	13	2 931	2 931	–
Currency risks	–	318	–	318	318	–
Share-price and other price risks	–	4	–	4	4	–
Credit derivatives	–	10	6	16	16	–
Delivery obligations from short-sales	–	20	–	20	20	–
Financial liabilities designated at fair value through profit or loss	496	1 717	2 202	4 415	4 481	– 66
Deposits	–	1 271	1 609	2 880	2 928	– 48
Securitised liabilities	496	446	593	1 535	1 553	– 18
Financial liabilities at amortised cost	1 425	28 430	58 784	88 639	93 342	– 4 703
Deposits	125	14 754	55 394	70 273	73 919	– 3 646
Securitised liabilities	1 300	13 676	3 390	18 366	19 423	– 1 057
Negative fair values from hedge accounting derivatives	–	436	2	438	438	–
Negative fair values from allocated micro fair value hedge derivatives	–	429	2	431	431	–
Interest-rate risks	–	325	2	327	327	–
Currency risks	–	104	–	104	104	–
Negative fair values from allocated portfolio fair value hedge derivatives	–	7	–	7	7	–
Interest-rate risks	–	7	–	7	7	–
Balancing items for financial instruments hedged in in the portfolio fair value hedge	–	–	–	–[1)]	– 1 298	1 298
Other liabilities (only financial instruments) measured at fair value	1	–	–	1	1	–
Total	**1 922**	**33 853**	**61 007**	**96 782**	**100 253**	**– 3 471**

[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.

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

1 Jan. - 30 Jun. 2023 (in € million)	From level 1 to level 2	From level 2 to level 1	From level 3 to level 2
Trading assets	**0**	**–**	**2**
Loans and advances	0	–	2
Financial assets at fair value through other comrehensive income	**17**	**151**	**30**
Debt securities and other fixed interest securities	17	151	30

Most level transfers as at the reporting date compared with 31 December 2022 took place between Level 2 and Level 1. These transfers were due to changes in trading activity on the underlying markets.

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 credit derivatives		Debt securities and other fixed interest securities		Loans and advances	
(in € million)	2023	2022	2023	2022	2023	2022	2023	2022
1 Jan.	**44**	**9**	**76**	**108**	**–**	**2**	**1 599**	**2 188**
Effect on the income statement[1]	– 44	– 7	– 32	3	–	– 3	19	– 271
Addition from purchase or issue	35	154	–	–	–	124	553	3 595
Disposal from sale	–	–	–	–	–	79	639	2 109
Repayment/exercise	–	–	–	–	–	–	24	3
Addition from level 1 and 2	–	8	–	–	–	–	–	–
Disposal to level 1 and 2	–	–	–	–	–	–	2	3
Change from currency translation	–	–	–	–	–	–	20	10
30 Jun.	**35**	**164**	**44**	**111**	**–**	**44**	**1 527**	**3 407**
For information: Effect on income statement for financial instruments still held1)	– 0	1	– 32	3	–	– 2	27	– 226

[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 assets at fair value.

	Financial assets mandatorily at fair value through profit or loss Loans and advances	
(in € million)	2023	2022
1 Jan.	**253**	**298**
Effect on the income statement [1]	20	– 14
Addition from purchase or issue	60	81
Repayment/exercise	96	107
30 Jun.	**237**	**258**
For information: Effect on income statement for financial instruments still held [1]	– 1	2

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 assets at fair value.

	Financial assets at fair value through other comprehensive income			
	Debt securities and other fixed interest securities		Loans and advances	
(in € million)	2023	2022	2023	2022
1 Jan.	**37**	**31**	**441**	**872**
Effect on the income statement [1]	0	–	– 7	– 10
Effect on other comprehensive income (OCI)	0	– 1	–	– 51
Repayment/exercise	2	–	11	250
Addition from level 1 and 2	–	26	–	–
Disposal to level 1 and 2	30	–	–	–
30 Jun.	**5**	**56**	**423**	**561**
For information: Effect on income statement for financial instruments still held[1]	0	–	– 7	– 5

[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.

