

Norddeutsche Landesbank Girozentrale

Hanover, Braunschweig, Magdeburg

Interim Report
as at 30 June 2021

NORD/LB at a Glance

	1 Jan. - 30 Jun. 2021	1 Jan. - 30 Jun. 2020 ¹⁾	Change
	(in € million)	(in € million)	(in %)
Income Statement			
Net interest income	427	543	- 21
Net commission income	14	- 27	> 100
Profit/loss from fair value measurement	98	142	- 31
Risk provisioning	- 20	- 99	- 80
Disposal profit/loss from financial instruments not measured at fair value through profit or loss	- 18	- 14	29
Profit/loss from hedge accounting	1	17	- 94
Profit/loss from shares in companies	10	- 6	> 100
Profit/loss from investments accounted for using the equity method	- 4	7	> 100
Administrative expenses	455	462	- 2
Other operating profit/loss	- 77	- 71	8
Earnings before restructuring, reorganisation and taxes	- 24	30	> 100
Profit/loss from restructuring and transformation	- 35	- 25	40
Earnings before taxes	- 59	5	> 100
Income taxes	- 14	- 1	> 100
Consolidated profit/loss	- 45	6	> 100
Key figures			
	1 Jan. - 30 Jun. 2021	1 Jan. - 30 Jun. 2020	Change
	(in %)	(in %)	(in %)
Cost-Income-Ratio (CIR)	103.3%	77.3%	34
Return-on-Equity (RoE)	-1.8%	0.2%	> 100
Balance sheet figures			
	30 Jun. 2021	31 Dec. 2020	Change
	(in € million)	(in € million)	(in %)
Total assets	116 749	126 491	- 8
Financial assets at amortised cost	86 377	90 745	- 5
Financial liabilities at amortised cost	96 767	103 727	- 7
Equity	5 831	5 821	0
Regulatory key figures			
	30 Jun. 2021	31 Dec. 2020 ²⁾	Change
			(in %)
Common equity tier 1 capital (in € million)	5 758	5 805	- 1
Tier 1 capital (in € million)	5 808	5 855	- 1
Tier 2 capital (in € million)	1 675	1 784	- 6
Own funds (in € million)	7 483	7 640	- 2
Total risk exposure amount (in € million)	37 339	39 791	- 6
Common equity tier 1 capital ratio (in %)	15.42%	14.59%	6
Total capital ratio (in %)	20.04%	19.20%	4
Leverage Ratio (in %)	4.91%	4.30%	14

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

²⁾ The previous year's figures were adjusted slightly due to corrections.

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.

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Interim Group Management Report
as at 30 June 2021

The Group – Basic Information

Business Model

NORD/LB is a public-law institution with legal capacity. The Bank is owned by the holding companies for the Federal State of Lower Saxony, the Federal State of Saxony-Anhalt, the Savings Banks Association of Lower Saxony (hereinafter abbreviated as: SVN), the Holding Association of the Savings Banks of Saxony-Anhalt, the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania, and the Sparkassen Finance Group's security system with two trust companies FIDES Gamma GmbH and FIDES Delta GmbH.

The share capital amounts to € 2,972 million, 55.15 per cent of which is held by Lower Saxony, 6.66 per cent by Saxony-Anhalt, 9.51 per cent by SVN, 1.90 per cent by the Holding Association of the Savings Banks of Saxony-Anhalt, 1.32 per cent by the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania, 12.73 per cent by FIDES Gamma GmbH and 12.73 per cent by FIDES Delta GmbH.

NORD/LB is a commercial bank, Landesbank (federal state bank) and central bank for the savings banks based in Hanover, Braunschweig and Magdeburg and operates beyond this core region with domestic branches in Bremen, Düsseldorf, Hamburg, Munich, Oldenburg, Schwerin and Stuttgart. The offices in the key international financial and trading centres of New York and Singapore play a significant role in NORD/LB's foreign business activities. Foreign offices are also maintained in London and Shanghai. As legally dependent business units, the offices pursue the same business model as NORD/LB.

The NORD/LB Group is active in the following business segments:

- Private and Commercial Customers & Savings Bank Network Division
- Corporate Customers
- Markets
- Special Finance
- Real Estate Banking Customers and
- Special Credit & Portfolio Optimization (SCPO)

As the Landesbank for Lower Saxony and Saxony-Anhalt, NORD/LB is responsible for fulfilling the functions of a central bank for the savings banks (clearing centre). The Bank also handles promotional business on behalf of the federal states through the Investitionsbank Sachsen-Anhalt, Magdeburg (an institution within NORD/LB) and through the Landesförderinstitut Mecklenburg-Vorpommern, Schwerin (a business segment of NORD/LB). NORD/LB acts as a central bank for the savings banks in Mecklenburg-Western Pomerania, Saxony-Anhalt and Lower Saxony. It also offers all services for savings banks in other German federal states such as Schleswig-Holstein.

Within the NORD/LB Group, NORD/LB acts as the parent company, which manages all business activity in line with the strategic targets. The NORD/LB Group includes Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel (hereinafter referred to as NORD/LB Luxembourg).

The Bank also maintains additional investments as detailed in the Notes.

Outline of the Control System

The control systems used for the 2021 financial year are described below. The NORD/LB Group's integrated control system offers a comprehensive overview of the Group's profitability, equity, risk, liquidity and asset quality. The central aim is to optimise the Bank's profitability while simultaneously ensuring adequate capital and liquidity. The focus is on standardised and integrated management reporting during the year that includes both deviation analyses and extrapolations as at the end of each quarter and year, with utilisation of early warning and restructuring thresholds. Internal reporting processes also include an integrated control and restructuring cockpit.

Another key control tool is the annual strategy and planning process, which includes the following key steps: Until the start of the strategy and planning process, the Executive Board adopts target values for the Group and the individual segments, which form the targets for the subsequent planning of the following year (including medium-term planning). As part of the parallel strategy process, the strategic objectives and the resulting (operational) measures for achieving targets are consistently developed based on the planning.

At Group level, the Common Equity Tier 1 ratio is one of the most important indicators of performance. The leverage ratio and the absolute variables required to calculate these key figures are also included in the control system. The primary objective is to ensure permanent adherence to the defined internal objectives and all regulatory requirements.

Common equity tier 1 capital ratio	Common equity tier 1 capital as per CRR/total risk amount
Leverage Ratio	Tier 1 capital/leverage exposure

Profitability management is based on a multi-step contribution margin analysis at Group segment and Group company level. The key figures that are applied consistently in order to assess profitability are: earnings before taxes, the cost-income ratio (CIR) and return on equity (RoE) and, at the segment level, return on risk-adjusted capital (RoRaC). These key figures represent the most significant financial performance indicators for assessing the performance of the Group and its segments:

Earnings before taxes	As shown in the income statement
Cost-Income-Ratio (CIR)	Administrative expenses / Total earnings
	Total earnings = Net interest income + Net commission income+ Profit/loss from financial assets at fair value + Disposal profit/loss from financial assets 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 + Other operating profit/loss
Return on risk-adjusted capital at segment level (RoRaC)	Earnings before taxes / committed capital of the higher of the total risk exposure amount limits and the amount called on
Return-on-Equity (RoE)	Earnings before taxes / Long-term equity under commercial law
	Long-term equity under commercial law = reported equity - OCI - earnings after taxes

Given the need to provide evidence of adequate capital, the risks incurred are continuously reviewed to ensure that they are covered by the available risk capital at all times. This includes management of risk-bearing capacity, taking account of the utilisation of risk capital by risk potential. The risk-bearing capacity calculation is supplemented with stress tests in order to provide an in-depth analysis.

The overarching goal of liquidity risk management and monitoring is to ensure NORD/LB's payment and funding ability at all times. Liquidity risks are limited based on defined scenarios and the key limits are monitored daily.

A detailed description can be found in the Risk Management section.

Asset quality is assessed on the basis of the exposure in default as a share of NORD/LB's total exposure (non-performing loan ratio), and also with the help of the risk ratio, in which risk provisioning is compared with the total risk exposure amount plus the shortfall equivalent.

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 2020. Consequently, this interim report only describes significant developments in the reporting period.

Economic Report

General Economic and Industry-Specific Environment

Global Economic Environment

The global economy has only recently start to really recover from the economic consequences of the COVID-19 pandemic. The rest of the world is thus playing catchup with China, where the virus' adverse impact on economic activity was initially felt – so that the recovery started earlier there. In Germany, after a weak start to 2021 real gross domestic product increased by 1.5 per cent in the second quarter compared with the previous quarter. Supply chain issues stood in the way of better growth in gross domestic product. In the eurozone, real economic output in the second quarter actually rose by 2.0 per cent compared with the previous quarter. In the United States of America, real economic activity in the second quarter of 2021 increased by 6.5 per cent annualised. Although US economic growth hardly gained any momentum compared with the previous quarter, contrary to some observers' expectations, the economic recovery in the USA is still remarkably intact. Companies in the United States are quite evidently now struggling more and more with major supply problems and bottlenecks in primary products, which lately seems to have been putting clear limits on growth. In addition, an increasing shortage of staff is being observed, which, to an ever greater extent, seems to be no longer just affecting qualified staff. The companies feedback in the important company surveys (for example, ISM PMI Manufacturing) is clearly pointing in this direction. The situation in the US labour market has already seen a very sustained improvement; the unemployment rate in June 2021 was only 5.9 per cent. In Germany, this was 5.7 per cent in June, seasonally adjusted; however, the tool of short-time work prevented many redundancies here during the crisis, so the employment situation in Germany never looked as grim as it did at the time in the USA.

Monetary and fiscal policy has been used globally to combat the economic consequences of the COVID-19 pandemic. The highly expansive monetary policy of the European Central Bank (ECB) and the Federal Reserve in particular had a major impact on events on international financial markets. Yields on capital markets have been held at a more or less low level worldwide. The yield on German government bonds with a residual term of 10 years remained negative in the first half of 2021. The yield on 10-year US government bonds fluctuated at a low positive level, particularly in the first quarter, before rising a little. Market participants are beginning to price in a slow normalisation of US monetary policy, which means that a cautious tapering of securities purchases by the Federal Reserve is increasingly expected. However, rising key interest rates are not expected in the United States or the eurozone in the medium term. Global equity markets benefited in the first half of 2021 from the hopes of an impending recovery in economic activity in many countries. The DAX, Germany's leading index, for example, stabilised above the 15,000 mark in the second quarter of 2021. The exchange rate between the euro and the US dollar fluctuated between USD 1.17 and 1.22 per EUR in the first half of 2021. In addition, the US currency appreciated against the euro in the second quarter of 2021. The EUR/USD basis swap spreads remained in relatively narrow ranges.

Finance Sector

In recent years, the European banking market has improved its risk profile and strengthened its capitalisation. This is due, among other things, to regulatory requirements and positive macroeconomic conditions. In addition, banks benefited from the strong willingness of the EU, its member states, central banks and regulators to provide support during the COVID-19 pandemic. As credit institutions expect COVID-19 to have a negative impact on credit quality in certain circumstances, considerable risk provisions have already been created in order to be able to absorb subsequent pandemic-related defaults. However, the formation of risk provisions had a significant impact on banks' profitability. On the earnings side, the ECB has further eased its already very loose monetary and interest rate policy due to the COVID-19 pandemic. As a result, the swap and yield curves have flattened significantly in the euro area. In recent years, this has made

it increasingly difficult for the banking market to generate income from traditional interest-income generating operations or maturity transformation. It is apparent that banks are compensating for the decline in interest margins by expanding their business volume into riskier assets.

Aircraft

According to calculations by International Air Transport Association (IATA), global passenger numbers (RPK, revenue passenger kilometres) fell by 66.7 per cent in the first six months of 2021 compared with the first half of 2019 (pre-crisis levels) as a result of the COVID-19 pandemic and the associated travel restrictions. The declines were 85.8 per cent for international traffic and 33.1 per cent for domestic traffic. International markets were significantly more affected due to partially closed borders and travel restrictions. In terms of traffic trends, the regions of Europe and the Middle East performed particularly poorly, at -78.1 per cent and -80.2 per cent respectively. North America performed comparatively better with a decline of 52.1 per cent (changes compared with the first half of 2019 in each case).

The number of tonne-kilometres sold (CTK, cargo tonne-kilometres) increased by 8.0 per cent in the first half of 2021 compared with the first half of 2019.

Real Estate

In the first half of 2021, the global transaction volume increased compared with the same period in the previous year by around \$ 307 billion to around \$ 434 billion. In the same period, the European commercial transaction volume fell by around 11 per cent compared with the first half of 2020 to around € 124.1 billion. In the German investment market, the transaction volume in the first half of 2021 fell by around 22 per cent to around € 33.2 billion. Commercial real estate accounted for around € 23.5 billion, a share of around 71 per cent of the total transaction volume. The most traded asset class, Office, had a transaction volume of around € 10.8 billion. This corresponded to a reduction of around 17 per cent compared with the first half of 2020. The residential investment market recorded a transaction volume of around € 9.7 billion and thus a decline of around 25 per cent compared with the same period last year. Furthermore, the market share of international investors in the total transaction volume of around 52 per cent fell back to around 38 per cent. Investments in the top seven markets fell by around 12 per cent to around € 14.8 billion.

Significant Events in the Financial Year

COVID-19 Outbreak

Following the global spread of COVID-19, NORD/LB has implemented extensive measures since March 2020 to protect employees and business operations, including a rolling split organisation, as part of a project-based structure consisting of a management team, situation team and topic-specific task forces. These measures have so far successfully prevented disruption to business operations at NORD/LB.

NORD/LB fully complies with the latest version of the Occupational Health and Safety Ordinance. As the result, in the first half of 2021, around 80 per cent of employees were working from home without process stability being significantly impaired. Self-tests are made available to all employees working in the office on a regular basis. So far the measures implemented at NORD/LB have led to a proportionally lower increase in the number of cases than in Germany. In addition, the measures resulted in newly infected employees only having contacts within NORD/LB in the rarest cases.

NORD/LB is currently finalising the second vaccinations as part of a vaccination campaign. All employees were offered a vaccination.

Because of COVID-19, NORD/LB is in close contact with key service providers in order to be able to react early on to any problems that arise.

Overall, NORD/LB considers the COVID-19 measures to be effective and appropriate, so that they are currently only adjusted if necessary.

Regulatory Requirements regarding Minimum Capital

According to the current version of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) at group level, NORD/LB must comply with legally prescribed minimum capital ratios for the supervisory capital ratios (Common Equity Tier 1 capital, Tier 1 capital and own funds) and it must have a capital buffer. The numerator for these minimum ratios is the relevant equity amount and the denominator is the relevant total risk exposure amount according to Art. 92 (3) CRR.

In addition to the statutory minimum capital ratios, the European Central Bank, as the supervisory authority responsible for NORD/LB, imposes individual minimum capital ratios on NORD/LB at Group level as part of the Supervisory Review and Evaluation Process (SREP). In the reporting period, this requirement applied to the total capital ratio and was 10.5 per cent. This requirement comprises the legal minimum total capital ratio as per the CRR of 8.0 per cent and an additional 2.5 per cent ("Pillar 2 Requirement", or P2R).

In addition, as at the reporting date the Bank was required to maintain a combined capital buffer of around 2.8 per cent, comprising the statutory capital buffer of 2.5 per cent, an institution-specific anti-cyclical buffer weighted for all lending of around 0.01 per cent and – because it is a national systemically relevant bank – a capital buffer for other systemically relevant institutions of 0.25 per cent. In total, as at the reporting date there was an individual minimum total capital ratio of around 13.3 per cent

According to EU Directive 2013/36 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD), the P2R requirement in the reporting period had to be covered up to at least 56 per cent for Common Equity Tier 1 capital. In the case of broader Tier 1 capital, the P2R requirement must be covered by at least 75 per cent.

On the other hand, the combined capital buffer requirement must be completely covered by Common Equity Tier 1. But in order to mitigate the effects of the COVID-19 pandemic, since 2020 the ECB has allowed the requirements for the capital preservation buffer and the anti-cyclical capital buffer to be temporarily undershot.

In this respect, the Bank had to maintain an individual Common Equity Tier 1 ratio of around 8.7 per cent (= statutory minimum ratio as per the CRR of 4.5 per cent + additional requirement of around 1.4 per cent (= 56.25 per cent of 2.5 per cent) + combined capital buffer requirement of about 2.8 per cent) as at the reporting date.

The following table shows an overview of the NORD/LB Group's minimum supervisory capital requirements on the reporting date:

(in %)	Common equity tier 1 capital ratio	Tier 1 capital ratio	Total capital ratio
Regulatory requirement (in accordance with Article 92 (1) CRR)	4.50%	6.00%	8.00%
Additional requirement according to SREP (P2R in accordance to Article 16 (2) litera a regulation (EU) nr. 1024/2013)	1.41%	1.88%	2.50%
	5.91%	7.88%	10.50%
Capital conservation buffer (§ 10c KWG)	2.50%	2.50%	2.50%
Countercyclical capital buffer (§ 10d KWG)	0.01%	0.01%	0.01%
Capital buffer for otherwise system relevance (§ 10g KWG)	0.25%	0.25%	0.25%
Total requirement	8.67%	10.64%	13.26%
30 Jun. 2021	15.42%	15.56%	20.04%

In addition to the minimum capital ratios, the responsible EU authorities also specify minimum "MREL" ratios for NORD/LB at Group level for the resolution of credit institutions and investment firms (Single Resolution Board (SRB)). MREL stands for minimum requirement for own funds and eligible liabilities which banks in the EU are obliged under Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms (Bank Recovery and Resolution Directive (BRRD)) to hold as a buffer for losses and recapitalisation in the event resolution. In accordance with BRRD, several different combined MREL minimum sizes must be observed in parallel. Specifically, NORD/LB's SRB issued the following minimum MREL ratios in the reporting period: At least 22.59 per cent of the total risk exposure amount or 7.86 per cent of the leverage ratio exposure (LRE) must be held in the form of own funds and MREL-eligible liabilities. In addition, at least 22.59 per cent of the total risk exposure amount or 7.27 per cent of the LRE must be held in the form of own funds and legally, structurally and/or contractually subordinated liabilities.

Regulatory Amendments

With the MREL minimum quotas stated above, the SRB has methodically adapted its specifications to the valid definitions and regulations in accordance with the BRRD in the reporting period. Up to and including the end of 2020, NORD/LB had still been set a minimum MREL ratio, which compared own funds and MREL-eligible liabilities with the total of own funds and all liabilities.

In addition, changes to the CRR ("CRR II") had to be initially applied for in 2019 as at the reporting date. Changes to the regulations for calculating the risk weights of derivatives ("SA CCR"), the minimum leverage ratio to be complied with, and for measuring the LRE were particularly relevant for NORD/LB.

The new regulations for SA CCR led to an increase in the total risk exposure amount when seen in isolation.

The leverage ratio is defined as the ratio of Tier 1 capital to LRE. According to CRR II, a minimum ratio of 3 per cent is required.

The LRE was significantly reduced as, in accordance with the changes to be applied under CRR II, receivables within liability associations (in the case of NORD/LB, those within the German Savings Banks Group) and development loans to other credit institutions no longer belong to the LRE.

Regulatory capital ratios, the leverage ratio and the MREL ratio

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

All regulatory capital ratios increased, primarily due to the significantly lower RWA. This decline in the total risk exposure amount resulted in particular from lower RWA from counterparty risks, the annual update of RWA from operational risks and from higher RWA relief effects from an existing securitisation transaction. These effects overcompensated the RWA increase from the above-mentioned amended regulations for SA CCR.

NORD/LB significantly exceeded the minimum leverage ratio as at the reporting date. Thanks to the winding down of the LRE, particularly due to the application of the above-mentioned changes in accordance with CRR II, the leverage ratio further increased in the reporting period.

Due to the aforementioned methodological conversion of the minimum MREL ratios by the SRB within the reporting period, the changes in the MREL ratios in the reporting period cannot be compared with the end of 2020. As at the reporting date, NORD/LB easily observed all the above-mentioned minimum MREL ratios specified by the SRB.

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 Savings Banks Finance Group (SFG) and the banking supervisory authorities. To meet the associated targets, the “NORD/LB 2024” transformation programme was launched last year and the existing programmes Blossom (recapitalisation and business model of NORD/LB) and One Bank (optimisation of Group structures and -processes) transferred over to it.

Within the framework of the NORD/LB 2024 transformation programme, the aim is to achieve full completion of the measures design stage by the end of 2021 and for all planned measures to be implemented by the end of 2023.

Despite the challenging conditions posed by COVID-19, it was possible to sufficiently safeguard the success of the programme by switching to “remote” working mode at an early stage.

In particular, the following milestones were achieved in the first half of 2021:

- Due to the ongoing COVID-19 pandemic, the ramp-up in earnings growth, which is expected to be recognised in the 2021 income statement, is not yet fully ensured. However, NORD/LB does not consider the earnings and cost targets for 2024 from the previous assessment to be at risk. The share of measures that are ready for implementation or are already being implemented is 85 per cent.
- As the number of employees decreases, NORD/LB will also adjust its building capacities. The aim is to reduce building costs by around a third. A concept for desk sharing scenarios and expansion of home working will be refined and coordinated. The location decisions have already been made for the Stuttgart and Bremen locations.
- According to the resolution of the Owners’ Meeting on the “New Bank Management” project in December 2020, implementation started in the first quarter of 2021. The focus of the project in the current reporting year is on the provision of infrastructure and the implementation of technical requirements.
- The legal merger of Deutsche Hypothekbank with NORD/LB was completed with the entry in the commercial register on 1 July 2021. In the next step, the IT migration concepts will be implemented by the end of 2021. NORD/LB expects to raise significant synergy effects through the merger.
- Two-thirds of the cost-saving measures have already been implemented in the “Foreign branches and subsidiaries” initiative, which deals in particular with the stronger integration of foreign branches and

the resizing of subsidiaries as part of the NORD/LB 2024 programme. Further analyses of the centralisation of the foreign subsidiary are currently being carried out, so that a final concept for the remaining measures will be prepared by the end of 2021 in accordance with current planning.

Guarantees of the State of Lower Saxony

As a result of the support agreement dated 17 December 2019, significant rules were put in place to strengthen NORD/LB's capital. Three guarantees were granted by the State of Lower Saxony to protect certain credit portfolios with effect from the date of execution of the support agreement.

NORD/LB has prematurely terminated one of the three guarantee contracts with the state of Lower Saxony in favour of Norddeutsche Landesbank – Girozentrale – and NORD/LB Luxembourg S.A. Covered Bond Bank with effect from the reporting date of 30 June 2021. The contractual liability of the State of Lower Saxony arising from the guarantee ends at the end of the termination date.

The guarantee contract secured the net carrying amount of a portfolio with non-performing loans (NPLs) from the Maritime Industries asset class intended for complete winding down against loss risks. Due to the accelerated winding down of the guarantee portfolio, no hedging effect of the guarantee now economically exists for the remaining portfolio as the additional revenues achieved in the context of the realisation of collateral significantly exceed the expected losses from future guarantee events to be offset against this. Termination of the contract is based on a unilateral contractual right of termination in favour of NORD/LB, which is linked to the existence of certain economic conditions and to the consent of the DSGV. The early termination of the guarantee could also save future commission payments and other external and internal processing costs.

The winding down of the remaining guarantee portfolios from the asset classes Maritime Industries and Aviation in the period from 1 January 2021 to 30 June 2021 went according to plan. The payments received for the guarantee cases occurring in this period totalled around € 0.2 million and around € 1.9 million. This was offset by pro rata commission payments to the state of Lower Saxony of around € 33.2 million and around € 9.0 million.

Winding down of the Ship Loan Portfolio

NORD/LB has set itself the goal of reducing the NPL ship portfolio as much as possible by the end of 2021. In the reporting period, the exposure of the NPL Ship portfolio fell from € 0.9 billion to € 0.6 billion. The volume of risk provisions for the NPL ship exposure remaining at the end of the reporting period was € 0.4 billion (including fair-value deductions) after the associated risk provisioning utilisation of € 0.1 billion, which resulted in a coverage ratio of 67 per cent for the remaining NPL ship portfolio (coverage: ratio of risk provisions to NPL exposure). NORD/LB is on target with the winding down of the NPL ship exposure to € 0.6 billion.

External Rating

Fitch Ratings

On 2 February 2021, Fitch published a new report on NORD/LB. There were no changes in ratings. The long-term issuer default rating is "A-", the short-term IDR is "F1" and the derivative counterparty rating is "A(dcr)". NORD/LB's ratings are based on Fitch's assessment of institutional support from the Savings Banks Finance Group and the federal states as owners of NORD/LB. On 5 July 2021, Fitch changed NORD/LB's outlook from "negative" to "stable".

DBRS Morningstar

On 18 March 2021, the rating agency DBRS Morningstar upgraded the ratings for NORD/LB, including the long-term issuer rating to "A(high)", the senior non-preferred rating to "A" and the short-term issuer rating

to “R-1 (middle)”. The trend for all ratings was assessed as “stable”. Ratings and trend were in line with the Savings Banks Finance Group (SFG) and did not affect NORD/LB’s Intrinsic Assessment (IA), which remained at “BBB (low)”, and the Support Assessment (“SA1”).

Moody’s Investors Service

Moody’s granted NORD/LB an “A3 (stable)” and a “P-2” deposit rating, as well as a viability rating (baseline credit assessment (BCA)) of “ba3” and an adjusted BCA of “ba1”. NORD/LB’s ratings reflect its membership of the Savings Banks Finance Group’s bank-related security system as well as state support due to its membership of the Sparkassen finance group.

Report on the Earnings, Assets and Financial Position

Below, the previous year's figures for the period 1 January to 30 June 2020 or as at 31 December 2020 are given in brackets.

Earnings Position

Earnings before taxes in the NORD/LB Group were € -59 million (€ 5 million) in the first half of 2021.

Compared with the previous year, the lower amount was largely due to lower income from the lending business and valuation effects. On the other hand, significantly lower risk provisions were recorded due to the further portfolio winding down, the successful sale of ships and the guarantee shielding.

The income statement figures can be summarised as follows:

	1 Jan. - 30. Jun. 2021 (in € million)	1 Jan. - 30. Jun. 2020 ¹⁾ (in € million)	Change (in %)
Net interest income	427	543	- 21
Net commission income	14	- 27	> 100
Profit/loss from fair value measurement	98	142	- 31
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Consolidated profit	- 45	6	> 100

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Key figures			
Cost-Income-Ratio (CIR)	103.3%	77.3%	34
Return-on-Equity (RoE)	-1.8%	0.2%	> 100

	30 Jun. 2021 (in € million)	31. Dec. 2020 ²⁾ (in € million)	Change (in %)
Common equity tier 1 capital (in %)	15.42%	14.59%	6
Leverage Ratio (transitional)	4.91%	4.30%	14

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

²⁾ The previous year's figures were adjusted slightly due to corrections.

The **Net interest income** was, at € 427 million, below the level of the previous year (€ 543 million). This development was due, among other things, to the measurement of financial liabilities at amortised cost due

to a change in the estimate of cash flows of € -19 million (€ 38 million). Amortisation effects from hedge derivatives and hedge adjustments in the amount of € 9 million (€ 28 million) also fell compared with the previous year.

On the income side, interest income from financial assets at amortised cost decreased due to declining volumes. Expenses also decreased.

The asset side margin income in the lending business was moderately below the previous year. The decline resulted primarily from a lower credit volume, with margins largely remaining stable. The persistently low interest levels on money and capital markets continued to put pressure on the margins in the deposit business. Compared with the same period of the previous year, the corresponding margin income was accordingly lower. Largely stable earnings resulting from base-rate advantages could not compensate for interest-rate-related, falling margins and the associated lower earnings from the business in private and commercial current accounts. Increased earnings from interest rate and liquidity risk management lead to a maturity transformation performance that was better than in the previous year.

Net commission income increased by € 41 million to € 14 million (€ -27 million) year on year. As expected, this line item benefited from lower fees of € 50 million (€ 95 million) for the guarantees of the State of Lower Saxony as part of the progressive winding down in the underlying guarantee portfolio. This was offset by € 11 million lower commission income, particularly in the case of account management fees.

At € 98 million, **profit/loss from financial instruments at fair value through profit or loss** was € 44 million lower than the € 142 million in the previous year. Lower trading income, particularly in the area of interest-bearing securities and promissory note loans, was the main contributor to this line item, which in some cases was heavily impacted by higher euro interest rates. In addition, the positive measurement effects of € 45 million (€ 93 million) in connection with the guarantees of the state of Lower Saxony were lower than last year. In future, this measurement income will be followed in some cases by an expense either due to the need for risk provisioning expenses or due to the reversal of the positive measurement effects. The foreign exchange result was also down due to the movement in the USD exchange rate. On the other hand, there were positive effects from the profit/loss from financial assets at fair value through profit or loss and the profit/loss from financial instruments designated at fair value through profit or loss due to the favourable changes in interest rates. The sale of ship loans measured at fair value had a positive effect. Sales margins amounting to € 35 million (€ 25 million) also went up.

Risk provisioning amounting to € -20 million significantly improved by € -79 million compared with the same period in the previous year (€ -99 million). In order to take into appropriate account existing uncertainties as a result of the COVID-19 pandemic, the model adjustment formed in 2020 will remain virtually unchanged. This line item was also significantly impacted by allocations to risk provisions from the Special Financing and Corporate Customers segments. In particular, reversals from the further winding down of the ship portfolio in the Special Credit and Portfolio Optimization segment and positive effects from a securitisation transaction, which had not yet taken effect in the previous year, had a positive impact.

The **Disposal profit/loss from financial instruments** that are not measured at fair value through profit or loss of € -18 million (€ -14 million) was almost exclusively due to expenses from the repurchase of issued liabilities.

The **Profit/loss from hedge accounting** in the amount of € 1 million (€ 17 million) was mainly due to measurement effects related to interest rates and the basis spread.

The **Profit/loss from shares in companies** amounted to € 10 million (€ -6 million). Compared with the comparative period, increased measurement effects from a participation are included.

The decline in **Profit/loss from investments** accounted for using the equity method in the amount of € -4 million (€ 7 million) was mainly due to a loss on an investment.

Administrative expenses decreased by € -7 million to € 455 million (€ 462 million) compared with the prior-year period. The decline in staff expenses was predominantly due to staff downsizing from the transformation programme. In contrast to staff expenses, other administrative expenses rose, dominated by IT costs. The increase in other administrative expenses was more than offset by the savings in staff expenses. The trend towards a reduction in administrative expenses therefore remained intact.

Other operating profit/loss of € -77 million (€ -71 million) largely reflected the expenses in relation to the restructuring fund and expenses arising from the Sparkassen's deposit guarantee system.

Profit/loss from restructuring and transformation amounted to € -35 million (€ -25 million), whereby the profit/loss from restructuring in the first half of the year had a positive effect of € 2 million (€ 0 million). Transformation expenses in the reporting period of € 37 million (€ 25 million) involved activities aimed at securing the future and maintaining the competitiveness of the NORD/LB Group. The recognised items are non-recurring in nature and are not part of the operating business activities of the NORD/LB Group. Most of these expenses were from consultancy services for strategic, IT and legal advice as well as guarantee management.

Tax income in the amount of € 14 million (€ 1 million) primarily arose from the reversal of deferred tax liabilities of a foreign subsidiary.

The **Cost-Income-Ratio (CIR)** was significantly up on the previous year as a result of lower revenue.

The **return on equity (RoE)** was below the previous year's level due to earnings before taxes.

In the reporting period, the **Common Equity Tier 1 ratio** rose from 14.59 per cent to 15.42 per cent, primarily due to a significant reduction in the total risk exposure amount as the denominator of the ratio. See also "Significant events during the reporting period" for details.

The **leverage ratio** increased from 4.30 per cent to 4.91 per cent in the reporting period, primarily due to a significant reduction in the leverage ratio exposure (LRE) as the denominator of the ratio. This decrease in the LRE arose primarily from a reduction in the total assets and from the first-time application of the rules in accordance with CRR II. See also the "Significant events during the reporting period" section for further details.

Assets and Financial Position

	31 Dec. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Trading assets	7 403	9 801	- 24
Financial assets mandatorily at fair value through profit or loss	1 170	1 353	- 14
Financial assets at fair value through other comprehensive income	13 681	14 903	- 8
Financial assets at amortised costs	86 377	90 745	- 5
Shares in companies	327	322	2
Investments accounted for using the equity method	108	127	- 15
Other assets	7 683	9 240	- 17
Total assets	116 749	126 491	- 8
Trading liabilities	2 173	3 153	- 31
Financial liabilities designated at fair value through profit or loss	5 658	6 508	- 13
Financial liabilities at amortised costs	96 767	103 727	- 7
Provisions	3 689	3 909	- 6
Other liabilities	2 631	3 373	- 22
Equity	5 831	5 821	-
Total liabilities	116 749	126 491	- 8

Total assets continued to fall and decreased by around € -10 billion in the reporting period, which was due to the planned winding down and to measurement effects and special items.

At € 86,377 million (€ 90,745 million), **Financial assets at amortised cost** were the largest asset category by amount. The principal parts of the traditional credit and lending business are reported in this category. The winding down of € -4.4 billion took place within the context of the Group's intention to reduce total assets under the new business model and subdued new business due to the COVID-19 situation. This was due to the decline in customer receivables of € -3.6 billion, particularly in the areas of fixed-term deposits, aircraft financing and loans to public customers, and to the reduction in loans and advances to banks of € -0.6 billion.

Trading assets of € 7,403 million (€ 9,801 million) included € 3,482 million (€ 4,702 million) of derivative financial instruments, the decline of which was due in particular to the reduction in positive fair values from interest rate derivatives resulting from the rise in interest rates in the first half of the year. In addition, positive fair values from currency derivatives also fell due to effects related to currencies and the basis spread. Debt securities and receivables held for trading fell from € 5,099 million to € 3,921 million.

Financial assets mandatorily at fair value through profit or loss primarily comprised debt securities and receivables. The change of € -183 million to € 1,170 million arose in particular from measurement effects for securities and € -22 million from the sale of two investment fund shares and € -9 million from the maturity of a security.

Financial assets at fair value through other comprehensive income in the amount of € 13,681 million (€ 14,903 million) included securities of € 12,729 million (€ 13,845 million) that are used for short and medium-term liquidity management or that are not generally intended to be held. This decrease of € -1,116 million was due in particular to both the fact that not all maturing securities were replaced and by the sale and redemption of securities as part of the winding down of risk-weighted assets. In addition, there was a fall in receivables of € 106 million to € 952 million, in particular due to a reduction in receivables in the area of promissory notes.

Other assets add up to the cash reserve, hedge accounting asset balances, property and equipment, investment property, intangible assets, assets held for sale, income tax assets and other assets.

At € 96,767 million (€ 103,727 million), **Financial liabilities at amortised cost** was the largest category on the liabilities side by amount. The reduction was largely due to the fall in securitised liabilities of € -2.9 billion and fixed-term deposits of € -1.1 billion.

Trading liabilities of € 2,096 million (€ 3,105 million) mainly included derivative financial instruments with negative fair values. The change in the item was due primarily to the fall in negative fair values from interest rate derivatives resulting from the higher interest rate level in the first half of the year. In addition, currency derivatives were also down due to exchange rate fluctuations and changes in base spreads.

With **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 € -850 million was due in particular to market and creditworthiness-induced changes in the measurement of own issues. In addition, repayments more than compensated for the volume of new issues in the first half of the year.

The total amount of **Provisions** fell slightly year on year by € -220 million. This was mainly owing to a decrease in provisions for pensions and state aid obligations of € -225 million, due to the increase in the actuarial interest rate from 1.2 per cent (31 December 2020) to 1.6 per cent (30 June 2021), as well as a fall in restructuring provisions of € -30 million. On the other hand, there was an increase in Other provisions for uncertain liabilities of € 20 million, which was due in particular to the regular creation of the provision in the first half of the year for the contribution to the restructuring fund to be paid in the third quarter.

The decrease in **Other liabilities** was almost entirely due to lower negative fair values of the hedge accounting derivatives on the liabilities side and the decreased adjustment item for portfolio fair value hedges.

Balance sheet equity increased by € 10 million to € 5,831 million. This increase reflects the positive comprehensive income for the period, which was influenced in particular by the revaluation of pension obligations and the change in fair value of securities measured at fair value through other comprehensive income.

The total **Contingent liabilities and other obligations** remains almost at the previous year's level and amounted to € 13.0 billion (€ 12.5 billion) as at the reporting date.

Overall Assessment

In the first half of the financial year 2021, the NORD/LB Group's financial position and financial performance could not be considered satisfactory in view of the continued challenges in the market environment. In the first half of the year, total assets fell by around € 10 billion to around € 116.7 billion, which can be rated positively against the backdrop of achieving target total assets of around € 100 billion by 2024. Net interest income, which is the key indicator of earnings, declined as a result of the still subdued level of new business, the persistently low level of interest rates and the reduction in the loan portfolio. Administrative expenses fell further compared with the same period in the previous year thanks to successful savings. At € -20 million, risk provisioning was also gratifyingly significantly below the previous year's figure. In the reporting period, the NORD/LB Group reported loss of € 45 million, which represents a fall of € 51 million compared with the same period in the previous year.

Forecast, Opportunities and Risk Report

General Economic Development

Global Economic Outlook

NORD/LB believes the trend towards a recovery in global economic activity will initially remain intact, with the momentum of the increase in real economic output gradually normalising. Growth rates in Germany, the European zone and the USA are expected to be positive in 2021 as a whole. NORD/LB believes that the further outlook for the growth of the global economy is still subject to extremely high uncertainty.

In addition to a possible worsening of the COVID-19 pandemic, supply bottlenecks in many primary products may also lead to economic stress in the future. NORD/LB believes the latter in particular may also have an impact on macroeconomic price trends. Inflation data must therefore be closely monitored in the near future. In addition, geopolitical tensions (for example between the USA, China, the United Kingdom and Russia) remain a risk to the global economy.

In the baseline scenario, NORD/LB nevertheless is expecting a recovery in the global economy after the COVID-19 pandemic. Even if the US Federal Reserve were to start cautiously reducing its purchases of securities during 2021, neither the Federal Reserve nor the European Central Bank would have any rate hikes on the agenda in the medium term. In this monetary policy environment, a strong rise in capital market yields in the important currency areas is not expected. However, the slow normalisation of US monetary policy to be expected in the future should already support the US dollar and therefore tend to weigh on the euro.

Finance Sector

NORD/LB believes the European banking market is facing the following main challenges:

The focus is currently on dealing with the consequences of the pandemic. Earnings declined more or less to the same extent that the risk provision expenses increased. However, the effect of the rise in NPLs has not yet materialised, due to the support measures of the EU, member states, central banks and supervisory authorities. NORD/LB expects the NPL ratios to increase no later than by the end of the support measures. In addition, the pandemic has had a further strengthening effect on the existing consolidation drivers, which will further increase the pressure in the banking market to consolidate.

It is predicted that the very low interest rate environment will force banks to change their interest-heavy business model to significantly increase net commission income.

It is expected that the ongoing digitalisation and increasing competition from new market entrants such as fintechs or Apple Pay will force banks to invest heavily, which will further heap pressure on costs.

Aircraft

IATA expects global passenger transport (RPK) to increase by 26.0 per cent in 2021 compared with the previous year. As a result, passenger traffic in the current year will be 57.0 per cent lower than in 2019. For 2021, the IATA is anticipating a loss of USD 47.7 billion for international airlines' net income (2020: USD -126.4 billion). This would correspond to a net margin of around -10.4 per cent (2020: -33.9 per cent).

For 2021, IATA forecasts an increase of 13.1 per cent compared with the previous year for the requested air freight volume (CTC).

Real Estate

The European transaction volume in 2021 should have increased by 8.5 per cent compared with the previous year. The German investment market is heading towards a new record year. For 2021 as a whole, the

transaction volume is expected to be above the record value of 2019, in which around € 84 billion was recorded. Germany would thus consolidate its position as the second largest investment market in the world.

Extended Risk Report

Risk-Bearing Capacity

The risk strategy and regulatory requirements on capital ratios (CET1, T1 and total capital) were consistently complied with in the first half of 2021. The risk-bearing capacity was met as at 30 June 2021.

As at the reporting date, there was a visible reduction in potential risks. The main reason for the decline was the reduction in potential market risk potential in the first quarter compared with the end of 2020. This was due to the increased yield, particularly at the long end of the curve. There was a relatively modest increase in counterparty risk potential from the start of the year. Although the planned exposure winding down continued in the reporting year, the effects of this were more than offset for by the negative impact of the COVID-19 pandemic on counterparty risks, resulting in a slight increase in potential. The slight increase in liquidity spread risk in the economic outlook was due to medium- to long-term lending business, which was refinanced on the liabilities side with a shorter term. A slight reduction in potential risk was recorded for the operational risk.

In the past financial year, business and strategic risk was defined as a material risk type, in addition to the risk types already defined as material (counterparty, market, liquidity and operational risks). The transformation of the Bank to a lower-risk and more streamlined business model, due to continue until 2023, has had a significant influence on the earning power and profitability of the Bank. Therefore, NORD/LB decided to qualify the business and strategic risk as a material risk type, although the risk value does not exceed the materiality threshold. The risk is not included in the risk-bearing capacity calculation and is not backed by a capital amount. Instead, risk is taken into account using the lump-sum capital reserved for other risks, which is not used to determine risk-bearing capacity. Furthermore, the business and strategic risk is monitored on a quarterly basis using defined P&L positions. The defined thresholds (early warning threshold € 130 million and materiality threshold € 293 million) were complied with in the reporting period.

The economic perspective of risk-bearing capacity defines the CET1 capital as the maximum output value and considers deductions from economic viewpoints, e. g. hidden liabilities and a loss forecast. Accordingly, the limit capital increased compared with the end of the previous year due to the loss forecast falling to around € 253 million with a slight decline in Common Equity Tier 1 capital. As at 30 June 2021, an internal limit capital in the amount of € 4,431 million was offset by an aggregated risk position of € 2,347 million (based on a confidence level of 99.9 per cent). The utilisation of the risk-bearing capacity was consequently 53 per cent.

Economic risk limits were monitored based on an approved operating limit in the amount of € 3,500 million. As at 30 June 2021, 67 per cent of the operating limit was utilised and the limit was sufficient to cover 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 defined thresholds for monitoring business risk were also adhered to in the reporting period.

In the normative perspective (scenario-based consideration), limits have been set since 2020 on the basis of adverse planning scenarios. These limits were likewise adhered to in the reporting period.