(in € million)	Positive fair values from hedge accounting derivatives Positive fair values from allocated micro fair value hedge derivatives 2023	2022
1 Jan.	**2**	**6**
Effect on the income statement 1)	**– 2**	**1**
Addition from level 1 and 2	**–**	**4**
30 Jun.	**1**	**11**
For information: Effect on income statement for financial instruments still held 1)	– 2	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.

(in € million)	Shares in companies 2023	2022
1 Jan.	**331**	**324**
Effect on the income statement 1)	8	4
Addition from purchase or issue	0	1
30 Jun.	**339**	**329**
For information: Effect on income statement for financial instruments still held 1)	8	4

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 assets at fair value, 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)	2023	2022	2023	2022
1 Jan.	**13**	**29**	**6**	**–**
Effect on the income statement 1)	– 3	– 26	5	–
Addition from purchase or issue	1	7	6	3
Addition from level 1 and 2	–	2	–	–
30 Jun.	**10**	**12**	**17**	**3**
For information: Effect on income statement for financial instruments still held 1)	– 2	–	11	–

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 assets at fair value.

	Designated financial liabilities at fair value through profit or loss			
	Deposits		Securitised liabilities	
(in € million)	2023	2022	2023	2022
1 Jan.	**1 609**	**2 153**	**593**	**730**
Effect on the income statement [1]	46	– 339	2	– 40
Effect on other comprehensive income (OCI)	– 87	– 66	– 1	–
Addition from purchase or issue	26	96	32	39
Repayment/exercise	3	56	60	65
Addition from level 1 and 2	–	4	–	–
Disposal to level 1 and 2	–	14	–	–
30 Jun.	**1 591**	**1 778**	**567**	**664**
For information: Effect on income statement for financial instruments still held [1]	46	– 338	2	– 40

[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 assets at fair value.

	Negative fair values from hedge accounting derivatives	
	Negative fair values from allocated micro fair value hedge derivatives	
(in € million)	2023	2022
1 Jan.	**2**	**–**
Effect on the income statement [1]	3	–
30 Jun.	**6**	**–**
For information: Effect on income statement for financial instruments still held [1]	3	–

[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.

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. 2023 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bond (liabilities)	567	Discount rate	3,6 - 5,2 %	4,3 %
Participations	339	Discount rate	3,6 - 9,5 %	8,5 %
Loans and Interest-bearing bond (assets)	1 916	Rating	Rating Class (27er DSGV-Skala) 0-18	Averaged Rating 8
	272	Discount rate	0,3 - 2,4 %	0,6 %
	4	Cashflow	-	-
Loans (liabilities)	1 579	Discount rate	3,0 -5,1 %	4,3 %
	11	Historical volatilities	14 %	14 %
Derivatives (assets)	1	Rating	Rating Class (27er DSGV-Skala) 5-18	Averaged Rating 11
	24	Rating	Rating Class (27er DSGV-Skala) 1-26	Averaged Rating 12
	12	Rating	Rating Class (27er DSGV-Skala) 1-27	Averaged Rating 14
	35	Underlying	56-100	75,3
	7	Correlation	0,55-0,85	0,73
	1	Historical volatilities	14 %	14 %
Derivatives (liabilities)	27	Rating	Rating Class (27er DSGV-Skala) 10-13	Averaged Rating 11
	1	Underlying	100-102	101

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 was improved and downgraded by the factor specified in the table. The potential change in the fair value of Level 3 from the suggested change to the parameter is specified below.

Product	Significant non-observable input data in the fair value measurement	Changes in sensitivity analysis	Potential changes in fair value 30 Jun. 2023 (in € million)	Potential changes in fair value 31 Dec.2022 (in € million)
Interest-bearing bond (liabilities)	Discount rate	+/- 10 basis points	-/+2,5	-/+3
Participations	Discount rate	+/- 50 basis points	-16; 18	-16; 18
Loans and Interest-bearing bond (assets)	Rating	+/- 1 rating grade	-2; 1	-2; 1
	Discount rate	+/- 10 basis points	-/+1	-/+12
	Cashflow	+/- 1 per cent	+/-0	+/-0,2
Loans (liabilities)	Discount rate	+/- 10 basis points	-/+25	-/+26
Derivatives (assets)	Rating	+/- 1 rating grade	15; -10	66; -51
	Underlying	+/- 1 per cent	+/-0,3	+/-1,5
	Correlation	+/- 5 per cent	-/+0,2	-/+0,4
Derivatives (liabilities)	Rating	+/- 1 rating grade	-1; 0,7	-0,6; 0,5
	Underlying	+/- 1 per cent	+/-0	+/-0