Risk-bearing capacity¹⁾²⁾	30 Jun. 2021	31 Dec. 2020
Normative perspective		
Common equity tier 1 capital (in € million)	5 758	5 805
Regulatory risk potentials (in € million)	2 987	3 183
Common equity tier 1 capital ratio (in %)	15.42%	14.59%
Tier 1 capital ratio (in %)	15.56%	14.72%
Total capital ratio (in %)	20.04%	19.20%
Economic perspective		
Total risk potential (in € million)	2 347	2 446
Counterparty risk	806	793
Market-price risk	1 102	1 219
Liquidity risk	94	85
Operational risk	346	349
Risk capital (in € million)	4 431	4 312
Risk capital utilisation (in %)	53.0%	56.7%

¹⁾ Differences in totals are rounding differences.

²⁾ Previous year's figures were partially adjusted.

Counterparty Risk

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

Analysis of the total exposure

As at 30 June 2021, the NORD/LB Group's total exposure was € 125 billion and therefore fell compared with the comparison date (€ 130 billion). The focus of the total exposure continued to be on the very good to good rating categories.

The classification is based on the standard IFD rating scale, which has been agreed by the banks, savings banks and associations that belong to the "Initiative Finanzstandort Deutschland" (Initiative for Germany as a Financial Centre). This rating scale 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 DSGVO rating master scale aligned with the IFD categories.

As planned, the exposure to ship and aircraft financing was further reduced. In aircraft financing, around a third of the volume fell under a guarantee provided by the state of Lower Saxony. Due to the use of collateral and the associated effect on corresponding risk indicators, the exposure does not entail any risk. The situation is similar with ship financing, where almost half of the exposure is guaranteed by the state of Lower Saxony. The effects of the COVID-19 pandemic on counterparty risks have been felt to a moderate extent so far. The corresponding risks were taken into account in the annual financial statements, among other things through adjustments to risk provisions. As a result of the flood disaster in Germany in July 2021, NORD/LB prepared an initial qualified analysis. At the time of reporting, no significant effects or acute risks of default were identified.

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 Structure¹⁾²⁾ (in € million)	Loans 30 Jun.2021	Securities³⁾ 30 Jun.2021	Derivates⁴⁾ 30 Jun.2021	Other⁵⁾ 30 Jun.2021	Total exposure 30 Jun.2021	Total exposure 31 Dec. 2020
very good to good	63 823	16 290	3 702	17 471	101 286	105 343
stage 1 ⁶⁾	62 415	3 831	–	17 440	83 686	88 463
stage 2	225	66	–	–	291	14
fair value	1 182	12 393	3 702	30	17 308	16 867
good / satisfactory	8 414	833	335	1 510	11 091	12 528
stage 1	7 965	219	–	1 388	9 572	10 958
stage 2	429	455	–	122	1 007	934
fair value	19	158	335	–	512	636
reasonable / satisfac- tory	4 178	48	90	957	5 273	4 920
stage 1	3 358	–	–	830	4 188	4 023
stage 2	717	18	–	123	858	633
fair value	102	29	90	5	227	263
increased risk	2 512	116	163	316	3 106	3 502
stage 1	1 505	50	–	235	1 790	2 234
stage 2	998	64	–	81	1 143	1 056
fair value	8	2	163	–	173	212
high risk	970	7	41	113	1 131	1 326
stage 1	266	–	–	17	283	458
stage 2	700	–	–	96	796	821
fair value	4	7	41	–	51	47
very high risk	1 133	–	11	60	1 205	1 184
stage 1	289	–	–	3	291	263
stage 2	811	–	–	58	869	867
fair value	33	–	11	–	44	54
default (=NPL) ⁷⁾	1 412	–	19	103	1 533	1 671
stage 3	1 356	–	–	103	1 459	1 543
fair value	56	–	19	–	74	128
Total	82 441	17 293	4 361	20 530	124 624	130 473
stage 1	75 799	4 100	–	19 912	99 810	106 399
stage 2	3 882	603	–	480	4 965	4 324
stage 3	1 356	–	–	103	1 459	1 543
fair value	1 405	12 590	4 361	35	18 390	18 207

¹⁾ The ratings are assigned on the basis of the initiative for Germany as a financial centre (IFD) rating classes.

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 net disclosure is shown after the fair value deduction.

Due to the intention to reduce the total assets, the exposure in all rating classes in the reporting period fell with the exception of the “still good/satisfactory” and “very high risk” rating classes. The items rated in the “very good to good” rating class reduced over the reporting period by € 4.1 billion. Total exposure ranked in the best rating category (very good to good) declined slightly to 81 per cent (81 per cent). This was explained by the fact that business with public authorities and financing institutions with good credit ratings has always been extremely important, and it is therefore also a reflection of the NORD/LB Group’s risk policy.

Industries by risk provisioning level¹⁾²⁾ (in € million)	stage 1 ³⁾ 30 Jun.2021	stage 2 30 Jun.2021	stage 3 30 Jun.2021	Fair Value 30 Jun.2021	Total exposure 30 Jun.2021	Total exposure 31 Dec. 2020
Financing institutes / insurance companies	30 449	467	5	6 841	37 761	41 121
Service industries / other	42 296	2 104	620	8 551	53 570	54 322
Of which: Land, housing	16 089	597	70	479	17 235	16 778
Of which: Public administration	15 217	390	–	6 807	22 414	24 185
Transport / communications	3 793	774	410	655	5 632	6 123
Of which: Shipping	327	428	335	77	1 168	1 703
Of which: Aviation	259	153	71	18	500	787
Manufacturing industry	3 870	801	123	803	5 597	5 611
Energy, water and mining	13 193	490	157	1 300	15 140	15 713
Trade, maintenance and repairs	3 280	214	50	151	3 695	3 897
Agriculture, forestry and fishing	2 001	88	71	3	2 163	2 116
Construction	928	29	23	85	1 066	1 544
Other	–	–	–	–	–	27
Total	99 810	4 965	1 459	18 390	124 624	130 473

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).

The classification of the total exposure by sector groups shows that, as before, comparatively low-risk business with financing institutions and with public authorities, at cumulatively 48 per cent (50 per cent), still accounted for a significant proportion of the total exposure.

Industries¹⁾²⁾ (in € million)	Loans 30 Jun.2021	Securities ³⁾ 30 Jun.2021	Derivates ⁴⁾ 30 Jun.2021	Other ⁵⁾ 30 Jun.2021	Total exposure 30 Jun.2021	Total exposure 31 Dec. 2020
Financing institutes / insurance companies	19 352	8 004	599	9 806	37 761	41 121
Service industries / other	41 867	8 635	1 467	1 601	53 570	54 322
Of which: Land, housing	16 402	–	446	387	17 235	16 778
Of which: Public administration	13 738	8 506	42	128	22 414	24 185
Transport / communications	4 567	159	410	496	5 632	6 123
Of which: Shipping	1 058	–	27	82	1 168	1 703
Of which: Aviation	482	7	11	–	500	787
Manufacturing industry	4 079	175	629	715	5 597	5 611
Energy, water and mining	7 749	301	1 070	6 020	15 140	15 713
Trade, maintenance and repairs	3 184	18	123	370	3 695	3 897
Agriculture, forestry and fishing	716	–	3	1 444	2 163	2 116
Construction	928	–	59	79	1 066	1 544
Total	–	–	–	–	–	27
Total	82 441	17 293	4 361	20 530	124 624	130 473

¹⁾ The data is allocated according to the “industry” criterion in the data budget.

²⁾ to ⁵⁾ please see the preceding Rating structure table.

The breakdown of total exposure by region shows that the European region is by far the most important business region for the NORD/LB Group, accounting for a high 85 percent (84 percent) of total exposure. Germany's share remained unchanged at 71 per cent (71 per cent).

Regions¹⁾²⁾	Loans	Securities³⁾	Derivates⁴⁾	Other⁵⁾	Total exposure	Total exposure
(in € million)	30 Jun.2021	30 Jun.2021	30 Jun.2021	30 Jun.2021	30 Jun.2021	31 Dec. 2020
Euro countries	69 838	13 000	2 396	20 369	105 604	110 131
Of which: Germany	58 895	8 796	1 238	19 354	88 284	92 229
Other Europe	6 883	1 297	1 459	146	9 785	10 231
North America	3 310	2 095	169	1	5 575	6 043
Middle and South America	1 054	–	46	14	1 115	1 130
Middle East / Africa	278	–	–	–	278	330
Asia / Australia	1 078	900	289	–	2 268	2 608
Total	82 441	17 293	4 361	20 530	124 624	130 473

¹⁾ The figures are reported by the country in which the borrower is legally domiciled.

²⁾ to ⁵⁾ please see the preceding Rating structure table.

The countries below were selected on the basis of the rating-dependent limit utilisation and a country-specific risk assessment, e.g. current natural disasters, armed conflicts, specific political developments, current or impending epidemics or pandemics, or 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 amounted to € 5.5 billion (€ 5.8 billion), which was primarily divided into € 3.9 billion (€ 3.6 billion) Corporates & Others and € 1.4 billion (€ 2.2 billion) Financial Institutions & Insurance Companies. In Russia, the NORD/LB Group had an exposure of € 45 million (€ 84 million), divided into € 31 million (€ 67 million) Corporates & Others and € 14 million (€ 17 million) Financial Institutions & Insurance Companies. In Turkey, NORD/LB held an exposure of € 74 million (€ 83 million), consisting of € 45 million (€ 52 million) Financial Institutions & Insurance Companies and € 29 million (€ 31 million) Corporates & Others. NORD/LB also closely monitors and analyses significant developments in these and 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.

Market-Price Risk

In the first half of 2021, there was an increase in capital market yields in the European zone and a steepening of the interest rate curve. US dollar-denominated yields also rose during this period. After the credit spreads had widened slightly at the end of the first quarter, they narrowed again in the second quarter and as at the reporting date of 30 June 2021 were at the levels seen at the end of the previous year.

Measured in cross-currency basis spreads between US dollar and euro interest rates, the interest rate difference widened somewhat in the first half of 2021.

In accordance with ICAAP, management of the market risks comprises the economic and the normative perspectives. In the economic perspective, the present value risk potentials are reported and limited. The normative perspective, on the other hand, is based on a scenario-based consideration and limitation. When determining the results, adverse stress scenarios were used as a basis. The limits in the economic and normative perspectives were complied with as at the reporting date.

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

As at 30 June 2021, the VaR calculated for NORD/LB in the economic perspective amounted to € 1,102 million. This corresponded to a decline of € 117 million compared with the end of the prior year (€ 1,219 million). The limit utilisation was 72 per cent as at the reporting date.

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

Market-Price Risks ¹⁾	Business Case		
	30. Jun. 2021	31. Mar. 2021	31. Dec. 2020
in € million			
Interest rate risk	576	609	631
Credit-spread-risk	839	861	810
Currency risk	38	48	56
Stock price and fund price risk	–	–	4
Volatility risk	10	13	9
Other add-ons	4	4	42
Total risk²⁾	1 102	1 028	1 219

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 key sub-portfolios in NORD/LB are determined daily.

Both of the charts below show the change in the correlated value-at-risk, as calculated each day, in the present value perspective (economic perspective) since 1 January 2020 for the key sub-portfolios of the relevant units of NORD/LB.

For NORD/LB AöR, a confidence level of 95 per cent and holding period of one trading day is applied for operational limiting. As a result of the COVID-19 pandemic, the increased volatility in yields and the widening of the credit spreads in March 2020 led to a significantly increased risk in the “NORD/LB Interest Book Management” portfolio. Previously, falling yields lead to a successively rising risk via the valuation of the long-term pension commitments. In the second quarter of 2020, there was a reduction in risk as a result of a model adjustment in the presentation of pension commitments and the comprehensive technical inclusion of the hedging of the aid commitments agreed with the State of Lower Saxony as part of NORD/LB's recapitalisation.

Over the course of 2021, the risks in all sub-portfolios of NORD/LB AöR decreased. This was mainly due to the elimination of the scenarios described above from the one-year look-back period. In addition, the rise in in-terest rates in the “NORD/LB Interest Book Management” portfolio led to a decline of risk in the first quarter of 2021. This was due to the measurement of long-term pension commitments in particular, the effect of which was taken to the OCI.



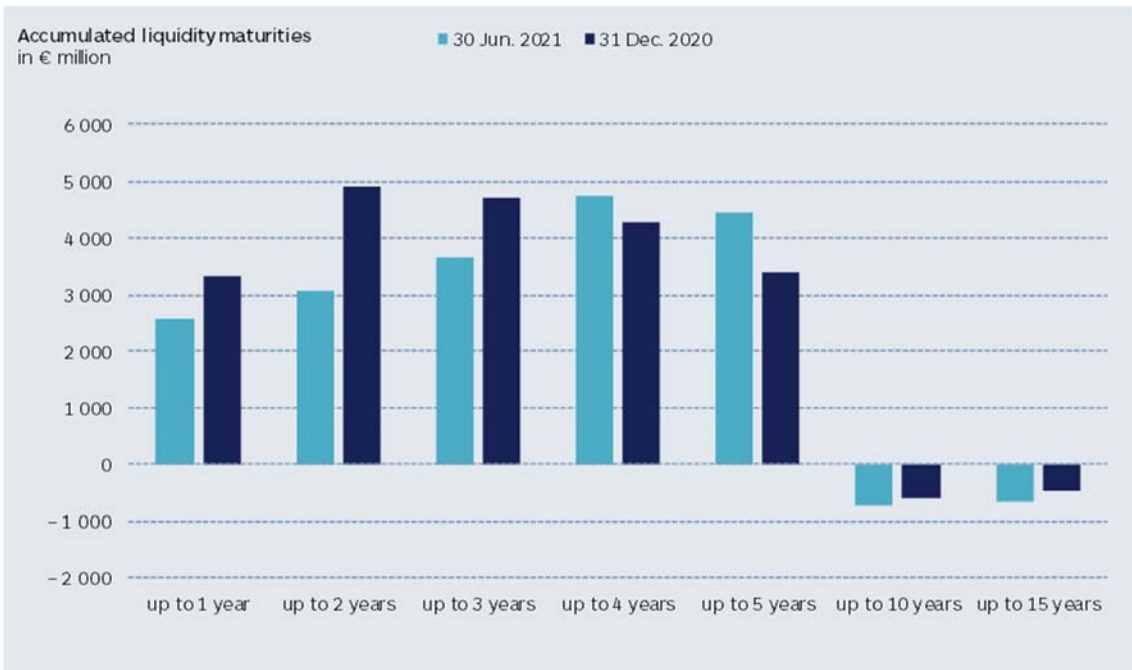
For the Group subsidiary Deutsche Hypo, which was legally merged on 1 July 2021, and the Group subsidiary NORD/LB CBB, a confidence level of 99 per cent and a holding period of one trading day were or will be used. The representation of the course of the VaR in the following table thus refers to the confidence level, at which the subsidiary institutions are being managed. The risk of the subsidiary institutions did not materially change year on year.



NORD/LB will continue to monitor market developments carefully in the second half of 2021 for all relevant asset classes. Based on the risk policy, the gradual enhancement of risk models and the risk management process, and the focused trade strategy, NORD/LB is well prepared on the whole, even for volatile market phases.

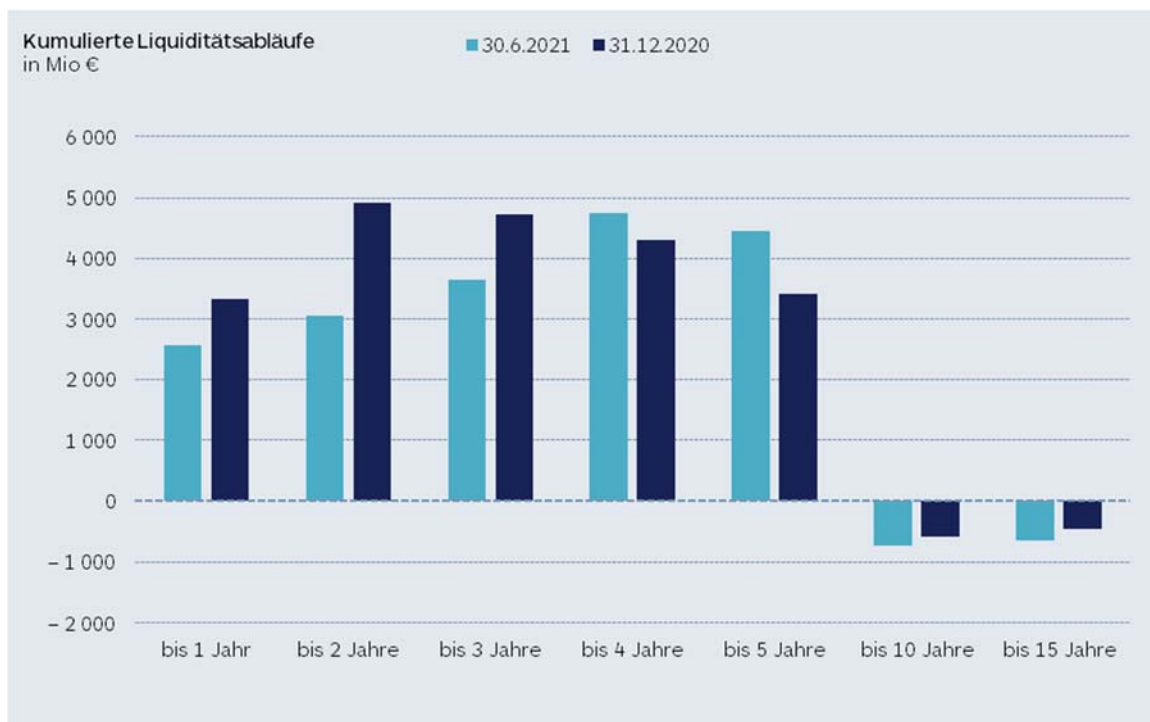
Liquidity Risk

Despite continued caution in the money and capital markets due to the COVID-19 pandemic, the liquidity situation in the market eased during the reporting period. This was due, among other things, to the extended or expanded monetary measures of the European Central Bank such as the Pandemic Emergency Purchase Programme (PEPP) to encourage lending in the euro area and the easing of certain standards for collateral,



which many institutions benefited from. NORD/LB's liquidity was also not adversely impacted by its own business. The significant outflows of liquidity from loan commitments feared by many banks was not observed. The liquidity situation was therefore comfortable at all times. The focus of the management-relevant, internal liquidity scenario remains on the potential severe impairment of market participants and customers in the course of the COVID-19 pandemic. Given the ongoing duration of the pandemic and the gradual phasing out of state support, particularly for companies, the long-term effects of potentially high drawdowns on loan commitments and an increased credit default risk are significant. Both factors are taken into account with a corresponding risk premium in traditional liquidity risk. So far, the observed developments have been significantly below the stress assumptions applied and confirm the conservative approach of the scenario. Ongoing developments will be monitored closely and reevaluated.

In the first half of 2021, the internal liquidity stress scenario relevant for management purposes was managed for NORD/LB entirely in the green phase, both at Group level and within AöR, and, as at the reporting date, the liquidity also remained satisfactory. 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 significant liquidity surpluses as at the reporting date in the maturity bands from "up to 1 year" to "up to 5 years". As in the previous quarters, moderate liquidity gaps existed at the sampling points shown from "up to ten years" to "up to fifteen years". The liquidity gaps were within the limits derived from the risk-bearing capacity model. At NORD/LB level the limits were respected in the year under review, both when taking all currencies into account and when taking the key individual currencies into account.



NORD/LB is active in highly liquid markets and maintains a portfolio of high-quality securities. As at the reporting date, the material companies of the NORD/LB Group held securities worth € 23 billion (€ 25 billion), of which 82 per cent (79 per cent) were suitable for repo transactions with the European Central Bank (ECB). As at 30 June 2021, the liquidity coverage ratio (LCR) stood at 142.8 per cent (157.8 per cent).

Operational Risk

NORD/LB uses the standard approach of CRD IV (Pillar I) to calculate the capital requirement. At Group level, this requirement as at 30 June 2021 amounted to € 227 million (€ 258 million). As at the reporting date, the losses of NORD/LB Group stood at € 3.93 million (adjusted previous year's value for the full-year 2020: € 3.65 million). This value is dominated by the cause category "External influences". The cause category is significantly influenced by the COVID-19 pandemic. NORD/LB recorded claims totalling € 3.32 million as at 30 June 2021 as a result of expenditure on IT investments to continue business operations during the COVID-19 pandemic.

Adherence to the principles for preventing money laundering and the financing of terrorism is ensured at NORD/LB as part of the comprehensive protection and prevention measures put in place by Compliance.

Sustainability Risks

Supervisory authorities and auditors are increasingly turning their attention to sustainability risks and ESG risks (environment, social and governance). The "ECB Guideline on Climate and Environmental Risks" and the "EBA Guidelines on Lending and Monitoring" are currently of particular importance to NORD/LB. Climate and environmental risks mainly affect counterparty risks. Effects on market and liquidity risks as well as operational risks are generally estimated to be lower. The cross-divisional Sustainability Board was founded at the beginning of 2021 in order to meet the wide range of topics and the associated cross-cutting tasks. By 15 May 2021, comprehensive action and time schedules for implementing the individual expectations set out in the ECB guidelines following the February self-assessment were duly submitted to the ECB. In addition, a Bank-wide sustainability project was initiated with the support of a strategy consultancy.