There are no relevant correlations between significant Level 3 input for the fair value measurement of Level 3 financial instruments. This therefore did not have any impact on fair value.

(29) Day-one Profits or Losses

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

(in € million)	Financial liabilities designated at fair value through profit or loss 2023	2022
1 Jan.	**67**	**59**
New transactions Day-One Profits	2	11
Effect on the income statement	– 3	– 4
30 Jun.	**66**	**66**

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

(30) Risk Provisions and Cross Carrying Amount

The following overview presents the change, during the reporting period, in the loss allowances 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			Other changes			
	Opening balance 1 Jan. 2023	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	Change from the basis of consolidation	Closing balance 30 Jun. 2023
Financial assets at fair value through other comprehensive income													
Stage 1													
Debt securities	– 1	– 0	0	–	– 0	– 1	0	–	0	–	– 0	–	– 1
	– 1	– 0	0	–	– 0	– 1	0	–	0	–	– 0	–	– 1
Stage 2													
Debt securities	– 3	0	– 0	–	– 1	–	0	–	1	–	–	–	– 3
	– 3	0	– 0	–	– 1	–	0	–	1	–	–	–	– 5
	– 5	**–**	**–**	**–**	**– 1**	**– 1**	**0**	**–**	**1**	**–**	**– 0**	**–**	**– 5**
Financial assets at amortised cost													
Stage 1													
Debt securities	– 1	– 0	–	–	– 0	– 0	0	–	0	–	0	–	– 1
Loans and advances	– 210	– 19	13	1	– 88	– 21	94	–	8	–	– 0	– 0	– 224
	– 211	– 19	13	1	– 88	– 21	94	–	8	–	– 0	– 0	– 224
Stage 2													
Debt securities	– 2	0	–	–	–	–	0	–	0	–	0	–	– 1
Loans and advances	– 203	19	– 13	1	– 63	– 14	51	–	35	–	0	– 0	– 188
	– 205	19	– 13	1	– 63	– 14	51	–	35	–	0	– 0	– 189
Stage 3													
Loans and advances	– 293	–	–	– 2	– 58	– 23	33	49	39	4	1	12	– 236
	– 293	–	–	– 2	– 58	– 23	33	49	39	4	1	12	– 236
	– 708	**–**	**–**	**–**	**– 209**	**– 58**	**178**	**49**	**81**	**4**	**2**	**12**	**– 649**
Total	**– 713**	**–**	**–**	**–**	**– 210**	**– 59**	**179**	**49**	**82**	**4**	**2**	**12**	**– 654**

(in € million)		Transfer			Addition loss allowances		Reversal/utilisation loss allowances			Other changes			
	Opening balance 1 Jan. 2023	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	Change from the basis of consolidation	Closing balance 30 Jun. 2023
Off-balance sheet liabilities													
Stage 1													
Loan commitments	– 5	– 0	0	0	– 0	– 2	2	–	2	–	2	– 0	– 3
Financial guarantees	– 1	– 0	0	–	– 1	– 0	1	–	0	–	0	–	– 2
Off-balance-sheet liabilities	– 2	– 0	0	0	– 0	– 10	1	–	1	–	– 1	–	– 11
	– 9	– 1	0	0	– 2	– 12	4	–	3	–	1	– 0	– 16
Stage 2													
Loan commitments	– 5	1	– 0	0	– 1	– 3	1	–	3	–	– 0	–	– 5
Financial guarantees	– 3	0	– 0	–	– 1	– 0	0	–	0	–	0	–	– 4
Off-balance-sheet liabilities	– 5	0	– 0	–	– 1	– 2	0	–	2	–	0	–	– 5
	– 14	1	– 0	0	– 2	– 5	1	–	6	–	0	–	– 13
Stage 3													
Loan commitments	– 1	–	–	– 0	– 0	– 2	2	–	1	0	0	–	– 0
Financial guarantees	– 13	–	–	–	– 1	– 7	7	–	1	0	0	–	– 13
Off-balance-sheet liabilities	– 4	–	–	– 0	– 2	– 0	1	–	2	– 0	– 0	–	– 4
	– 19	–	–	– 0	– 3	– 9	10	–	4	0	0	–	– 16
Total	**– 42**	**–**	**–**	**–**	**– 7**	**– 25**	**14**	**–**	**12**	**0**	**1**	**– 0**	**– 46**