Overall Assessment

One year after the start of the COVID-19 pandemic and the deep recession last year, the global economy is in a recovery phase in 2021. Global economic output is expanding at its fastest rate in decades. The risks to the global economic outlook remain significantly higher, particularly due to the uncertain course of the COVID-19 pandemic. Nevertheless, as vaccinations are rolled out in many developed economies and emerging markets, light is appearing at the end of the tunnel.

The transformation process started in 2020 to resize and realign the NORD/LB Group will continue.

The forecast of the total risk exposure amount, regulatory equity, regulatory capital ratios and other relevant capital ratios such as the leverage ratio and the various MREL ratios of the NORD/LB Group for the second half of 2021 takes into account the relevant legal requirements derived from EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR), including transitional regulations, and EU Directive No. 59/2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (BRRD), as well as other binding individual requirements of the banking supervisory authority or resolution authorities for the provision of regulatory capital or MREL-eligible capital.

The decline in operating income, lower administrative expenses and significantly lower risk provisions, which offset the increased expenses of bank levies and deposit protection, were key factors in consolidated profit/loss in the first half of the year.

In the current forecast, earnings are expected to be slightly above the planned level, but significantly lower than in the previous year. This is due both to a positive one-off effect on profit/loss in the previous year and to positive measurement effects in the fair value measurement in the previous year in connection with the measurement of derivatives of the state guarantees. In the current forecast, net interest income is lower as a result of still subdued new business, while the fair value income is much higher than in the original plan, which is mainly due to releases of risk provisions in ship financing. On the other hand, commission income, which was planned to increase significantly compared with the previous year, is expected to be well below the planned level due to the lower fees for the guarantees of the State of Lower Saxony in the current forecast as a result of new business remaining subdued. The increased levy for bank lending and deposit protection will have a negative effect.

Based on the current moderate changes in risk provisions as a result of the onset of the economic recovery phase, the forecast risk provisioning as at the end of the year is expected to be significantly lower in the 2021 forecast and therefore significantly below the previous year and the 2021 plan. However, the changes in risk provisions will depend on how the pandemic unfolds and the economic recovery based on it. In the 2021 forecast, administrative expenses are expected to be at planned levels and will therefore slightly exceed the previous year's figure.

Due to the expectation that income will be slightly above the planned level, risk provisions that are significantly below the planned level and administrative expenses that are at the planned level, the NORD/LB Group is expected to achieve a significantly better profit before taxes in the 2021 forecast overall than in the 2021 plan. In the 2021 plan, the CIR is lower compared with the previous year due to declining income with constant administrative expenses; the RoE is expected to be noticeably lower. The CET1 ratio is slightly higher in the 2021 forecast compared with 2020 due to the slight decline in the total risk exposure amount. Overall, NORD/LB anticipates that the overall risk amount will be slightly below the previous year's level in the 2021 forecast as a result of the lower COVID-19-related rating migration effects with new business in the market areas remaining subdued. The NORD/LB Group's total assets are also lower compared with the previous year.

In accordance with the forecast, the regulatory requirements and binding requirements of the banking supervisory or resolution authorities with regard to the provision of regulatory capital and MREL-eligible capital will be met in full in the second half of 2021.

A key component of regulatory capital is Common Equity Tier 1 capital as defined by CRR. Due to the effects of the ongoing COVID-19 pandemic on earnings and the total risk exposure amount, the Bank expects the Common Equity Tier 1 ratio to fall in the second half of 2021, but still to remain above all statutory requirements and other individual banking supervision requirements.

Opportunities and Risks

Economic Factors

Uncertain global economic developments such as the further course of the COVID-19 pandemic, geopolitical tensions and the unpredictability of market disruptions due to political or economic developments such as US trade policy, the effects of Brexit, an easing or worsening of the sovereign debt crisis and the ongoing low interest rate phase, may lead in 2021 to deviations from the planning premises of the economic forecast with respect to yield curves, exchange rate forecasts and the economic situation, with corresponding opportunities and risks for the earnings of NORD/LB.

Regulatory Environment

All known regulatory requirements such as CRR II, Basel IV, SRB requirements, the level of bank levies and expenses for deposit guarantee schemes were taken into account in the planning. Potential new regulatory requirements or reliefs entail risks, but also opportunities, for the regulatory capital ratios, leverage ratio and subsequently also for NORD/LB's MREL ratio.

NORD/LB 2024 Transformation Programme

There are general opportunities but also risks in implementing NORD/LB's redimensioning process, although this will not be fully complete until 2024. This process aims to wind down the portfolios in selected areas of business, reduce the number of staff and, as a result, simplify the structure of the Group and processes. On the other hand, there is a risk that the restructuring expenses proposed for the redimensioning process will prove to be insufficient. If the income and cost measures are not implemented as planned, this could lead to operational risks and pressure on the NORD/LB Group's profitability and KPIs.

Impact of the COVID-19 pandemic

Due to the ongoing COVID-19 pandemic, risk provisioning and new business expectations offer opportunities for a faster economic recovery than expected. However, longer-lasting COVID-19-related economic restrictions may also result in risks that place a greater burden on NORD/LB's earnings before taxes.

Condensed Interim Consolidated Financial Statements as at 30 June 2021

Income Statement

Statement of Comprehensive Income

Balance Sheet

Condensed Statement of Changes in Equity

Condensed Cash Flow Statement

Selected Notes

Income Statement

	Notes	1 Jan.-30 Jun. 2021 (in € million)	1 Jan.-30 Jun. 2020 ¹⁾ (in € million)	Change (in %)
Interest income from assets		2 069	2 459	- 16
<i>of which: interest income calculated using the effective interest method</i>		901	1 116	- 19
Interest expenses from assets		28	29	- 3
Interest expenses from liabilities		1 647	1 929	- 15
Interest income from liabilities		33	42	- 21
<i>of which: interest income calculated using the effective interest method</i>		33	42	- 21
Net interest income	10	427	543	- 21
Commission income		96	107	- 10
Commission expenses		82	134	- 39
Net commission income	11	14	- 27	> 100
Profit/loss from fair value measurement	12	98	142	- 31
Risk provisioning	13	- 20	- 99	- 80
Disposal profit/loss from financial instruments not measured at fair value through profit or loss ²⁾	14	- 18	- 14	29
Profit/loss from hedge accounting	15	1	17	- 94
Profit/loss from shares in companies		10	- 6	> 100
Profit/loss from investments accounted for using the equity method		- 4	7	> 100
Administrative expenses	16	455	462	- 2
Other operating profit/loss	17	- 77	- 71	8
Earnings before restructuring, transformation and taxes		- 24	30	> 100
Profit/loss from restructuring and transformation	18	- 35	- 25	40
Earnings before taxes		- 59	5	> 100
Income taxes	19	- 14	- 1	> 100
Consolidated profit/loss		- 45	6	> 100
<i>of which: attributable to the owners of NORD/LB</i>		- 45	13	
<i>of which: attributable to non-controlling interests</i>		-	- 7	

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

²⁾ From the disposals of financial assets measured at amortised cost, there are gains of € 3 million (€ 0 million) and losses of € 3 million (€ 7 million).

Statement of Comprehensive Income

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

	1 Jan.-30 Jun. 2021 (in € million)	1 Jan.-30 Jun. 2020 ¹⁾ (in € million)	Change (in %)
Consolidated profit/loss	- 45	6	> 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	- 10	2	> 100
Changes in financial liabilities designated at fair value through profit or loss due to changes in own credit risk	- 59	62	> 100
Revaluation of the net liability from defined benefit pension plans	211	49	> 100
Deferred taxes	- 29	- 40	- 28
	113	73	55
Other comprehensive income which is reclassified to the income statement in subsequent periods on certain conditions			
Changes in financial assets at fair value through other comprehensive income			
Unrealised profit/losses	- 142	26	> 100
Reclassification due to profit/loss realisation	30	22	36
Investments accounted for using the equity method - Share of other comprehensive income	25	- 5	> 100
Translation differences of foreign business units			
Unrealised profit/losses	2	- 3	> 100
Deferred taxes	27	- 14	> 100
	- 58	26	> 100
Other profit/loss	55	99	- 44
Comprehensive income for the period under review	10	105	- 90
of which: attributable to the owners of NORDB/LB	10	112	
of which: attributable to non-controlling interests	-	- 7	

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

Balance Sheet

Assets	Notes	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Cash reserve		4 858	6 031	- 19
Trading assets	20	7 403	9 801	- 24
<i>of which: Loans and advances to customers</i>		675	692	- 2
Financial assets mandatorily at fair value through profit or loss	20	1 170	1 353	- 14
<i>of which: Loans and advances to banks</i>		57	58	- 2
<i>of which: Loans and advances to customers</i>		311	326	- 5
Financial assets at fair value through other comprehensive income	21	13 681	14 903	- 8
<i>of which: Loans and advances to banks</i>		435	473	- 8
<i>of which: Loans and advances to customers</i>		517	585	- 12
Financial assets at amortised costs	22	86 377	90 745	- 5
<i>of which: Loans and advances to banks</i>		13 763	14 418	- 5
<i>of which: Loans and advances to customers</i>		68 885	72 502	- 5
Positive fair values from hedge accounting derivatives		553	856	- 35
Balancing item for financial instruments hedged in in the portfolio fair value hedge		290	425	- 32
Shares in companies	23	327	322	2
Investments accounted for using the equity method		108	127	- 15
Property and equipment	24	287	302	- 5
Investment property		129	131	- 2
Intangible assets	25	114	126	- 10
Assets held for sale	26	24	67	- 64
Current income tax assets		22	23	- 4
Deferred income taxes		464	457	2
Other assets		942	822	15
Total assets		116 749	126 491	- 8

Liabilities	Notes	30 Jun. 2021 (in € million)	31 Dec.2020 (in € million)	Change (in %)
Trading liabilities	27	2 173	3 153	- 31
Financial liabilities designated at fair value through profit or loss	27	5 658	6 508	- 13
<i>of which: Liabilities to banks</i>		235	265	- 11
<i>of which: Liabilities to customers</i>		3 660	3 839	- 5
<i>of which: Securitised liabilities</i>		1 763	2 404	- 27
Financial liabilities at amortised costs	28	96 767	103 727	- 7
<i>of which: Liabilities to banks</i>		29 517	30 195	- 2
<i>of which: Liabilities to customers</i>		45 322	48 535	- 7
<i>of which: Securitised liabilities</i>		21 619	24 844	- 13
<i>of which: Subordinated liabilities</i>		2 243	2 258	- 1
Negative fair values from hedge accounting derivatives		1 265	1 966	- 36
Balancing item for financial instruments hedged in in the portfolio fair value hedge		690	1 003	- 31
Provisions	29	3 689	3 909	- 6
Current income tax liabilities		29	29	-
Deferred income taxes		49	64	- 23
Other liabilities		598	311	92
Equity				
Issued capital		2 972	2 972	-
Capital reserves		2 589	2 589	-
Retained earnings		976	1 039	- 6
Accumulated other comprehensive income (OCI)		- 747	- 818	- 9
Currency translation reserve		- 11	- 13	- 15
Equity capital attributable to the owners of NORD/LB		5 779	5 769	-
Additional equity		50	50	-
Equity capital attributable to non-controlling interests		2	2	-
		5 831	5 821	-
Total liabilities		116 749	126 491	- 8

Condensed Statement of Changes in Equity

	Issued capital	Capital reserves	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
(in € million)									
Equity as at 1 Jan. 2021	2 972	2 589	1 039	- 818	- 13	5 769	50	2	5 821
Adjusted comprehensive income for the period under review	-	-	- 45	53	2	10	-	-	10
Other changes in capital	-	-	- 18	18	-	-	-	-	-
Equity as at 30 Jun. 2021	2 972	2 589	976	- 747	- 11	5 779	50	2	5 831

	Issued capital	Capital reserves	Retained earnings ¹⁾	Accumulated OCI	Currency translation reserve	Equity capital attributable to the owners of NORD/LB ¹⁾	Additional equity	Equity capital attributable to non-controlling interests	Consolidated equity ¹⁾
(in € million)									
Equity as at 1 Jan. 2020	2 835	2 589	1 081	- 722	- 9	5 774	50	14	5 838
Adjustment IAS 8 ¹⁾	-	-	- 34	-	-	- 34	-	-	- 34
Adjusted equity as at 1 Jan. 2020	2 835	2 589	1 047	- 722	- 9	5 740	50	- 14	5 804
Comprehensive income for the period under review	-	-	13	102	- 3	112	-	- 7	105
Other changes in capital	-	-	- 14	12	-	- 2	-	-	- 2
Adjusted equity as at 30 Jun. 2020	2 835	2 589	1 046	- 608	- 12	5 850	50	7	5 907

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

Condensed Cash Flow Statement

	1 Jan. - 30 Jun. 2021 (in € million)	1 Jan. - 30 Jun. 2020 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	6 031	3 454	75
Cash flow from operating activities	- 1 149	4 017	> 100
Cash flow from investment activities	16	- 6	> 100
Cash flow from financing activities	- 52	- 640	- 92
Total cash flow	- 1 185	3 371	> 100
Effects of changes in exchange rates	12	- 2	> 100
Cash and cash equivalents as at 30 June	4 858	6 823	- 29

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, please refer to the information in the risk report.

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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 2021 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as applicable within the European Union. The interim financial statements meet the requirements of IAS 34 for condensed interim financial reporting. The national provisions of the German Commercial Code (HGB) under § 315e HGB were also observed, to the extent applicable as at the interim financial statements' reporting date. The interim consolidated financial statements are to be read in conjunction with the information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2020.

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 2021 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 (9) Segment reporting by business segment. Reporting on the nature and scope of risks relating to financial instruments in accordance with IFRS 7 is provided mainly in a risk report within the interim Group management report.

The reporting currency for the interim financial statements is the euro. All amounts are stated as rounded figures in millions of EUR (€ million) according to standard commercial practice, unless otherwise indicated. The figures for the previous year are stated afterwards in brackets.

These interim consolidated financial statements were prepared by the Managing Board on 17 August 2021 and approved for publication.

(2) Impact of the COVID-19 pandemic

The measures initiated due to the COVID-19 pandemic by crisis prevention management in 2020 will be continuously adjusted as the pandemic unfolds. The economic impact continues to be closely monitored; the adequacy of borrower credit ratings in particular is regularly reviewed.

As at 30 June 2021, the portfolio of loans with COVID-19-related individual forbearance measures increased to a total gross carrying amount of € 1,056 million (€ 649 million). As at the end of June, the total volume of newly granted loans subject to the public guarantee system (COVID-19 aid measures by KfW or comparable institutions) amounted to € 173 million (€ 117 million).

Management Adjustment (MAC-19)

As at 30 June 2021, NORD/LB Group is taking the uncertainties over how the pandemic will unfold, in particular the spread of variants that could result in extended or new lockdowns, and the resulting potential impact on borrower credit quality into account in the balance sheet by maintaining the management adjustment (MAC-19) made for the first time in the 2020 financial year. A return to pre-pandemic economic levels is not currently expected until 2023, which means it is envisaged that MAC-19 will be applied until the end of 2022. The extended state support measures cover the credit assessment of the borrowers' creditworthiness. However, indirect influencing factors such as increasing supply chain bottlenecks cannot be conclusively assessed.

The aim of MAC-19 is to take into account expected future effects on those sectors severely affected by the pandemic but, in the context of ratings, are not yet visible in the form of a deterioration in creditworthiness and thus in risk provisions, which are not mapped via stage 1 and 2 models as at the reporting date 30 June 2021. As at 30 June 2021, the focus was on the (sub-)segments of aircraft financing, real estate and corporate customers. The basis for this was the updated economic forecasts of NORD/LB Research, based on a macro-economic medium-term forecast as a baseline as well as three adverse scenarios of different severity (scenario 1 (mild), 2 (moderate) and 3 (severe)), under which an adjustment was made for the reporting year in the form of a definition of a leading scenario per industry. The scenarios were based on two global variables (Brent oil price in USD and EUR/USD exchange rate) and six country-specific variables per economy (such as unemployment rate, real GDP, etc.). Furthermore, the rating and loss ratio shifts were no longer purely expert-based, but first derived using the stress test analyser of the rating service provider RSU Rating Service Unit and then validated by experts in the relevant areas in the second step. The key parameters for the most important economies are shown in the following tables.

Germany	Scenario 1		Scenario 2		Scenario 3	
	2021	2022	2021	2022	2021	2022
Unemployment rate (in %)	6,4	6,7	7,0	7,8	7,5	8,7
GDP (real; Y/Y ¹ in %)	1,3	1,5	1,2	-0,6	-0,6	-3,9
CPI ² (in % Y/Y)	2,1	0,9	1,8	0,2	1,40	-0,50
Short Interest (3M Money Market rate, in %)	-0,60	-0,60	-0,60	-0,65	-0,65	-0,80
Long-Term Interest Rate (10Y Government, in %)	-0,40	-0,50	-0,60	-0,70	-0,70	-0,90

¹ Y/Y = year to year

² Consumer Price Index

USA	Scenario 1		Scenario 2		Scenario 3	
	2021	2022	2021	2022	2021	2022
Unemployment rate (in %)	7,5	8,3	9,0	11,0	13,5	13,0
GDP (real; Y/Y ¹ in %)	1,8	2,1	0,5	-1,2	-1,5	-3,5
CPI ² (in % Y/Y)	1,8	1,3	1,5	0,2	1,1	-0,7
Short Interest (3M Money Market rate, in %)	0,20	0,25	0,20	0,20	0,10	0,10
Long-Term Interest Rate (10Y Government, in %)	1,10	0,85	1,00	0,70	0,95	0,40

¹ Y/Y = year to year

² Consumer Price Index

Euroland	Scenario 1		Scenario 2		Scenario 3	
	2021	2022	2021	2022	2021	2022
Unemployment rate (in %)	8,7	9,5	9,5	11,0	10,5	12,0
GDP (real; Y/Y ¹ in %)	2,3	1,2	1,8	-1,1	0,4	-4,6
CPI ² (in % Y/Y)	1,4	0,7	1,1	-0,3	0,7	-0,8
Short Interest (3M Money Market rate, in %)	-0,60	-0,60	-0,60	-0,65	-0,65	-0,80
Long-Term Interest Rate (10Y Government, in %)	-0,40	-0,50	-0,60	-0,70	-0,70	-0,90

¹ Y/Y = year to year

² Consumer Price Index

The forecasts for Euroland serve as an approximation for the countries France, Ireland, Italy, Luxembourg, the Netherlands, Austria and Spain. The assumed development of the global variables oil price and EUR/USD exchange rate can be found in the table below.

Price of oil	Scenario 1		Scenario 2		Scenario 3	
	2021	2022	2021	2022	2021	2022
Brent (USD/ Barrel)	51	50	49	40	40	35
Exchangerate (EUR/USD)	1,15	1,11	1,14	1,03	1,12	1,00

As at 30 June 2021, MAC 19 fell to € 368 million (as at 31 December 2020: € 386 million), due to the repayment or cancellation of the underlying loan. Due to very negative expectations, the Aircraft Financing sub-segment was secured by the leading scenario 3, meaning that, broken down by segment, € 213 million of MAC-19 was allocated to this sub-segment. The other Energy and Infrastructure financing sub-segment of special financing was excluded from the MAC-19 due to positive ratings forecasts (sub-segment: € 13 million of special financing totalled € 176 million). In the Corporate Customers segment, scenario 1 was stipulated with an amount of € 64 million (€ 122 million), with the expert-based MAC-19 focus placed on five industries: automotive, construction, consumer goods, metal and plant engineering as well as travel and leisure. Real estate customers (scenario 2) accounted for € 91 million (€ 88 million).

Participation in longer-term financing transactions of the European Central Bank

As at 30 June 2021, the volume of long-term financing transactions (Targeted longer-term refinancing operations III; TLTRO-III) of the European Central Bank (ECB) included in the item Liabilities to banks within the liabilities measured at amortised cost amounted to around € 1.1 billion. As of 30 June, the interest income from the TLTRO-III liabilities amounted to approximately € 3 million.

According to the Group's assessment, these TLTRO III transactions in relation to the special interest rate are not liabilities with interest rates below the market interest rate in accordance with IAS 20 as, in view of the specific conditions depending on the institution-specific lending, there is a lack of comparability for determining what is unusual on the market. In addition, the measure is not intended to support credit institutions, but to stimulate lending to the real economy. Liabilities are therefore recognised and measured in accordance with IFRS 9.

For the additionally planned interest rate advantage over the unconditional special interest rate and the associated lending targets of the TLTRO III programme, the prerequisites for booking through profit or loss as at 30 June 2021 were not met. At the end of July 2021, NORD/LB notified the Deutsche Bundesbank of the early repayment of subscribed TLTRO-III funds in the amount of € 640 million from the real estate lending business as at the reporting date of 29 September 2021.

(3) Explanation of the Accounting-related Impact of the Guarantee Contracts from the Support Contract

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

The guarantee contracts comprise two ship financing reference portfolios from the Special Credit & Portfolio Optimization segment and a reference portfolio of aircraft financing from the Special Financing segment with corresponding loans including the associated derivatives and a number of loan commitments, guarantees and overdraft facilities. For the loan portfolio from the Special Credit & Portfolio Optimization seg-

ment, the guarantees extend to the net carrying amount of a portfolio with non-performing loans (NPL) intended for complete winding down as well as to the gross carrying amount of another portfolio. The gross carrying amount is also hedged for the loan portfolio from the aircraft customers' portfolio.