From the total portfolio of risk provisions as at 30 June 2023, € 260 million (€ 352 million) was attributable to the management adjustment (see Note (2) Management Adjustment).

The following overview presents the change during the period of the previous year in the loss allowanes 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			Other changes			
	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	Change from the basis of consolidation	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
Cash reserve	–	–	–	–	–	–	–	–	–	–	–	–	–
	– 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			Other changes			
	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	Change from the basis of consolidation	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 change in the gross carrying amounts during the reporting period for the financial assets not measured at fair value through profit or loss is shown in the following overview.

(in € million)		Transfer						Other changes				
	Opening balance 1 Jan.2023	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. 2023
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	10 610	9	– 16	–	1 251	– 1 333	–	–	– 7	–	–	10 515
Loans and advances	473	–	–	–	2	– 19	–	–	–	–	–	456
	11 083	9	– 16	–	1 253	– 1 352	–	–	– 7	–	–	10 971
Stage 2												
Debt securities	96	– 9	16	–	0	– 21	–	–	–	–	–	82
	96	– 9	16	–	0	– 21	–	–	–	–	–	82
	11 180	–	–	–	1 254	– 1 373	–	–	– 7	–	–	11 053
Financial assets at amortised cost												
Stage 1												
Debt securities	3 006	43	–	–	13	– 173	–	–	– 27	–	–	2 863
Loans and advances	79 465	381	– 1 076	– 78	11 246	– 9 864	– 1	3	43	15	14	80 147
Cash reserve	2 464	–	–	–	715	– 1 108	–	–	6	–	– 5	2 073
	84 935	424	– 1 076	– 78	11 974	– 11 144	– 1	3	22	15	9	85 083
Stage 2												
Debt securities	171	– 43	–	–	0	– 9	–	–	– 2	–	–	117
Loans and advances	3 285	– 381	1 076	– 12	463	– 753	– 0	2	– 10	–	–	3 670
Cash reserve	–	–	–	–	3	–	–	–	– 0	–	–	3
	3 456	– 424	1 076	– 12	466	– 762	– 0	2	– 13	–	–	3 790
Stage 3												
Loans and advances	814	0	– 0	90	35	– 176	– 42	0	– 2	–	– 12	707
	814	0	– 0	90	35	– 176	– 42	0	– 2	–	– 12	707
POCI												
Loans and advances	1	–	–	–	0	– 0	–	–	–	–	–	1
	1	–	–	–	0	– 0	–	–	–	–	–	1
Simplified approach	–	–	–	–	–	–	–	–	–	–	–	–
	89 206	0	–	–	12 476	– 12 082	– 44	5	8	15	– 3	89 581
Total	100 385	0	–	–	13 729	– 13 455	– 44	5	1	15	– 3	100 634

The following overview presents the change over 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.2022	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.2022
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	11 386	92	– 14	–	573	– 2 013	–	–	38	–	–	10 062
Loans and advances	842	–	–	–	9	– 269	–	–	–	–	–	582
	12 228	92	– 14	–	582	– 2 282	–	–	38	–	–	10 644
Stage 2												
Debt securities	206	– 92	14	–	5	–	–	–	–	–	–	133
	206	– 92	14	–	5	–	–	–	–	–	–	133
	12 434	–	–	–	587	– 2 282	–	–	38	–	–	10 777
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
POCI												
	92 407	–	–	–	12 734	– 14 803	24	–	306	–	46	90 714
Total	104 841	–	–	–	13 321	– 17 085	24	–	344	–	46	101 491