In the consolidated balance sheet of NORD/LB, the guarantee agreements are posted as credit derivatives and measured at fair value, as, viewed individually, they do not fulfil the prerequisites of the applicable accounting standards for the presence of a financial guarantee. All transactions in the guarantee portfolios remain subject to risk provisioning and ongoing fair value measurement under the individual measurement principle, even after the guarantee contracts are concluded. The hedging effect of the derivatives is visible at the level of the income statement of the NORD/LB Group by way of the compensative recording of the counterbalancing measurement effects arising from the hedged risks (risk provisioning and fair value changes) of the guarantee portfolio and of the performance of the derivatives in the subsequent periods. The changes in the guarantee portfolios as at 30 June 2021 is shown in Note (4).

In return for granting the guarantees, NORD/LB pays the state of Lower Saxony a commission for each one. With respect to the guarantee for the NPL portfolio, this is determined variably as a percentage of the total guarantee amount which reduces in line with the portfolio winding down and is charged monthly. For the two other portfolios, a fixed guarantee fee is stipulated which is payable in defined quarterly instalments (see Note (11) Net commission income).

The guarantee contracts must mandatorily end when the respective guarantee portfolio has been completely wound up and all outstanding payment obligations have been settled (variable maturity date). In the guarantee contracts for the portfolios with the hedged gross carrying amounts, 31 December 2024 is also originally defined as a fixed maturity date with an extension option. The extension option included in these two contracts was utilised both in 2020 and 2021, so that these contracts have a term until 31 December 2026. The guarantee contract for the NPL portfolio includes a unilateral right of termination in favour of NORD/LB, linked to the existence of certain economic conditions and to the consent of the DSGVO. NORD/LB exercised this right of termination with effect from 30 June 2021. The contractual liability of the State of Lower Saxony arising from the guarantee thus ended at the end of this date. For further information, refer to the "Significant events in the reporting year" section of the combined management report.

In addition to the three guarantee contracts mentioned, the support contract also provides for an exemption of the Bank by the state of Lower Saxony from risks associated with the potentially increased health-care benefits payable by NORD/LB to individuals drawing a pension and employees up to an amount of € 200 million. With regard to the country's benefit obligation as at the reporting date, reference is made to Note (22) Financial assets measured at amortised cost.

(4) Development of the Guarantee Portfolio as at 30 June 2021

The development of the hedged assets and liabilities in the reporting period and of the guarantee amount formed as a hedging derivative is presented below per guarantee. It is subdivided according to balance sheet items and valuation approach, and also by the off-balance-sheet transactions and, for the IFRS 9 risk provisioning 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 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, in particular, credit default risks.

The non-performing loans portfolio in the Special Credit & Portfolio Optimisation (SCPO) segment had a net carrying amount of € 69 million (€ 220 million) as at 30 June 2021 (of which € 36 million (€ 73 million) was

measured at fair value) plus € 1 million (€ 4 million) of contingent liabilities. The hedged net carrying amount as at 30 June 2021 contained a stage 3 risk provision of € 15 million (€ 151 million) for the receivables measured at amortised cost. As the economic effect of the guarantee no longer existed, NORDBANK terminated the guarantee contract for the NPL portfolio in accordance with the contract with effect from 1 July 2021.

The fair value of the derivatives of € -1 million (€ -23 million) was influenced as at the reporting date by deferred guarantee commissions in the amount of € -1 million (€ -2 million).

	Special Credit & Portfolio Optimization - Hedging Net carrying amount					
	Opening balance 1 Jan. 2021	Changes in stock	Risk provisioning and profit/loss from Financial Instruments at Fair Value through Profit or Loss	Currency translation	Closing balance 30 Jun. 2021	Closing balance 31 Dec. 2020
(in € million)						
Assets						
Trading assets - Positive fair values from derivatives	8	- 4	- 1	-	3	8
Financial assets mandatorily at fair value through profit or loss - Loans and advances to customers	65	- 63	36	- 5	33	65
Financial assets at amortised cost - Gross carrying amount from Loans and advances to customers	231	- 195	-	- 7	29	231
Risk provisioning - Stage 3	- 151	- 13	153	- 4	- 15	- 151
Property	67	- 48	-	-	19	67
Total	220	- 323	188	- 16	69	220
Liabilities						
Financial liabilities at amortised cost - Liabilities to customers	4	7	-	-	11	4
Total	4	7	-	-	11	4
Contingent liabilities						
Credit commitments	4	- 4	-	-	-	4
Other Off-balance-sheet liabilities	-	1	-	-	1	-
Total	4	- 3	-	-	1	4
Net value of the hedged portfolio	220	- 333	188	- 16	59	220
Guarantee contract (Hedging derivative)	- 23	-	22	-	- 1	- 23

A further portfolio in the segment Special Credit & Portfolio Optimization was hedged as at 30 June 2021 at a gross carrying amount of € 819 million (€ 994 million) (of which € 38 million (€ 42 million) was measured at fair value) plus € 66 million (€ 114 million) of contingent liabilities. The hedged gross carrying amount of the receivables measured at amortised cost included in the portfolio was offset against a risk provision in stages 1, 2 and 3 in the amount of € 2 million (€ 3 million), € 17 million (€ 15 million) and € 8 million (€ 8 million) respectively.

As a measurement gain as at the reporting date, the fair value of the derivatives of € 74 million (€ 48 million) was primarily influenced by the deterioration in the ratings of borrowers in the reference portfolio.

	Special Credit & Portfolio Optimization - Hedging Gross carrying amount					Closing balance 31 Dec. 2020
	Opening balance 1 Jan. 2021	Changes in stock	Risk provisioning and profit/loss from Financial Instruments at Fair Value through Profit or Loss	Currency translation	Closing balance 30 Jun. 2021	
(in € million)						
Assets						
Trading assets - Loans and advances to customers	14	-	-	-	14	14
Trading assets - Positive fair values from derivatives	15	-	- 4	1	12	15
Financial assets mandatorily at fair value through profit or loss - Loans and advances to customers	13	- 1	-	-	12	13
Financial assets at amortised cost - Gross carrying amount from Loans and advances to customers	952	- 175	-	4	781	952
Risk provisioning - Stage 1	- 3	-	1	-	- 2	- 3
Risk provisioning - Stage 2	- 15	-	- 2	-	- 17	- 15
Risk provisioning - Stage 3	- 8	-	-	-	- 8	- 8
Total	968	- 176	- 5	5	792	968
Liabilities						
Trading liabilities - Negative fair values from derivatives	1	-	-	-	1	1
Financial liabilities at amortised cost - Liabilities to customers	1	- 1	-	-	-	1
Provisions in lending business - Stage 2	1	-	-	-	1	1
Total	3	- 1	-	-	2	3
Contingent liabilities						
Credit commitments	67	- 21	-	-	46	67
Financial guarantees	3	-	-	-	3	3
Other Off-balance-sheet liabilities	44	- 27	-	-	17	44
Total	114	- 48	-	-	66	114
Net value of the hedged portfolio	1 079	- 223	- 5	5	856	1 079
Guarantee contract (Hedging derivative)	48	-	26	-	74	48

The Aircraft Financing sub-portfolio from the Special Financing segment was hedged as at 30 June 2021 at a gross carrying amount of € 875 million (€ 1,058 million) (of which € 42 million (€ 50 million) is measured at fair value) plus € 42 million (€ 41 million) of contingent liabilities. The hedged gross carrying amount of the receivables measured at amortised cost included in the performing loans sub-portfolio was offset

against a risk provision in stages 1, 2 and 3 in the amount of € 32 million (€ 21 million), € 37 million (€ 20 million) and € 2 million (€ 2 million) respectively.

The fair value of the derivatives of € 44 million (€ 41 million) was influenced as a measurement gain as at the reporting date by the deterioration in the ratings of borrowers in the reference portfolio.

	Aircraft customers - Hedging Gross carrying amount					
(in € million)	Opening balance 1 Jan. 2021	Changes in stock	Risk provisioning and profit/loss from Financial Instruments at Fair Value through Profit or Loss	Currency translation	Closing balance 30 Jun. 2021	Closing balance 31 Dec. 2020
Assets						
Trading assets - Loans and advances to customers	22	-	-	-	22	22
Trading assets - Positive fair values from derivatives	28	- 1	- 8	1	20	28
Financial assets at amortised cost - Gross carrying amount from Loans and advances to customers	1 008	- 178	-	3	833	1 008
Risk provisioning - Stage 1	- 21	-	- 11	-	- 32	- 21
Risk provisioning - Stage 2	- 20	-	- 17	-	- 37	- 20
Risk provisioning - Stage 3	- 2	-	-	-	- 2	- 2
Total	1 015	- 179	- 36	4	804	1 015
Contingent liabilities						
Credit commitments	41	1	-	-	42	41
Total	41	1	-	-	42	41
Net value of the hedged portfolio	1 056	- 178	- 36	4	846	1 056
Guarantee contract (Hedging derivative)	41	-	3	-	44	41

(5) 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 2020. In the reporting period, account was taken of the following amendments to standards applicable to the NORD/LB Group for the first time as at 1 January 2021:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (Phase 2)

The amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 standards published in August 2020 are the result of phase 2 of the IASB's IBOR project. The aim of these changes is to mitigate the impact of replacing the existing benchmark rates with alternative reference rates. In particular, the rules provide practical relief in relation to changes required by the IBOR reform. In addition, it should be possible to continue the hedge accounting relationship under adjusted documentation despite the benchmark interest rate being

replaced. For the implementation status of the IBOR reform in the NORD/LB Group, refer to Note (6) Implementation of the Interest Rate Benchmark Reform as at 30 June 2021.

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.

(6) Implementation of the Interest Rate Benchmark Reform as at 30 June 2021

In the first half of the 2021 financial year, the NORD/LB Group continued working hard to implement the global reform of benchmark interest rates (“IBOR reform”). Based on the opinion of the Financial Conduct Authority of 5 March 2021, NORD/LB expects the LIBOR to cease to be used as the benchmark interest rates for EUR, GBP, CHF and JPY as well as the USDLIBOR for certain maturities as at 31 December 2021 and expects the relevant temporary synthetic LIBOR reference interest rates for individual currency and maturity combinations to be implemented as of 1 January 2022. However, significant USD LIBOR rates will not be announced until 30 June 2023.

Specific challenges related to the IBOR reform

The IBOR reform will mainly impact the operational business and risk management in the affected business areas. The main challenges are operational. Examples include the renegotiation of credit agreements through bilateral negotiations with customers, updating contractual conditions and revising operational controls in the context of the reform.

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

Product-related implementation

The implementation of the IBOR reform has progressed to varying degrees in the individual product groups concerned:

Derivative business

In the first half of 2021, in preparation for the replacement of the EONIA (Euro OverNight Index Average) by the €STR (Euro Short-Term Rate), the adjustment of the measurement of bilateral, secured OTC derivatives, i.e. those not cleared via central counterparties, was continued and the adjustment measures for the replacement of the EFFR (Effective Federal Funds Rate) by the SOFR (Secured Overnight Financing Rate) were stepped up. The adjustment of the discounting and the collateral interest rate for bilateral counterparties was largely completed or the necessary negotiations with the counterparties were started. Valuation adjustments resulting from the changeover measures were neutralised by offsetting compensatory payments.

In addition, the conversion of the variable benchmark interest rates in the individual transactions began in 2021. Numerous variable benchmark rates are affected by this, including GBP LIBOR, CHF LIBOR, JPY LIBOR, EONIA and EFFR. Interest rate derivatives economically linked to loan agreements are converted in

parallel with the changes to the loan agreements. The corresponding technical and functional requirements (e.g. fallback rules in accordance with ISDA specifications) were created in 2020.

The following table lists the nominal values of the centrally cleared derivatives (excluding hedge derivatives) by variable benchmark interest rate for which a contract conversion has taken place in the first half of 2021 or for which the conversion is still pending in the future. The discounting has already been converted for these derivatives:

Nominal values	EONIA		USD LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR		EUR LIBOR		Total	
	still based on EONIA	al-ready converted to €STR	still based on USD LIBOR	al-ready converted to USD SOFR	still based on GBP LIBOR	al-ready converted to GBP SONIA	still based on JPY LIBOR	al-ready converted to JPY TO-NAR	still based on CHF LIBOR	al-ready converted to CHF SA-RON	still based on EUR LIBOR	al-ready converted to EUR RIBOR	still based on RFR	al-ready converted to new RFR
(in € million)														
Interest-rate risks	1,518	7,689	9,375	800	7,657	1,310	-	268	-	62	36	-	18,586	10,129
Currency risks	-	-	42	-	-	-	-	-	-	-	-	-	42	-
Total	1 518	7 689	9 417	800	7 657	1 310	-	268	-	62	36	-	18 628	10 129

In addition to the centrally cleared derivatives, contractual changes to the bilateral contracts were also made in 2021 following the amendments made to individual contracts in 2020. The following table lists the nominal values of bilateral derivative contracts (excluding hedge derivatives) by variable benchmark rate for which a contract conversion has already taken place or for which the conversion is still pending in the future:

Nominal values	EONIA		USD LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR		EUR LIBOR		Total	
	still based on EONIA	al-ready converted to €STR	still based on USD LIBOR	al-ready converted to USD SOFR	still based on GBP LIBOR	al-ready converted to GBP SONIA	still based on JPY LIBOR	al-ready converted to JPY TO-NAR	still based on CHF LIBOR	al-ready converted to CHF SA-RON	still based on EUR LIBOR	al-ready converted to EUR RIBOR	still based on RFR	al-ready converted to new RFR
(in € million)														
Interest-rate risks	255	1 663	3 253	-	3 516	829	84	-	510	91	-	4	7 618	2 587
Currency risks	-	-	8 418	-	2 735	-	222	-	59	-	-	-	11 434	-
Total	255	1 663	11 671	-	6 251	829	306	-	569	91	-	4	19 052	2 587

Hedge Accounting

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

There are no adjustments to the hedging of the EURIBOR risk due to the continued use of EURIBOR.

In the case of USD portfolio hedges, the replacement of USD LIBOR with a compounded SOFR interest rate plus a surcharge is expected to take place in stages until 30 June 2023, based on the ISDA IBOR fallback protocol. In micro hedge accounting, the impact of the IBOR reform on effectiveness is avoided by taking into account an appropriate credit spread adjustment in the interest rate conversion. The resulting one-off measurement effects are neutralised by corresponding compensatory payments to the counterparty.

The following table lists the nominal values of centrally cleared hedge derivatives for which a contract conversion took place in 2021 or whose conversion is still pending in the future:

Nominal values (in € million)	USD LIBOR		EUR LIBOR		Total	
	still based on USD LIBOR	already converted to USD SOFR	still based on EUR LIBOR	already converted to EUR RIBOR	still based on original RFR	already converted to new RFR
Interest-rate risks	2 390	–	399	–	2 789	–
Currency risks	10	–	–	–	10	–
Total	2 400	–	399	–	2 799	–

In addition to the centrally cleared hedge derivatives, contractual changes to the bilateral hedge derivatives were also made in the first half of 2021. The following table lists the nominal values of the bilateral hedge derivative contracts for which a contract conversion has taken place in 2021 or whose conversion is still pending in the future:

Nominal values (in € million)	USD LIBOR		GBP LIBOR		Total	
	still based on USD LIBOR	already converted to USD SOFR	still based on GBP LIBOR	already converted to GBP SONIA	still based on original RFR	already converted to new RFR
Interest-rate risks	338	–	130	–	468	–
Total	338	–	130	–	468	–

Securities, Loans and Account Products

In the area of issued variable-interest securities, the NORD/LB Group is only marginally affected by the reform. In the case of EUR-denominated variable interest-bearing issues, there is no need for action in the foreseeable future due to the continued use of EURIBOR. In the portfolio of foreign currency issues (excluding USD LIBOR), there are only two variable-rate securities with a maturity after 2021. As a result of the publication of the relevant USD LIBOR, which is expected to be extended until 30 June 2023, there is no further need for action from today's perspective as the last interest rate fixing date for the remaining issues also falls on 30 June 2023. New issues with a variable benchmark rate are currently only issued in EUR based on the EURIBOR.

Regular analysis and impact assessment is also carried out in the area of purchased securities. It is expected that issuers will ensure prompt communication and conversion. The table below lists the securities purchased by their variable benchmark rate for which a contract conversion is expected in 2021.

In relation to the lending business and the associated account products, the necessary comprehensive portfolio analysis was completed in the 2021 financial year. This was used to identify transactions that require a contractual change as the maturity date is later than the expected discontinuation of the current benchmark interest rate and the existing contracts do not already contain sufficient regulations for dealing with a benchmark interest rate conversion. As only variable-interest financial instruments are affected by the reform, it is expected that this will only have an impact on the existing business in the Wholesale business in the NORD/LB Group.

The contractual change to the new benchmark interest rates and the repricing of the existing loan transactions or account products takes place on the basis of a uniformly defined conversion procedure and was started locally in the affected credit departments the first half of 2021. The Bank plans to complete the conversion by the end of the third quarter of 2021, provided that the contracting parties are willing to cooperate

accordingly. This will include, on a case-by-case basis, the replacement of the previous benchmark interest rates in the respective contract with an alternative benchmark interest rate or the addition of fallback agreements as well as, where necessary, further contractual modifications in individual cases, depending on the contract negotiations. For contractual modifications that are not directly related to the IBOR reform, the practical facilitation of the analogous application of IFRS 9.B5.4.5 granted to the accounting entities within the framework of the IASB's IBOR Phase 2 Amendment is not applicable.

With regard to new business for loans and account products, the legal implementation of the reform in the relevant contract templates was also started. The IT adjustments required were completed in the first half of 2021.

The following table lists the securities and lending transactions according to their variable benchmark interest rate for which a contract conversion has taken place in 2021 or whose conversion is still pending in the future:

	USD LIBOR		GBP LIBOR		JPY LIBOR		CHF LIBOR		EUR LIBOR		Total	
	still based on USD LIBOR	already converted to USD SOFR	still based on GBP LIBOR	already converted to GBP SONIA	still based on JPY LIBOR	already converted to JPY TONAR	still based on CHF LIBOR	already converted to CHF SARON	still based on EUR LIBOR	already converted to EURIBOR	still based on original RFR	already converted to new RFR
Gross carrying amount (in € million)	2 835	-	2 710	-	63	-	62	-	-	109	5 670	109
Number	391	-	187	-	4	-	20	-	-	11	602	11

(7) Restatement of Previous Year's Figures

In these interim consolidated financial statements, the previous year's figures were adjusted on the basis of IAS 8.42 as follows:

In the annual report as at 31 December 2020, the previous year's figure of one of the credit derivatives presented in Note (3) Explanation of the accounting related impact of the guarantee contracts from the support contract was adjusted. In the measurement of this credit derivative as at 31 December 2019, eligible external collateral in favour of the hedged credit agreements in the form of credit insurance was not taken into account. This would have resulted in a reduction in the reimbursement claim and thus in the fair value of the credit derivative. As a result of the collateral offsetting, the potential entitlement to reimbursement of the guarantee portfolio (hedging effect) fell below the amount of the commissions to be paid in the future (hedging costs), which meant that a negative fair value and thus a trading liability arose for the credit derivative based on a positive fair value as at 31 December 2019. As a result, there are adjustments to consolidated net profit/loss and comprehensive income for the period from 1 January to 30 June 2020.

Adjustment of consolidated profit/loss and comprehensive income for the period from 1 January to 30 June 2020:

1 Jan. - 30 Jun. 2020 (in € million)	Before adjustment	Adjustment IFRS 10	After adjustment
Profit/loss from fair value measurement	140	2	142
Other profit/loss	- 68	- 3	- 71
further expenses and income	- 41	-	- 41
Earnings before restructuring, transformation and taxes	31	- 1	30
Profit/loss from restructuring and transformation	- 25	-	- 25
Earnings before taxes	6	- 1	5
Income taxes	2	- 3	- 1
Consolidated profit/loss	4	2	6
of which: attributable to the owners of NORD/LB	11	2	13
of which: attributable to non controlling interests	- 7	-	- 7
Comprehensive income for the period under review	103	2	105
of which: attributable to the owners of NORD/LB	110	2	112
of which: attributable to non-controlling interests	- 7	-	- 7

The adjustments were also taken into account in the following notes: (9) Segment reporting, (12) Profit/loss from fair value measurement, (17) Other operating profit/loss, (30) Fair value hierarchy (development).

(8) Basis of Consolidation

Compared with 31 December 2020, these interim consolidated financial statements include not only NORD/LB as parent company, but also 19 (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, one (one) joint venture and five (six) associates are recognised.

Compared with 31 December 2020, the following changes have been made to the basis of consolidation:

In four fully consolidated single-ship and multi-ship companies, the ships were sold as their main asset. As a result, the following subsidiaries are no longer controlled and have been deconsolidated:

- APSE SPV1 Tte. Ltd, Singapore
- Maritime Asia Emerald Pte. Ltd., Singapore
- Maritime Asia Opal Pte. Ltd., Singapore
- Maritime Asia Zircon Pte. Ltd., Singapore

In connection with the implementation of the NORD/LB 2024 project, the Bank founded two new companies in the first quarter of 2021. The two property companies based in Bremen

- BGG Katharina GmbH & Co. KG
- BGG Rathausmarkt GmbH & Co. KG

will be included in the consolidated financial statements for the first time as fully consolidated subsidiaries as at 30 June 2021.

For materiality reasons, LINOVO Productions GmbH & Co. KG, Munich, is deconsolidated as an associate as at 30 June 2021 and, is no longer included using the equity method. It is a film fund company whose investments are largely repaid and are in liquidation.

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

Segment Reporting

Segment reporting provides information on the Group's operational fields of activity. The segment reporting below is based on IFRS 8 Operating Segments in accordance with the management approach. The segment information is presented in accordance with IFRS on the basis of internal reporting the way it is regularly reported internally for performance assessment and for decisions on the allocation of resources to the segments. The total risk exposure amount was recognised uniformly for the business segments and the Group, shown pursuant to CRR/CRD as at the reporting date. As at 1 January 2020, the former Private and Commercial Customers and Savings Banks Network Customers segments were merged into the new Private and Commercial Customers and Savings Banks Network Customers segment and the former Energy and Infrastructure Customers and Aircraft Customers segments were merged into the Special Financing segment. In addition, the former Group Management / Other segment was renamed Treasury / Consolidation / Other. In addition, portfolios of the supra-regional municipal business in the amount of € 2.5 billion (formerly the Savings Banks Network Customers segment) and the housing industry in the amount of € 2.5 billion, agricultural customers in the amount of € 0.4 billion and other corporate customers in the amount of € 1.6 billion (all formerly the Corporate Customers segment) were transferred to the newly formed Special Credit & Portfolio Optimisation segment as at 1 December 2020.

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.

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

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

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

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

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

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

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

Private and Commercial Customers & Savings Bank Network Division

The Private and Commercial Customers and Savings Banks Network Customers segment is divided into two areas: Private and Commercial Customers as well as Savings Banks Network Customers. In addition, the segment includes a holding in Öffentlichen Lebensversicherung and Sachversicherung Braunschweig, public life and property insurers

Private and Commercial Customers

The Private and Commercial Customers business area 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, Bremen and Oldenburg. While NORD/LB operates under its own name at the Hanover, Hamburg, Bremen and Oldenburg locations, it conducts its business in the Brunswick region as the "Braunschweigische Landessparkasse" (BLSK). BLSK's business area comprises Brunswick and the parts of the former Duchy of Brunswick, 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. 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. In addition, the expanded services in the high-end customer groups range from multi-award-winning asset management, tandem support for corporate and business customers at BLSK and NORD/LB to entrepreneurial banking. In private banking and the corporate customer segment, the NORD/LB Group positions itself as the first address in the market at the respective locations. Asset and portfolio management in capital market transactions and asset management at the Bremen site are competence centres in the Group.

Network Customers

The Savings Banks division supports savings banks in the states of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania, as well as Schleswig Holstein and Brandenburg (extended network). In addition, business activities are carried out in cooperation/coordination with the savings banks, managed corporate customers and municipal customers. From the NORD/LB Group's point of view, savings banks assume three roles: They are a customer, owner and market access to a broad customer base. The business with the network savings banks comprises the clearing house function, the pass-through promotional loan business, business with private customers, proprietary business and the service for savings banks. As part of its clearing house function, NORD/LB is the principal bank of the savings banks for short-term and long-

term refinancing, it manages liquidity reserves and acts as a provider of central services for savings banks in payment transactions and foreign business. In the promotional lending business, the NORD/LB Group acts in the interconnected region as the central pass-through institution for KfW loans and loans in the Bremen region. In the retail banking business, the NORD/LB Group is also a product supplier for customers of the savings banks. In its own business, the NORD/LB Group offers supplementary services for savings banks in the securities business, is a provider of information services and other bundling topics as part of the service for savings banks. Corporate customer business takes place in consultation with the respective savings bank with a view to joint market development. In cooperation/coordination with the savings banks, it focuses on supported corporate customers in the network area and the extended network. The business activity of municipal customers includes the regional municipal loan business in the network area, extended network area and in the Bremen region. In addition to the traditional lending business, the NORD/LB Group provides comprehensive advice to municipalities throughout Germany on all issues relating to capital market products, such as derivatives, investments, portfolio management and facility management.

Corporate Customers

The Corporate Customers strategic business segment comprises the NORD/LB Group's medium-sized and high-end corporate customer business (excluding corporate customer business in the Private and Commercial Customers and Savings Banks Network Customers strategic business segment) in Germany and the neighbouring states, with a focus on the three core regions: North, Central and South. The main goal is to achieve core bank status for customers. Furthermore, the Corporate Customers business segment also includes the financing of corporate acquisitions by private equity companies.

Markets

The main task of the Markets strategic business segment is the trading of capital market and capital market-related products with institutional customers. In terms of the capital market business, the focus is on interest, credit, money market and foreign currency products as well as structured products for the securities account A and B business. Business activities in this area concentrate primarily on the interest segment. Furthermore, capital-market-related products, such as corporate promissory notes or alternative investment products are also offered to institutional customers as required. The Markets business segment operates the NORD/LB Group's Financial Markets platform. This includes, in particular, the DCM platform, which brings issuers and investors together, the ABF platform, which offers capital-market-related and low-risk credit products, as well as the capital market product platform, which focuses on interest rate and FX products for the wholesale divisions of the NORD/LB Group. 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, the market activities include the business in financial market products for NORD/LB and Deutsche Hypo customer groups. The customers served by Corporate Sales are corporate customers, aircraft customers, commercial real estate customers, energy and infrastructure customers as well as network customers.

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

Specialised Finance

The Special Financing segment consists of the Energy and Infrastructure Customers and Aircraft Customers business areas.

Energy and Infrastructure Customers

The central locations of the Energy and Infrastructure business areas are Hanover, London and Oldenburg. Customers are also managed at the New York and Singapore offices. In this area, the focus is on structuring and arranging bespoke, individual financing solutions, mainly for project-related transactions. In the Energy sector, financing relates mostly to new construction and capacity expansions of wind and photovoltaic plants. The focus of the infrastructure business is on the “Public buildings”, “Economic infrastructure” and “Rail-based transportation” sectors. At the heart of this is the development of customer relationships with sustainable earning structures and acceptable risks within the existing limits.

Aircraft Customers

The Aircraft Customers segment encompasses primarily asset-based aircraft financing and is based mainly at the Hanover location with additional sales staff in Singapore and New York. In addition to the commercial financing of aircraft, other financial products such as promissory notes or derivatives are offered in this sub-segment. The sub-segment is managed by active portfolio management using suitable refinancing and placement instruments. The syndication and placement of individual and portfolio transactions is a fundamental part of the business strategy of the Aircraft Customers sub-segment. Since June 2020, the Aviation Finance & Investment Solutions (AFIS) division has bundled the Aircraft Customers segment on the one hand and the placement functions and network of banks and institutional investors for alternative investments (individual and portfolio transactions) across all NORD/LB asset classes (formerly Credit Asset Management) on the other.

Real Estate Banking Customers

NORD/LB's and Deutsche Hypothekbank's definition of real estate finance relates mainly to financing regardless of the collateral for customers who generate the majority of their cash flow from real estate or who regularly make major 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 normally are rented or can be rented on a long-term basis. The NORD/LB Group also finances commercial properties in the hotel, logistics and mixed-use properties segments. Business activities focus on the key markets of Germany, France, the United Kingdom, Benelux, Poland, Spain and Austria.

Special Credit & Portfolio Optimization

The Special Credit & Portfolio Optimization (SCPO) business segment was created from the previous Special Credit Management (SKM) unit and the internal Strategic Portfolio Optimisation (SPO) dismantling unit and focuses on the previous SPO area in accordance with the strategic realignment of the NORD/LB Group and the winding down of non-strategic portfolios. These include ship financing (SPO Ships and Maritime Industries) 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 SCPO division does not represent a strategic business segment, but serves as an area with an overall bank management function for the winding down of non-strategic customer relationships and asset classes. The SPO Ships portfolio (primarily non-performing ship financing) comprises the “Tower Bridge” and “SPO Other” portfolios and is subject to risk shielding through loss allowances and the financial guarantee of the State of Lower Saxony. The winding down is expected to be largely completed by

the end of 2021. The “Maritime Industries” portfolio (primarily non-performing ship financing) is also subject to risk shielding through the financial guarantee of the state of Lower Saxony and in parts of the securitisation transaction Northvest II. The “Maritime Industries” portfolio is to be wound down mainly as part of the regular repayment process. The portfolios of housing industry and supra-regional municipal financing are to be completely wound down primarily as part of the regular repayment process. The “Corporate Customers” and “Agricultural Customers” sub-portfolios being wound down were selected and transferred from the market to SCPO. The winding down will be mainly carried out by means of regular repayment processes.

Treasury/Consolidation/Other

This segment covers all other performance indicators directly related to business activities, such as Group companies not recognised in the segments, earnings components not allocated to the segments at overall institution level, profit or loss from financial instruments not recognised in the economic performance of the business 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.

In addition, the segment includes the Treasury division, which makes a significant contribution to the sustainable business growth of the NORD/LB Group through the management of liquidity, funding as well as interest rate and currency risks. In addition, Treasury provides all market areas with the instruments for effective interest calculation and conditions and advises them at an early stage on complex transactions in the new business process so that viable funding solutions can be achieved. Treasury also has market access to the international money and foreign exchange markets. Furthermore, the positioning in credit investment products is also carried out here as part of overall bank management. These portfolios are managed by the Asset Liability Committee (ALCO) and serve to flexibly invest the capital allocated or used to stabilise the earnings situation of the NORD/LB Group. Treasury also plays a central role in managing and optimising the banking book.

Reconciliations

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 recognised differently in the internal management system compared with the external reporting.

(9) Segment Reporting by Business Segment

1 Jan. - 30 Jun. 2021	Private and Commercial Customers and Savings bank network	Corporate Customers	Markets	Special-financing	Real Estate Banking Customers	Special Credit & Portfolio Optimization	Treasury/ Consolidation/ Others	Reconciliations	NORD/LB Group
(in € million)									
Net interest income	81	125	37	90	80	36	17	- 40	427
Net commission income	40	19	28	10	3	- 43	- 33	- 8	14
Profit/loss from financial instruments at fair value	7	5	36	24	2	114	- 61	- 31	98
Risk provisioning	1	- 18	-	- 94	7	55	5	24	- 20
Disposal profit/loss from financial instruments that are not measured at fair value through profit or loss	-	-	-	-	-	-	- 18	-	- 18
Profit/loss from hedge accounting	-	-	-	-	-	-	1	-	1
Profit/loss from shares in companies	-	-	-	-	-	-	10	-	10
Profit/loss from investments accounted for using the equity method	2	-	-	-	-	-	- 6	-	- 4
Administrative expenses	133	63	67	71	34	18	60	11	455
Other operating profit/loss	- 11	- 2	2	10	-	- 1	- 79	4	- 77
Earnings before restructuring and transformation	- 12	66	36	- 30	59	143	- 225	- 61	- 24
Profit/loss from restructuring and transformation	-	-	-	-	-	-	- 35	-	- 35
Earnings before taxes	- 12	66	36	- 30	59	143	- 260	- 61	- 59
Income taxes	-	-	-	-	-	-	-	- 14	- 14
Consolidated profit/loss	- 12	66	36	- 30	59	143	- 260	- 47	- 45
Segment assets	22 668	478	9 268	16 992	13 144	7 796	30 120	1 284	749
of which: investments at equity	40	15	-	-	-	-	68	-	108
Segment liabilities	12 841	5 187	27 328	2 608	211	1 191	65 401	1 981	116 749
Total risk exposure amount	4 929	9 434	2 561	6 723	5 917	1 555	2 377	3 842	37 339
Capital employed ¹⁾	353	717	207	498	411	122	636	3 689	6 634
CIR	111.3%	42.5%	64.8%	52.8%	39.8%	16.7%			103.3%
RoRaC/RoE ²⁾	-3.4%	9.2%	17.4%	-6.1%	14.3%	117.3%			-1.8%

1 Jan. - 30 Jun. 2020 ⁽³⁾	Private and Commercial Customers and Savings bank network	Corporate Customers	Markets	Special-financing	Real Estate Banking Customers	Special Credit & Portfolio Optimization	Treasury / Consolidation / Others	Reconciliations	NORD/LB Group
(in € million)									
Net interest income	97	146	53	107	84	28	29	- 2	543
Net commission income	40	18	19	2	2	- 81	- 15	- 13	- 27
Profit/loss from financial instruments at fair value	- 4	2	- 9	7	- 1	83	151	- 87	142
Risk provisioning	- 31	- 4	-	- 39	- 15	4	3	- 18	- 99
Disposal profit/loss from financial instruments that are not measured at fair value through profit or loss	-	-	-	-	-	-	- 14	-	- 14
Profit/loss from hedge accounting	-	-	-	-	-	-	17	-	17
Profit/loss from shares in companies	-	-	-	-	-	-	- 6	-	- 6
Profit/loss from investments accounted for using the equity method	2	-	-	-	-	-	5	-	7
Administrative expenses	120	84	54	79	30	6	77	11	462
Other operating profit/loss	- 5	-	1	1	1	-	- 58	- 9	- 70
Earnings before restructuring and transformation	- 21	78	9	- 1	42	28	35	- 140	30
Profit/loss from restructuring and transformation	-	-	-	-	-	-	25	-	25
Earnings before taxes	- 21	78	9	- 1	42	27	11	- 140	5
Income taxes	-	-	-	-	-	-	-	- 1	- 1
Consolidated profit/loss	- 21	78	9	- 1	42	27	11	- 139	6
Segment assets	22 183	068	670	17 836	12 832	9 172	35 372	1 358	491
of which: investments at equity	40	-	-	-	-	-	87	-	127
Segment liabilities	12 382	4 631	31 078	2 540	160	1 775	72 041	1 883	491
Total risk exposure amount	5 250	11 199	3 184	8 541	5 533	1 662	1 427	4 817	41 612
Capital employed ¹⁾	376	860	229	637	404	86	696	3 265	6 554
CIR	92.7%	50.6%	85.1%	67.8%	34.5%	21.4%			77.3%
RoRaC/RoE ²⁾	-5.7%	9.1%	4.1%	-0.2%	10.3%	31.7%			0.2%

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

(in € million)	30 Jun. 2021	31 Dec. 2020	30 Jun. 2020
Long-term equity under commercial law	6 634	6 627	6 554
Other comprehensive income	- 758	- 831	- 622
Earnings after taxes	- 45	25	6
Reported equity	5 831	5 821	5 939

²⁾ **RoRaC at business level:**
(Earnings before taxes/committed Tier 1 capital)
RoE at company level:
Earnings before taxes/long-term equity under commercial law (see table above).

³⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

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

Notes to the Income Statement

(10) Net Interest Income

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

	1 Jan. - 30. Jun. 2021 (in € million)	1 Jan. - 30. Jun. 2020 (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	941	1 082	- 13
Interest income from trading and hedge accounting derivatives	906	1 036	- 13
Interest income from debt securities and other fixed interest securities	4	6	- 33
Interest income from loans and advances	31	40	- 23
Interest income from financial instruments mandatorily at fair value through profit or loss	10	19	- 47
Interest income from debt securities and other fixed interest securities	4	6	- 33
Interest income from loans and advances	6	13	- 54
	951	1 101	- 14
Interest income from financial assets at fair value through other comprehensive income			
Interest income from debt securities and other fixed interest securities	70	83	- 16
Interest income from loans and advances	8	12	- 33
	78	95	- 18
Interest income from financial assets measured at amortised cost			
Interest income from debt securities and other fixed interest securities	46	52	- 12
Interest income from loans and advances	769	959	- 20
Interest income from impaired debt securities and other fixed interest securities as well as loans and advances	8	10	- 20
	823	1 021	- 19
Dividend income	7	- 3	> 100
Other interest income and similar income			
Interest income from hedge accounting amortisations	175	197	- 11
Other interest income and similar income	35	48	- 27
	210	245	- 38
	2 069	2 459	- 16

	1 Jan. - 30. Jun. 2021 (in € million)	1 Jan. - 30. Jun. 2020 (in € million)	Change (in %)
Interest expenses from assets	28	29	- 3
Interest expenses from liabilities			
Interest expenses from financial liabilities at fair value through profit or loss			
Interest expenses from trading liabilities	891	1 032	- 14
Interest expenses from trading and hedge accounting derivatives	891	1 032	- 14
Interest expenses from financial liabilities designated at fair value through profit or loss	50	70	- 29
Interest expenses from deposits	40	49	- 18
Interest expenses from securitised liabilities	10	21	- 52
	941	1 102	- 15
Interest expenses from financial liabilities measured at amortised cost			
Interest expenses from deposits	401	486	- 17
Interest expenses from securitised liabilities	117	149	- 21
	518	635	- 18
Other interest expenses and similar expenses			
Interest expenses from hedge accounting amortisations	166	169	-
Other interest expenses and similar expenses	22	23	-
	188	192	- 2
	1 647	1 929	- 15
Interest income from liabilities	33	42	- 21
Total	427	543	- 21

The Interest expenses from assets and the Interest income from liabilities mainly relate to the Group's lending and money market transactions. In addition, interest expenses include a measurement effect resulting from the application of IFRS 9.B5.4.6 in the amount of € -19 million (interest income € 38 million), which results from the reestimate of cash flows associated with financial liabilities measured at amortised cost.

(11) Net Commission Income

	1 Jan. - 30. Jun. 2021 (in € million)	1 Jan. - 30. Jun. 2020 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	39	35	11
Account management and payment transactions	15	22	- 32
Trust activities	-	1	- 100
Security transactions and custody service	22	27	- 19
Brokerage business	17	18	- 6
Other commission income	3	4	- 25
	96	107	- 10
Commission expenses			
Lending and guarantee business	72	120	- 40
Account management and payment transactions	1	1	-
Security transactions and custody service	4	6	- 33
Brokerage business	3	2	50
Other commission income	2	5	- 60
	82	134	- 39
Total	14	- 27	> 100

The commission expenses included commissions in the amount of € 50 million (€ 95 million) for the guarantees granted by the state of Lower Saxony to hedge the loss risks of certain credit portfolios (see Note (3) Explanation of the accounting-related impact of the guarantee contracts from the support contract).

(12) Profit/Loss from Fair Value Measurement

	1 Jan. - 30 Jun. 2021 (in € million)	1 Jan. - 30 Jun. 2020 ¹⁾ (in € million)	Change (in %)
Trading result			
Profit/loss from derivatives			
Interest-rate risks	11	- 9	> 100
Currency risks	- 14	29	> 100
Share-price and other price risks	1	- 1	> 100
Credit derivatives	52	85	- 39
	50	104	- 52
Profit/loss from debt securities and other fixed interest securities	- 69	60	> 100
Profit/loss from receivables held for trading	- 121	96	> 100
Profit/loss from short sales	- 1	-	-
Other trading result	- 1	-	-
	- 142	260	> 100
Profit/loss from financial assets at fair value through profit or loss			
Profit/loss from equity instruments	1	- 1	> 100
Profit/loss from debt securities and other fixed interest securities	- 1	- 14	- 93
Profit/loss from receivables	60	- 16	> 100
	60	- 31	> 100
Profit/loss from designated financial liabilities at fair value through profit or loss			
Profit/loss from deposits	158	- 113	> 100
Profit/loss from securitised liabilities	27	1	> 100
	185	- 112	> 100
Foreign exchange result	- 5	25	> 100
Total	98	142	- 31

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

(13) Risk Provisioning

	1 Jan. - 30 Jun. 2021 (in € million)	1 Jan. - 30 Jun. 2020 (in € million)	Change (in %)
Risk provisioning of financial assets at fair value through other comprehensive income			
Income from the reversal of risk provisioning for			
Debt securities and other fixed interest securities	1	-	-
	1	-	-
Expenses from allocations to risk provisions for			
Debt securities and other fixed interest securities	1	1	-
	1	1	-
	-	- 1	- 100
Risk provisioning of financial assets at amortised cost			
Income from the reversal of risk provisioning for			
Debt securities and other fixed interest securities	4	-	-
Loans and advances	473	235	> 100
	477	235	> 100
Expenses from allocations to risk provisions for			
Debt securities and other fixed interest securities	1	2	- 50
Loans and advances	502	330	52
	503	332	52
	- 26	- 97	- 73
Provisions in lending business			
Income from the reversal	23	46	- 50
Expenses from allocation	39	43	- 9
	- 16	3	> 100
Recoveries of receivables written off	30	18	67
Direct write-offs	9	23	- 61
Modification results	1	1	-
Total	- 20	- 99	- 80

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

	1 Jan.-30 Jun. 2021 (in € million)	1 Jan.-30 Jun. 2020 (in € million)	Change (in %)
Disposal profit/loss from financial assets at fair value through other comprehensive income			
Disposal profit/loss of			
Debt securities and other fixed interest securities	- 1	-	-
	- 1	-	-
Disposal profit/loss from financial assets at amortised cost			
Disposal profit/loss of			
Debt securities and other fixed interest securities	1	- 4	> 100
Loans and advances	- 1	- 3	- 67
	-	- 7	- 100
Disposal profit/loss from financial liabilities at amortised cost			
Disposal profit/loss of			
Deposits	- 12	- 2	> 100
Securitised liabilities	- 4	- 5	- 20
	- 16	- 7	> 100
Other disposal profit/loss	- 1	-	-
Total	- 18	- 14	29

(15) 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. 2021 (in € million)	1 Jan. - 30 Jun. 2020 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged items	- 140	221	> 100
from derivatives designated as hedging instruments	140	- 210	> 100
	-	11	- 100
Profit/loss from portfolio fair value hedges			
from hedged items	93	-	-
from derivatives designated as hedging instruments	- 92	6	> 100
	1	6	- 83
Total	1	17	- 94

(16) Administrative Expenses

	1 Jan.-30 Jun. 2021 (in € million)	1 Jan.-30 Jun. 2020 (in € million)	Change (in %)
Staff expenses	227	250	- 9
Other administrative expenses	193	179	8
Current depreciation	35	33	6
Total	455	462	- 2

(17) Other Operating Profit/Loss

	1 Jan.-30 Jun. 2021	1 Jan.-30 Jun. 2020 ¹⁾	Change
	(in € million)	(in € million)	(in %)
Other operating income			
Income from the reversal of provisions	–	1	– 100
Rental income from investment property	5	5	–
Income from the disposal of non-financial assets	1	1	–
Reimbursements	4	3	33
Other operating income	21	13	62
	31	23	35
Other operating expenses			
Expenses from bank levy	99	77	29
Expenses from Investment property	2	1	100
Other taxes	4	4	–
Other operating expenses	3	12	– 75
	108	94	15
Total	– 77	– 71	8

¹⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

(18) Profit/loss from restructuring and transformation

The result from restructuring and transformation totalling € 35 million (€ 25 million) resulted from expenses and income in connection with the NORD/LB 2024 transformation programme. The NORD/LB 2024 targets will lead to a fundamental restructuring of the Group and are to be implemented by the end of 2023. The associated expenses are not assigned to the operating business activities, but shown separately due to their significance and their extraordinary, non-recurring nature. These are both personnel costs and expenses for consultancy services incurred as part of the Group's transformation for strategy, implementation, IT and legal consultancy.