(31) Derivative Financial Instruments

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

	Nominal values		Positive fair value		Negative fair value	
(in € million)	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022	30 Jun. 2023	31 Dec. 2022
Interest-rate risk	295 745	294 240	2 447	2 573	3 051	3 264
Currency risk	20 732	20 311	239	535	422	422
Credit derivatives risks	26	33	1	1	3	4
Share price and other price risks	1 812	3 231	61	101	29	16
Total	**318 315**	**317 815**	**2 749**	**3 210**	**3 504**	**3 706**

(32) Regulatory Data

The following consolidated 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. 2023 (in € million)	31 Dec. 2022 (in € million)
Total risk exposure amount	**40 385**	**40 142**
Capital requirements for credit risks	2 901	2 846
Capital requirements for operational risks	168	196
Capital requirements for market risks	115	125
Capital requirements for loan amount adjustments	47	43
Capital requirements	**3 231**	**3 211**

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

	30 Jun. 2023 (in € million)	31 Dec. 2022[1)] (in € million)
Paid-up capital including premium	5 716	5 716
Retained profits	1 264	1 284
Accumulated OCI	– 543	– 543
Regulatory adjustments	– 239	– 193
– Deductible items (from CET 1 capital)	– 235	– 213
Common Equity Tier 1 capital	**5 964**	**6 051**
Paid-in instruments of Additional Tier 1 capital	50	50
Additional Tier 1 capital	**50**	**50**
Tier 1 capital	**6 014**	**6 101**
Paid-up instruments of Tier 2 capital	1 008	1 161
Other components of Tier 2 capital	197	189
– Deductible items (from Tier 2 capital)	– 10	– 10
Tier 2 capital	**1 195**	**1 340**
Own funds	**7 209**	**7 441**

[1)] The previous year's figures were adjusted due to corrections.

	30 Jun. 2023 (in %)	31 Dec. 2022[1)] (in %)
Common Equity Tier 1 capital ratio	14.77%	15.07%
Tier 1 capital ratio	14.89%	15.20%
Total capital ratio	17.85%	18.54%

[1)] The previous year's figures were adjusted due to corrections.

(33) Contingent Liabilities and Other Obligations

	30 Jun. 2023 (in € million)	31 Dec. 2022 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	4 038	4 072	– 1
Other contingent liabilities	103	93	11
	4 142	**4 165**	**– 1**
Other obligations			
Irrevocable credit commitments	11 562	11 990	– 4
Total	**15 704**	**16 155**	**– 3**

(34) 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. 2023 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Assets					
Trading assets	**324**	**0**	**105**	**–**	**16**
Derivatives	199	0	105	–	1
Debt securities and other fixed interest securities	52	–	–	–	–
Loans and advances	72	–	–	–	15
Financial assets mandatorily at fair value through profit or loss	**–**	**1**	**–**	**–**	**–**
Equity instruments	–	1	–	–	–
Financial assets at fair value through other comprehensive income	**810**	**–**	**–**	**–**	**–**
Debt securities and other fixed interest securities	**785**	**–**	**–**	**–**	**–**
Loans and advances	25	–	–	–	–
Financial assets measured at amortised cost	**998**	**17**	**370**	**2**	**105**
Loans and advances	998	17	370	2	105
Other assets	**90**	**0**	**0**	**–**	**0**
Total	**2 222**	**19**	**476**	**2**	**121**

30 Jun. 2023 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Liabilities					
Trading liabilities	**14**	**–**	**7**	**–**	**–**
Derivatives	14	–	7	–	–
Financial liabilities designated at fair value through profit or loss	**36**	**–**	**–**	**–**	**53**
Deposits	36	–	–	–	53
Financial liabilities at amortised costs	**395**	**22**	**317**	**1**	**315**
Deposits	395	22	317	1	315
Other financial liabilities	–	0	–	–	–
Total	**445**	**22**	**324**	**1**	**368**
Guarantees and securities received	10	–	–	–	–
Guarantees and securities granted	0	–	1	–	21