(19) Income Taxes

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

Notes to the Balance Sheet

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

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Trading assets			
Positive fair values from derivatives			
Interest-rate risks	3 203	4 230	- 24
Currency risks	113	357	- 68
Share-price and other price risks	2	2	-
Credit derivatives	164	113	45
	3 482	4 702	- 26
Debt-securities and other fixed-interest securities	1 646	2 202	- 25
Loans and advances to customers	675	692	- 2
Registered securities	1 600	2 205	- 27
	7 403	9 801	- 24
Financial assets mandatorily at fair value through profit or loss			
Equity instruments	21	20	5
Debt-securities and other fixed-interest securities	781	949	- 18
Loans and advances to banks	57	58	- 2
Loans and advances to customers	311	326	- 5
	1 170	1 353	- 14
Total	8 573	11 154	- 23

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 certain portfolios of the Special Credit Unit & Strategic Portfolio Optimisation (SCPO) segment and on the aircraft customer portfolio of the Special Financing segment. Under IFRS, these guarantees must be reported as credit derivatives.

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

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Debt-securities and other fixed-interest securities	12 729	13 845	- 8
Loans and advances to banks	435	473	- 8
Loans and advances to customers	517	585	- 12
Total	13 681	14 903	- 8

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

(22) Financial Assets at Amortised Costs

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Debt securities and other fixed interest securities	3 729	3 825	- 3
Loans and advances to banks	13 763	14 418	- 5
Loans and advances to customers	68 885	72 502	- 5
Total	86 377	90 745	- 5

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

(23) 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. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Subsidiaries	18	18	-
Joint Ventures	10	7	43
Associated companies	34	39	- 13
Other shares in companies	265	258	3
Total	327	322	2

(24) Property and Equipment

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Land and buildings	192	194	- 1
Operating and office equipment	30	34	- 12
Other property and equipment	5	1	> 100
Right-of-use assets from leasing	60	73	- 18
Total	287	302	- 5

(25) Intangible Assets

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Software			
Purchased	58	66	- 12
Internally developed	41	43	- 5
	99	109	- 9
Prepayments and intangible assets under development and preparation	10	10	-
Leased Software	5	7	- 29
Total	114	126	- 10

Intangible assets under development refer primarily to internally generated software.

(26) Assets Held for Sale

Assets held for sale in accordance with IFRS 5 break down as follows:

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Shares in companies - non consolidated	5	-	-
Property and equipment	19	67	- 72
Total	24	67	- 64

As at 31 December 2020, property, plant and equipment (11 ships) from the Group Controlling/Other segment in the amount of € 67 million was reported under Assets held for sale, of which a total of seven ships with a carrying amount of € 48 million were sold in the first half of 2021. As a result of the sale, a profit of € 10 million was generated, which is reported under Other operating income. The remaining four ships are scheduled to be sold in the second half of 2021.

As at the current reporting date, the item Assets held for sale also includes shares in companies in the amount of 5 million from the Group Controlling/Other segment. The sale is planned for the second half of 2021.

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

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives			
Interest-rate risks	1 780	2 718	- 35
Currency risks	309	355	- 13
Share-price and other price risks	1	1	-
Credit derivatives	6	31	- 81
	2 096	3 105	- 32
Delivery obligations from short-sales	77	48	60
	2 173	3 153	- 31
Financial liabilities designated at fair value through profit or loss			
Deposits			
Liabilities to banks	235	265	- 11
Liabilities to customers	3 660	3 839	- 5
	3 895	4 104	- 5
Securitised liabilities			
Securitised liabilities	1 763	2 404	- 27
	1 763	2 404	- 27
	5 658	6 508	- 13
Total	7 831	9 661	- 19

(28) Financial Liabilities at Amortised Costs

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Deposits			
Deposits from banks	5 392	5 765	- 6
Saving deposits from customers	1 059	1 053	1
Other liabilities	68 389	71 912	- 5
Subordinated liabilities	308	153	> 100
	75 148	78 883	- 5
Securitised Liabilities			
Covered bonds	10 425	10 839	- 4
Municipal debentures	2 592	3 677	- 30
Other securitised liabilities	6 667	8 223	- 19
Subordinated securitised liabilities	1 935	2 105	- 8
	21 619	24 844	- 13
Total	96 767	103 727	- 7

Repurchased debt securities issued by the Bank itself in the amount of € 2,315 million (€ 2,438 million) were deducted directly from securitised liabilities.

The notional volume of issues in the NORD/LB Group totalled € 851 million (€ 3,389 million) in the first six months of financial year 2021. Repurchases totalled € 611 million (€ 2,077 million), while repayments amounted to € 4,138 million (€ 3,990 million). In addition to original issues, the amount of the issues also includes securities sold again following repurchases. The disclosures reported under securitised liabilities relate to money market instruments and debt securities, and include not only financial liabilities at amortised cost, but also designated financial liabilities at fair value through profit and loss (see Note (27)).

(29) Provisions

The provisions are broken down as follows:

	30 Jun. 2021 (in € million)	31 Dec. 2020 (in € million)	Change (in %)
Provisions for pensions and other obligations	2 980	3 205	- 7
Other provisions			
Provisions for personnel	55	61	- 10
Provisions in lending business	81	65	25
Provisions for litigation and recourse risks	21	16	31
Provisions for restructuring measures	484	514	- 6
Other provisions	68	48	42
	709	704	1
Total	3 689	3 909	- 6

The restructuring provisions resulted primarily from the NORD/LB Group's One Bank reorganisation programme and the continuation of the NORD/LB 2024 transformation programme. They concern personnel measures that relate to the lifting of synergies in the NORD/LB Group and the resizing of the Group as part of the implementation of the new business model.

Notes to the Cash Flow Statement

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 (€ 0 million) was paid in the reporting period or € 58 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 (in € million)	Acquisition of control		Loss of control	
	30 Jun. 2021	31 Dec. 2020	30 Jun. 2021	31 Dec. 2020
Shares in companies	-	-	-	6
Assets held for sale	-	67	48	-
Deferred income taxes	-	-	-	5
Total assets	-	67	48	11
Liabilities (in € million)	Acquisition of control		Loss of control	
	30 Jun. 2021	31 Dec. 2020	30 Jun. 2021	31 Dec. 2020
Financial liabilities at amortised costs	-	-	-	6
Total liabilities	-	-	-	6

Other Disclosures

(30) Fair Value Hierarchy

The NORD/LB Group applies the three-stage 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 assessment 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 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. The Level 1 values were adopted for the balance sheet without further adjustment.

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 interest-rate 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 no longer 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 comparison and 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 counter-

party default risk (credit and debit value adjustments) 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 continue to be discounted using the term-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.

(in € million)	30 Jun. 2021				Carrying amount	Difference
	Level 1	Level 2	Level 3	Total fair values		
Assets						
Cash reserve	4 858	–	–	4 858	4 858	–
Trading assets	596	5 480	1 327	7 403	7 403	–
Positive fair values from derivatives	–	3 358	124	3 482	3 482	–
Interest-rate risks	–	3 201	2	3 203	3 203	–
Currency risks	–	113	–	113	113	–
Share-price and other price risks	–	2	–	2	2	–
Credit derivatives	–	42	122	164	164	–
Debt securities and other fixed interest securities	596	1 050	–	1 646	1 646	–
Loans and advances	–	1 072	1 203	2 275	2 275	–
Financial assets mandatorily at fair value through profit or loss	577	409	184	1 170	1 170	–
Equity instruments	20	1	–	21	21	–
Debt securities and other fixed interest securities	557	224	–	781	781	–
Loans and advances	–	184	184	368	368	–
Financial assets at fair value through other comprehensive income	4 051	8 647	983	13 681	13 681	–
Debt securities and other fixed interest securities	4 051	8 647	31	12 729	12 729	–
Loans and advances	–	–	952	952	952	–
Financial assets at amortised cost	620	5 968	81 986	88 574	86 377	2 197
Debt securities and other fixed interest securities	517	3 274	–	3 791	3 729	62
Loans and advances	103	2 694	81 986	84 783	82 648	2 135
Positive fair values from hedge accounting derivatives	–	553	–	553	553	–
Positive fair values from allocated micro fair value hedge derivatives	–	542	–	542	542	–
Interest-rate risks	–	536	–	536	536	–
Currency risks	–	6	–	6	6	–
Positive fair values from allocated portfolio fair value hedge derivatives	–	11	–	11	11	–
Interest-rate risks	–	11	–	11	11	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	–	–	–	– ¹⁾	290	– 290
Shares in companies	10	–	317	327	327	–
Financial assets held for sale measured at fair value	–	–	5	5	5	–
Other assets (only financial instruments) measured at fair value	52	12	–	64	64	–
Total	10 764	21 069	84 802	116 635	114 728	1 907

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. 2020					
	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Assets						
Cash reserve	6 031	–	–	6 031	6 031	–
Trading assets	345	7 171	2 285	9 801	9 801	–
Positive fair values from derivatives	–	4 604	98	4 702	4 702	–
Interest-rate risks	–	4 228	2	4 230	4 230	–
Currency risks	–	357	–	357	357	–
Share-price and other price risks	–	1	1	2	2	–
Credit derivatives	–	18	95	113	113	–
Debt securities and other fixed interest securities	345	1 794	63	2 202	2 202	–
Loans and advances	–	773	2 124	2 897	2 897	–
Financial assets mandatorily at fair value through profit or loss	742	360	251	1 353	1 353	–
Equity instruments	20	–	–	20	20	–
Debt securities and other fixed interest securities	722	227	–	949	949	–
Loans and advances	–	133	251	384	384	–
Financial assets at fair value through other comprehensive income	2 445	11 237	1 221	14 903	14 903	–
Debt securities and other fixed interest securities	2 445	11 237	163	13 845	13 845	–
Loans and advances	–	–	1 058	1 058	1 058	–
Financial assets at amortised cost	375	6 537	87 451	94 363	90 745	3 618
Debt securities and other fixed interest securities	237	3 635	–	3 872	3 825	47
Loans and advances	138	2 902	87 451	90 491	86 920	3 571
Positive fair values from hedge accounting derivatives	–	856	–	856	856	–
Positive fair values from allocated micro fair value hedge derivatives	–	773	–	773	773	–
Interest-rate risks	–	755	–	755	755	–
Currency risks	–	18	–	18	18	–
Positive fair values from allocated portfolio fair value hedge derivatives	–	83	–	83	83	–
Interest-rate risks	–	83	–	83	83	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	–	–	–	– ¹⁾	425	– 425
Shares in companies	10	–	312	322	322	–
Other assets (only financial instruments) measured at fair value	–	4	–	4	4	–
Total	9 948	26 165	91 520	127 633	124 440	3 193

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.

(in € million)	30 Jun. 2021					
	Level 1	Level 2	Level 3	Total fair values	Carrying amount	Difference
Liabilities						
Trading liabilities	19	2 122	32	2 173	2 173	–
Negative fair values from derivatives	–	2 064	32	2 096	2 096	–
Interest-rate risks	–	1 753	27	1 780	1 780	–
Currency risks	–	309	–	309	309	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	1	5	6	6	–
Delivery obligations from short-sales	19	58	–	77	77	–
Financial liabilities designated at fair value through profit or loss	507	2 305	2 846	5 658	5 658	–
Deposits	–	1 806	2 089	3 895	3 895	–
Securitised liabilities	507	499	757	1 763	1 763	–
Financial liabilities at amortised cost	1 559	36 274	61 292	99 125	96 767	2 358
Deposits	–	20 252	57 009	77 261	75 148	2 113
Securitised liabilities	1 559	16 022	4 283	21 864	21 619	245
Negative fair values from hedge accounting derivatives	–	1 265	–	1 265	1 265	–
Negative fair values from allocated micro fair value hedge derivatives	–	1 239	–	1 239	1 239	–
Interest-rate risks	–	1 073	–	1 073	1 073	–
Currency risks	–	166	–	166	166	–
Negative fair values from allocated portfolio fair value hedge derivatives	–	26	–	26	26	–
Interest-rate risks	–	26	–	26	26	–
Balancing items for financial instruments hedged in in the portfolio fair value hedge	–	–	–	– ¹⁾	690	– 690
Other liabilities (only financial instruments) measured at fair value	185	14	–	199	199	–
Other liabilities (only financial instruments) not recognised at fair value	–	–	1	1	1	–
Total	2 270	41 980	64 171	108 421	106 753	1 668

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. 2020			Total fair values	Carrying amount	Difference
	Level 1	Level 2	Level 3			
Liabilities						
Trading liabilities						
Trading liabilities	–	3 001	152	3 153	3 153	–
Negative fair values from derivatives	–	2 953	152	3 105	3 105	–
Interest-rate risks	–	2 595	123	2 718	2 718	–
Currency risks	–	355	–	355	355	–
Share-price and other price risks	–	1	–	1	1	–
Credit derivatives	–	2	29	31	31	–
Delivery obligations from short-sales	–	48	–	48	48	–
Financial liabilities designated at fair value through profit or loss	1 055	2 584	2 869	6 508	6 508	–
Deposits	–	1 960	2 144	4 104	4 104	–
Securitised liabilities	1 055	624	725	2 404	2 404	–
Financial liabilities at amortised cost	1 866	41 357	63 877	107 100	103 727	3 373
Deposits	–	22 318	59 621	81 939	78 883	3 056
Securitised liabilities	1 866	19 039	4 256	25 161	24 844	317
Negative fair values from hedge accounting derivatives	–	1 966	–	1 966	1 966	–
Negative fair values from allocated micro fair value hedge derivatives	–	1 930	–	1 930	1 930	–
Interest-rate risks	–	1 765	–	1 765	1 765	–
Currency risks	–	165	–	165	165	–
Negative fair values from allocated portfolio fair value hedge derivatives	–	36	–	36	36	–
Interest-rate risks	–	36	–	36	36	–
Balancing items for financial instruments hedged in the portfolio fair value hedge	–	–	–	– ¹⁾	1 003	– 1 003
Other liabilities (only financial instruments) not recognised at fair value	–	–	1	1	1	–
Total	2 921	48 908	66 899	118 728	116 358	2 370

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.

Assets held for sale at fair value are non-recurring fair value measurements (see Note (26) Assets held for sale).

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

1 Jan. - 30 Jun. 2021 (in € million)	From level 2 to level 1	From level 3 to level 2
Trading assets	45	185
Debt securities and other fixed interest securities	45	7
Loans and advances	–	178
Financial assets at fair value through profit or loss	–	54
Loans and advances	–	54
Financial assets at fair value through other comprehensive income	2 132	21
Debt securities and other fixed interest securities	2 132	21
Trading liabilities	3	6
Negative fair values from derivatives	–	6
Interest-rate risks	–	6
Delivery obligations from short-sales	3	–
Designated financial liabilities at fair value through profit or loss	–	17
Deposits	–	16
Securitised liabilities	–	1

Most level transfers between the reporting date and 31 December 2020 took place between Level 2 and Level 1. These transfers were due to changes in trading activity.

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

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

(in € million)	Trading assets									
	Positive fair values from derivatives interest-rate risks		Positive fair values from derivatives share-price and other price risks		Positive fair values from derivatives credit derivatives		Debt securities and other fixed interest securities		Loans and advances to trading and other trading assets	
	2021	2020	2021	2020	2021	2020 ²⁾	2021	2020	2021	2020
1 Jan.	2	11	1	-	95	3	63	28	2 124	1 782
Effect on the income statement ¹⁾	- 1	- 8	- 1	-	27	75	-	2	- 59	67
Addition from purchase or issue	1	-	-	-	-	-	11	542	515	631
Disposal from sale	-	-	-	-	-	-	67	387	1 204	793
Repayment/exercise	-	-	-	-	-	13	-	-	4	106
Addition from level 1 and 2	-	-	-	-	-	-	-	-	-	191
Disposal to level 1 and 2	-	-	-	-	-	-	7	-	178	111
Changes from the basis of consolidation	-	-	-	-	-	-	-	-	-	- 1
Change from currency translation	-	-	-	-	-	-	-	-	9	- 3
30 Jun.	2	3	-	-	122	65	-	185	1 203	1 657
For information: Effect on income statement for financial instruments still held ¹⁾	- 1	-	-	-	27	77	-	-	- 33	63

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.

²⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

(in € million)	Financial assets mandatorily at fair value through profit or loss			
	Debt securities and other fixed interest securities		Loans and advances	
	2021	2020	2021	2020
1 Jan.	-	-	251	357
Effect on the income statement ¹⁾	-	-	60	60
Addition from purchase or issue	-	-	22	63
Repayment/exercise	-	-	95	225
Addition from level 1 and 2	-	21	-	-
Disposal to level 1 and 2	-	-	54	-
30 Jun.	-	21	184	255
For information: Effect on income statement for financial instruments still held ¹⁾	-	-	15	- 92

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.

(in € million)	Financial assets at fair value through other comprehensive income			
	Debt securities and other fixed interest securities		Loans and advances	
	2021	2020	2021	2020
1 Jan.	163	45	1 058	1 427
Effect on the income statement ¹⁾	–	–	– 11	– 14
Effect on other comprehensive income (OCI)	1	–	– 16	– 12
Addition from purchase or issue	–	22	–	–
Disposal from sale	11	–	–	–
Repayment/exercise	102	–	79	202
Addition from level 1 and 2	–	34	–	–
Disposal to level 1 and 2	21	–	–	–
Change from currency translation	1	–	–	–
30 Jun.	31	101	952	1 199
For information: Effect on income statement for financial instruments still held ¹⁾	–	–	– 8	– 8

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

(in € million)	Shares in companies		Financial assets held for sale measured at fair value	
	2021	2020	2021	2020
	1 Jan.	312	328	–
Effect on the income statement ¹⁾	10	– 9	–	–
Disposal from sale	–	2	–	42
Changes from the basis of consolidation	– 5	–	5	–
30 Jun.	317	317	5	–
For information: Effect on income statement for financial instruments still held ¹⁾	10	– 9	–	–

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.

(in € million)	Trading liabilities			
	Negative fair values from derivatives interest-rate risks		Negative fair values from derivatives credit derivatives	
	2021	2020	2021	2020 ²⁾
1 Jan.	123	69	29	51
Effect on the income statement ¹⁾	– 111	– 58	– 24	– 4
Addition from purchase or issue	21	91	–	–
Repayment/exercise	–	–	–	5
Disposal to level 1 and 2	6	–	–	–
30 Jun.	27	102	5	42
For information: Effect on income statement for financial instruments still held ¹⁾	– 7	6	– 24	– 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 and Profit/loss from financial assets at fair value.

²⁾ In the case of individual items, the previous year's figures have been adjusted, see Note (7) Restatement of previous year's figures.

(in € million)	Designated financial liabilities at fair value through profit or loss			
	2021	Deposits 2020	Securitised liabilities 2021	2020
1 Jan.	2 144	1 615	725	-
Effect on the income statement ¹⁾	- 71	24	2	-
Effect on other comprehensive income (OCI)	26	- 26	-	-
Addition from purchase or issue	80	115	52	-
Repayment/exercise	74	70	21	-
Addition from level 1 and 2	-	172	-	-
Disposal to level 1 and 2	16	15	1	-
30 Jun.	2 089	1 815	757	-
For information:				
Effect on income statement for financial instruments still held ¹⁾	- 71	27	1	-

¹⁾ The effects reported include net interest income and deferrals, measurement gains/losses and realised profit/loss; these are reported in the income statement under the items Net interest income and Profit/loss from financial assets at fair value.

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. 2021	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bond (liabilities)	757	Discount rate	-0,3-1,68 %	0,4%
Participations	317	Discount rate	6,1 - 9,0 %	7,5 %
Loans and Interest-bearing bond (assets)	1 746	Rating	Rating Class (27er DSGV-Skala) 1-20	Averaged Rating 5
	559	Discount rate	-0,6-2,5 %	0,4%
	60	Cashflow	-	-
	5	Volatilities	Cap & Floor Volati- lity Surface	5%
Loans (liabilities)	2 073	Discount rate	-0,2-1,8 %	1,3 %
	16	historical volatilities	21 %	21 %
Derivatives (assets)	44	Rating	Rating Class (27er DSGV-Skala) 1-26	Averaged Rating 11
	78	Rating	Rating Class (27er DSGV-Skala) 10-26	Averaged Rating 18
	1	Underlying	91-113	99
	1	Correlation	0,6-0,8	0,7
Derivatives (liabilities)	5	Rating	Rating Class (27er DSGV-Skala) 11-14	Averaged Rating 12
	27	Underlying	99-145	118

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

Produkt	Wesentliche nicht am Markt beobachtbare Eingangsparameter bei der Fair Value-Bewertung	Änderungen im Rahmen der Sensitivitätsanalyse	Potentielle Änderungen des Fair Values zum 30.6.2021 (in Mio €)	Potentielle Änderungen des Fair Values zum 31.12.2020 (in Mio €)
Verzinsliche Wertpapiere passiv	Diskontierungszinssatz	+/- 10 Basispunkte	-/+ 4	-/+ 4
Beteiligungen	Diskontierungszinssatz	+/- 50 Basispunkte	-10;0	-17;0
Darlehen und verzinsliche Wertpapiere aktiv	Rating	+/- eine Ratingklasse	-1; 0	+/- 1
	Diskontierungszinssatz	+/- 10 Basispunkte	-/+ 8	+/- 56
	Cashflow	+/- ein Prozent	+/- 1	+/- 1
	Volatilität	Cap & Floor Volatilitätssurface	0; 0	+/- 0,4
Darlehen passiv	Diskontierungszinssatz	+/- 10 Basispunkte	-/+ 20	-/+ 29
Derivate aktiv	Rating	+/- eine Ratingklasse	46; -37	67; -70
	Korrelation	+/- fünf Prozent	-/+ 0,2	-/+ 0,2
Derivate passiv	Rating	+/- eine Ratingklasse	-0,3; 0,2	-0,5; 0,4
	Kurs der Underlyings	+/- ein Prozent	+/- 0,3	+/- 1

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

(31) Risik Provisions and Gross Carrying Amount

Changes in risk provisioning in accordance with IFRS 9 may result primarily from a change in the stage of financial assets and off-balance sheet liabilities or from creditworthiness-related changes in risk provisioning within a stage.

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

(in € million)	Opening balance 1 Jan. 2020	Transfer			Addition risk provisioning		Reversal/Utilisation risk provisioning			Other changes					Closing balance 30 Jun. 2020
		to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Modification of assets	Unwinding	Currency translation	Change from the basis of consolidation	Other changes	
Financial assets at fair value through other comprehensive income															
Stage 1															
Debt securities	1	1	-	-	-	-	1	-	-	-	-	-	-	-	1
	1	1	-	-	-	-	1	-	-	-	-	-	-	-	1
Stage 2															
Debt securities	4	- 1	-	-	1	-	-	-	1	-	-	-	-	-	3
	4	- 1	-	-	1	-	-	-	1	-	-	-	-	-	3
	5	-	-	-	1	-	1	-	1	-	-	-	-	-	4
Financial assets at amortised cost															
Stage 1															
Debt securities	5	-	-	-	-	-	4	-	-	-	-	-	-	-	1
Loans and advances	232	12	- 46	-	111	10	101	-	21	-	-	10	-	-	207
	237	12	- 46	-	111	10	105	-	21	-	-	10	-	-	208
Stage 2															
Debt securities	5	-	-	-	1	-	-	-	-	-	-	-	-	-	6
Loans and advances	260	- 12	46	- 20	125	10	85	-	36	-	-	- 11	-	-	277
	265	- 12	46	- 20	126	10	85	-	36	-	-	- 11	-	-	283
Stage 3															
Loans and advances	522	-	-	20	223	48	53	119	201	-	- 8	9	-	-	441
	522	-	-	20	223	48	53	119	201	-	- 8	9	-	-	441
	1 024	-	-	-	460	68	243	119	258	-	- 8	8	-	-	932
Total	1 029	-	-	-	461	68	244	119	259	-	- 8	8	-	-	936

(in € million)	Opening balance 1 Jan. 2020	Transfer			Addition risk provisioning		Reversal/Utilisation risk provisioning			Other changes					Closing balance 30 Jun. 2020
		to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Modification of assets	Unwinding	Currency translation	Change from the basis of consolidation	Other changes	
Off-balance sheet liabilities															
Stage 1															
Loan commitments	7	1	-	-	2	2	3	-	2	-	-	-	-	-	7
Financial guarantees	2	1	-	-	-	-	1	-	-	-	-	-	-	-	2
Off-balance-sheet liabilities	4	-	-	-	1	2	1	-	1	-	-	-	-	-	5
	13	2	-	-	3	4	5	-	3	-	-	-	-	-	14
Stage 2															
Loan commitments	3	-1	-	-	5	2	-	-	6	-	-	3	-	-	6
Financial guarantees	9	-1	-	-	3	-	1	-	4	-	-	-	-	-	6
Off-balance-sheet liabilities	5	-	-	-	-	1	-	-	1	-	-	-1	-	-	4
	17	-2	-	-	8	3	1	-	11	-	-	2	-	-	16
Stage 3															
Loan commitments	1	-	-	-	1	3	1	1	1	-	-	-	-	-	2
Financial guarantees	8	-	-	-	-	-	-	-	2	-	-	-	-	-	6
Off-balance-sheet liabilities	9	-	-	-	13	14	10	-	1	-	-	-1	-	-	24
	18	-	-	-	14	17	11	1	4	-	-	-1	-	-	32
Total	48	-	-	-	25	24	17	1	18	-	-	1	-	-	62

The main drivers for a decline in the risk provisioning portfolio in the reporting period were the further reduction of the ship financing portfolio with the associated risk provisioning consumption.

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

(in € million)	Transfer			Addition risk provisioning		Reversal/Utilisation risk provisioning			Other changes				Closing balance 30 Jun. 2020		
	Opening balance 1 Jan. 2020	to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Modification of assets	Unwinding	Currency translation		Change from the basis of consolidation	Other changes
Financial assets at fair value through other comprehensive income															
Stage 1															
Debt securities	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Stage 2															
Debt securities	3	-	-	-	1	-	-	-	-	-	-	-	-	-	4
	3	-	-	-	1	-	-	-	-	-	-	-	-	-	4
	4	-	-	-	1	-	-	-	-	-	-	-	-	-	5
Financial assets at amortised cost															
Stage 1															
Debt securities	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Loans and advances	49	13	- 3	-	72	15	21	-	12	-	-	11	-	-	124
	50	13	- 3	-	72	15	21	-	12	-	-	11	-	-	125
Stage 2															
Debt securities	4	-	-	-	2	-	-	-	-	-	-	-	-	-	6
Loans and advances	94	- 13	3	- 4	66	4	12	-	22	-	-	4	-	-	120
	98	- 13	3	- 4	68	4	12	-	22	-	-	4	-	-	126
Stage 3															
Loans and advances	1 452	-	-	4	221	137	49	268	305	2	- 10	- 76	-	-	1 108
	1 452	-	-	4	221	137	49	268	305	2	- 10	- 76	-	-	1 108
	1 600	-	-	-	361	156	82	268	339	2	- 10	- 61	-	-	1 359
Total	1 604	-	-	-	362	156	82	268	339	2	- 10	- 61	-	-	1 364

(in € million)	Transfer			Addition risk provisioning		Reversal/Utilisation risk provisioning			Other changes				Closing balance 30 Jun. 2020		
	Opening balance 1 Jan. 2020	to Stage 1	to Stage 2	to Stage 3	Credit-related additions	Addition of assets	Credit-related reversals	Utilisation	Disposal of assets	Modification of assets	Unwinding	Currency translation		Change from the basis of consolidation	Other changes
Off-balance sheet liabilities															
Stage 1															
Loan commitments	4	-	-	-	1	2	1	-	1	-	-	-	-	-	5
Financial guarantees	1	1	-	-	11	1	1	-	-	-	-	-	-	-	13
Off-balance-sheet liabilities	3	-	-	-	1	2	1	-	1	-	-	-	-	-	4
	8	1	-	-	13	5	3	-	2	-	-	-	-	-	22
Stage 2															
Loan commitments	2	-	-	-	3	1	-	-	2	-	-	-2	-	-	2
Financial guarantees	8	-1	-	-	11	-	-	-	2	-	-	-	-	-	16
Off-balance-sheet liabilities	2	-	-	-	1	1	-	-	1	-	-	1	-	-	4
	12	-1	-	-	15	2	-	-	5	-	-	-1	-	-	22
Stage 3															
Loan commitments	8	-	-	-	7	7	4	-	6	-	-	2	-	-	14
Financial guarantees	9	-	-	-	-	-	-	-	2	-	-	1	-	-	8
Off-balance-sheet liabilities	24	-	-	-	-	-	10	-	19	-	-	20	-	-	15
	41	-	-	-	7	7	14	-	27	-	-	23	-	-	37
Total	61	-	-	-	35	14	17	-	34	-	-	22	-	-	81

Allocations related to creditworthiness include effects from the MAC-19 management adjustment in the amount of € 100 million.

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

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

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. 2020	Transfer			Addi- tion of assets	Dispo- sal of assets	Direct write- offs of assets	Modifi- cation of assets	Curren- cy trans- lation	Other changes		Closing balance 30 Jun. 2020
		to Stage 1	to Stage 2	to Stage 3						Change from the basis of consoli- dation	Other Changes	
Financial assets at fair value through other comprehensive income												
Stage 1												
Debt securities	14 872	-	- 30	-	2 462	3 210	-	-	- 3	-	-	14 091
Loans and advances	1 358	-	-	-	6	221	-	-	-	-	-	1 143
	16 230	-	- 30	-	2 468	3 431	-	-	- 3	-	-	15 234
Stage 2												
Debt securities	103	-	30	-	6	-	-	-	-	-	-	139
	103	-	30	-	6	-	-	-	-	-	-	139
	16 333	-	-	-	2 474	3 431	-	-	- 3	-	-	15 373
Financial assets at amortised cost												
Stage 1												
Debt securities	3 877	4	- 156	-	367	423	-	-	- 5	-	-	3 664
Loans and advances	96 182	504	- 1 046	- 84	10 018	18 585	17	-	- 234	-	-	86 738
Cash reserve	3 454	-	-	-	8 743	5 405	-	-	29	-	2	6 823
	103 513	508	- 1 202	- 84	19 128	24 413	17	-	- 210	-	2	97 225
Stage 2												
Debt securities	308	- 4	156	-	50	9	-	-	-	-	-	501
Loans and advances	2 688	- 504	1 046	- 124	715	520	-	-	- 6	-	-	3 295
	2 996	- 508	1 202	- 124	765	529	-	-	- 6	-	-	3 796
Stage 3												
Loans and advances	2 714	-	-	208	365	766	389	-	5	-	-	2 137
	2 714	-	-	208	365	766	389	-	5	-	-	2 137
	109 223	-	-	-	20 258	25 708	406	-	- 211	-	2	103 158
Total	125 556	-	-	-	22 732	29 139	406	-	- 214	-	2	118 531

(32) Derivative Financial Instruments

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

(in € million)	Nominal values		Positive fair value		Negative fair value	
	30 Jun. 2021	31 Dec. 2020	30 Jun. 2021	31 Dec. 2020	30 Jun. 2021	31 Dec. 2020
Interest-rate risk	252 458	269 877	3 749	5 068	2 880	4 519
Currency risk	22 784	23 346	120	375	475	521
Credit derivatives risks	46	30	2	2	1	1
Share price and other price risks	3 540	3 071	164	113	6	31
Total	278 828	296 324	4 035	5 558	3 362	5 072

(33) 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. 2021 (in € million)	31 Dec. 2020 ¹⁾ (in € million)
Total risk exposure amount	37 339	39 791
Capital requirements for credit risk	2 599	2 758
Capital requirements for operational risks	227	258
Capital requirements for market risks	114	118
Capital requirements for loan amount adjustments	37	39
Other or transitional capital requirements	10	10
Capital requirements	2 987	3 183

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

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

	30 Jun. 2021 (in € million)	31 Dec. 2020 ¹⁾ (in € million)
Paid-up capital including premium	5 551	5 551
Retained profits	1 256	1 302
Accumulated OCI	- 840	- 840
Regulatory adjustments	- 49	- 45
Common Equity Tier 1 (CET 1) capital instruments due to grandfathering	10	20
- Deductible items (from CET 1 capital)	- 169	- 184
Common Equity Tier 1 capital	5 758	5 805
Paid-in instruments of Additional Tier 1 capital	50	50
Additional Tier 1 capital	50	50
Tier 1 capital	5 808	5 855
Paid-up instruments of Tier 2 capital	1 515	1 620
Other components of Tier 2 capital	170	174
- Deductible items (from Tier 2 capital)	- 10	- 10
Tier 2 capital	1 675	1 784
Own funds	7 483	7 640

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

	30 Jun. 2021 (in %)	31 Dec. 2020 ¹⁾ (in %)
Common Equity Tier 1 capital ratio	15.42%	14.59%
Tier 1 capital ratio	15.56%	14.72%
Total capital ratio	20.04%	19.20%

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

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

(34) Contingent Liabilities and Other Obligations

	30 Jun. 2021	31 Dec. 2020	Change
	(in € million)	(in € million)	(in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	3 620	3 472	4
Other contingent liabilities	73	73	–
	3 693	3 545	4
Other obligations			
Credit commitments	9 347	8 977	4
Total	13 040	12 522	4

(35) Related Parties

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

30 Jun. 2021	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Assets						
Trading assets	206	–	–	78	–	20
Derivates	123	–	–	78	–	5
Debt securities and other fixed interest securities	17	–	–	–	–	–
Loans and advances	66	–	–	–	–	15
Financial assets mandatorily at fair value through profit or loss	–	20	–	–	–	–
Equity instruments	–	20	–	–	–	–
Financial assets at fair value through other comprehensive income	889	–	–	–	–	–
Debt securities and other fixed interest securities	858	–	–	–	–	–
Loans and advances	31	–	–	–	–	–
Financial assets at amortised costs	1 569	–	–	361	2	313
Loans and advances	1 569	–	–	361	2	313
Other assets	86	5	–	–	–	6
Total	2 750	25	–	439	2	339

30 Jun. 2021	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Liabilities						
Trading liabilities	102	–	–	19	–	–
Derivates	102	–	–	19	–	–
Financial liabilities designated at fair value through profit or loss	32	–	–	–	–	55
Deposits	32	–	–	–	–	55
Financial liabilities at amortised costs	274	43	2	222	5	597
Deposits	274	25	2	222	5	597
Other financial liabilities	–	18	–	–	–	–
Other liabilities	–	1	–	–	–	–
Total	408	44	2	241	5	652
Guarantees and sureties received	60	–	–	–	–	–
Guarantees and sureties granted	–	–	–	1	–	2

1 Jan. - 30 Jun. 2021	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Interest income	23	–	–	6	–	2
Interest expense	14	2	–	5	–	2
Commission income	7	–	–	–	–	–
Commission expenses	46	–	–	–	–	–
Other income/expense	42	–	–	21	– 2	2
Total	12	– 2	–	22	– 2	2

31 Dec. 2020	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Assets						
Trading assets	426	–	–	75	–	7
Derivates	96	–	–	75	–	7
Debt securities and other fixed interest securities	23	–	–	–	–	–
Loans and advances	307	–	–	–	–	–
Financial assets mandatorily at fair value through profit or loss	–	20	–	–	–	–
Equity instruments	–	20	–	–	–	–
Financial assets at fair value through other comprehensive income	987	–	–	–	–	–
Debt securities and other fixed interest securities	956	–	–	–	–	–
Loans and advances	31	–	–	–	–	–
Financial assets at amortised costs	1 777	–	–	406	2	297
Loans and advances	1 777	–	–	406	2	297
Other assets	91	5	–	–	–	–
Total	3 281	25	–	481	2	304

31 Dec. 2020	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Liabilities						
Trading liabilities	156	-	-	37	-	-
Derivates	156	-	-	37	-	-
Financial liabilities designated at fair value through profit or loss	39	-	-	-	-	77
Deposits	39	-	-	-	-	77
Financial liabilities at amortised costs	250	39	2	267	2	654
Deposits	250	23	2	267	2	654
Other financial liabilities	-	16	-	-	-	-
Other liabilities	-	1	-	-	-	-
Total	445	40	2	304	2	731
Guarantees and sureties received	60	-	-	-	-	-
Guarantees and sureties granted	-	-	-	1	-	6
1 Jan. - 30 Jun. 2020						
	Compa- nies with signifi- cant influence	Subsi- daries	Joint Ventures	Associa- ted compa- nies	Persons in key positions	Other related parties
(in € million)						
Interest income	36	-	-	5	-	2
Interest expense	12	1	-	5	-	3
Commission income	5	-	-	-	-	-
Commission expenses	95	-	-	-	-	-
Other income/expense ¹⁾	73	-	-	- 21	- 2	-
Total	7	- 1	-	- 21	- 2	- 1

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

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

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

Company name and registered office	Shares (%) indirect	Shares (%) direct
Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint Ventures		
caplantic GmbH, Hannover	–	45.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	–	32.26
GSG Oldenburg Bau- und Wohnungsgesellschaft mit beschränkter Haftung, Oldenburg	–	22.22
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover	–	44.00
LINOVO Productions GmbH & Co. KG, Pöcking	–	45.17
Öffentliche Lebensversicherung Braunschweig, Braunschweig ¹⁾	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig ¹⁾	–	75.00

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

(37) Events after Reporting Date

The legal merger of Deutsche Hypothekenbank into NORD/LB was completed on 1 July 2021. The NORD/LB Group expects to be able to leverage significant synergy effects through the merger.

As a result of the flood disaster in Germany in July 2021, the NORD/LB Group has prepared an initial qualified analysis. According to this analysis, no significant effects or acute risks of default with regard to the Group's exposure could be identified at the time of reporting.

Review and Preparation

Review Report

Responsibility Statement

Review Report

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

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, the statement of comprehensive income, the statement of financial position, the condensed statement of changes in equity, the condensed statement of cash flows, and selected explanatory notes - and the interim group management report of Norddeutsche Landesbank - Girozentrale -, Hannover/Braunschweig/Magdeburg for the period from 1 January 2021 to 30 June 2021 which are part of the half-year financial report pursuant to § (Article) 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

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

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

Hannover, 18 August 2019
PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Gero Martens
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 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, 17 August 2019

Norddeutsche Landesbank –Girozentrale-
Managing Board

Bürkle

Dieng

Dr. Holm

Schulz

Tallner

Other Information

Board Members

Forward-looking Statements

Board Members

(As at 30 June 2021)

1. Members of the Managing Board

Thomas S. Bürkle (Chairman)

Olof Seidel

Christoph Dieng

Günter Tallner

Christoph Schulz

2. Members of the Supervisory Board

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

Chairman

Reinhold Hilbers

Minister

Ministry of Finance Lower Saxony

Frank Doods

Secretary of State

Lower Saxony Ministry for Environment, Energy and Climate Protection

1st Deputy Chairman

Herbert Hans Grüntker

FIDES Delta GmbH

Jutta Echterhoff-Beeke

Managing Partner

Echterhoff Holding GmbH

2nd Deputy Chairman

Thomas Mang

President

Sparkassenverband, Lower Saxony

Dr. Jürgen Fox

CEO

Saalesparkasse

Members

Bernd Brummermann

CEO

OstseeSparkasse Rostock

Nana Geisler

Bank Employee

NORD/LB Norddeutsche Landesbank Girozentrale

Edda Döpke

Bank Employee

NORD/LB Norddeutsche Landesbank Girozentrale

Cornelia Günther

Trade Union Secretary

ver.di Bezirk Hannover

Hermann Kasten

Prof Dr Susanne Knorre
Management Consultant

Ulrich Markurth
Mayor of Brunswick

Frank Oppermann
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Jörg Reinbrecht
Trade Union Secretary
ver.di Bezirk Hannover

Michael Richter
Minister
Ministry of Finance Lower Saxony-Anhalt

Jörg Walde
Bank Employee
NORD/LB Norddeutsche Landesbank Girozentrale

Matthias Wargers
FIDES Gamma GmbH

Forward-looking Statements

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



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

For questions about the reports, please contact our Investor Relations department.

Tel.: +49 511 361 - 53 82

Email: ir@nordlb.de

NORD/LB

Norddeutsche Landesbank Girozentrale

Friedrichswall 10

30159 Hannover

Tel.: +49 511 361 – 0

Fax: +49 511 361 – 25 02

Email: info@nordlb.de

Branches (including Braunschweigische Landessparkasse)

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

In total, there are more than 100 branches and self service centres in the Braunschweigische Landessparkasse business region.

Details can be found at <https://www.blsk.de>

Foreign branches

London, New York, Singapore, Shanghai