1 Jan. - 30 Jun. 2023 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Interest income	37	0	11	0	1
Interest expense	– 8	– 7	– 4	– 0	– 3
Commission income	3	0	0	0	0
Commission expenses	– 16	–	–	–	–
Other income/expense	– 38	– 0	– 11	– 3	– 1
Total	**– 21**	**– 6**	**– 4**	**– 3**	**– 3**

31 Dec. 2022 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Assets					
Trading assets	**353**	**–**	**111**	**–**	**1**
Derivatives	226	–	111	–	1
Debt securities and other fixed interest securities	29	–	–	–	–
Loans and advances	98	–	–	–	–
Financial assets mandatorily at fair value through profit or loss	**–**	**1**	**–**	**–**	**–**
Equity instruments	–	1	–	–	–
Financial assets at fair value through other comprehensive income	**825**	**–**	**–**	**–**	**–**
Debt securities and other fixed interest securities	**800**	**–**	**–**	**–**	**–**
Loans and advances	25	–	–	–	–
Financial assets measured at amortised cost	**1 243**	**6**	**278**	**2**	**50**
Loans and advances	1 243	6	278	2	50
Hedge accounting derivatives	5	–	–	–	–
Other assets	**91**	**–**	**–**	**–**	**–**
Total	**2 517**	**7**	**389**	**2**	**51**

31 Dec. 2022 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Liabilities					
Trading liabilities	**3**	**–**	**6**	**–**	**–**
Derivatives	3	–	6	–	–
Financial liabilities designated at fair value through profit or loss	**30**	**–**	**–**	**–**	**33**
Deposits	30	–	–	–	33
Financial liabilities at amortised costs	**459**	**48**	**312**	**1**	**262**
Deposits	459	21	312	1	262
Other financial liabilities	–	27	–	–	–
Total	**492**	**48**	**318**	**1**	**295**
Guarantees and securities received	50	–	–	–	–
Guarantees and securities granted	–	–	1	–	19

1 Jan. - 30 Jun. 2022 (in € million)	Companies with significant influence	Subsidiaries	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 [1]	24	2	40	– 3	7
Total	**11**	**1**	**48**	**– 3**	**5**

(35) 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 Bruchtorwall GmbH & Co. KG, Bremen	–	100.00
BGG Geo8 GmbH & Co. KG, Bremen	–	100.00
BGG Hansa-Haus GmbH & Co. KG, Bremen	–	100.00
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	–	–
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	–	–
NORD/LB SICAV-RAIF S.C.Sp.-Infrastructure & Renewables GBP 2, Luxemburg	–	–

Company name and registered office	Shares (%) indirect	Shares (%) direct
Companies / investment funds 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.

(36) Events after Reporting Date

The conditions for the merger of LBS Nord with LBS West were virtually met at the time these financial statements were prepared. The Bank expects that this may result in positive valuation effects with regard to the second half of 2023.

Hanover / Braunschweig / Magdeburg, 22. August 2023

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, statement of comprehensive income, statement of financial position, condensed statement of changes in equity, 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 2023 to 30 June 2023 which are part of the half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandels¬gesetz”: 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 parent 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, 23 August 2019
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Anne Witt
Wirtschaftsprüfer
[German Public Auditor]

ppa. Mirko Braun
Wirtschaftsprüfer
[German Public Auditor]

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 NORDLB 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, 22. August 2023

Norddeutsche Landesbank Girozentrale

The Managing Board

Frischholz   Dieng   Schulz

Seidel   Spletter-Weiß

Further Information

Board Members

(As at 30 June 2023)

1. Members of the Managing Board

Jörg Frischholz
(Chief Executive Officer)

Christoph Dieng
(Chief Risk Officer)

Christoph Schulz
(Chief Clients / Products Officer)

Olof Seidel
(Chief Financial Officer / Chief Operating Officer)

Ingrid Spletter-Weiß
(Chief Clients / Products Officer)

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
Gerald Heere
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

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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 nor does it 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/.

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