NORD/LB

Die norddeutsche Art.

Experts in success

Interim Report as at 31 March 2015

Finanzgruppe

NORD/LB Group at a glance

(in € million)	1 Jan. – 31 Mar. 2015	1 Jan. – 31 Mar. 2014	Change (in %)
Net interest income	501	492	2
Loan loss provisions	104	100	4
Net commission income	55	40	38
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	142	5	>100
Profit/loss from financial assets	2	35	– 94
Profit/loss from investments accounted for using the equity method	–	– 4	– 100
Administrative expenses	284	291	– 2
Other operating profit/loss	– 77	– 24	> 100
Earnings before reorganisation and taxes	**235**	**153**	**54**
Reorganisation expenses	– 6	– 10	– 40
Expenses for Public Guarantees related to Reorganisation	–	10	– 100
Earnings before taxes	**229**	**133**	**72**
Income taxes	73	41	78
Consolidated profit	**156**	**92**	**70**
Key figures in %			
Cost-Income-Ratio (CIR)	45.7	57.2	
Return-on-Equity (RoE)	13.5	6.9	

Balance figures (in € million)	31 Mar. 2015	31 Dec. 2014	Change (in %)
Total assets	202 910	197 607	3
Customer deposits	57 243	57 996	– 1
Customer loans	111 283	108 255	3
Equity	7 972	7 902	1
Regulatory key figures			
Common equity tier 1 capital in € million	7 369	7 381	–
Tier 1 capital in € million	7 475	7 381	1
Tier 2 capital in € million	2 213	1 742	27
Own funds in € million	9 688	9 123	6
Total risk exposure amount in € million	71 908	69 231	4
Total capital ratio in %	13.47 %	13.18 %	2
Tier 1 capital ratio in %	10.40 %	10.66 %	– 2

NORD/LB ratings (long-term / short-term / individual)
Moody's A3 / P-2 / D (Date of rating: 20 March 2015) Fitch Ratings A / F1 / bbb- (Date of rating: 19 May 2015)

Total differences are rounding differences and may cause minor deviations in the calculation of percentages.

Interim Group Management Report as at 31 March 2015

The Group – Basic Information

Business Model

NORD/LB Norddeutsche Landesbank Girozentrale (hereafter NORD/LB or the Bank) is a registered public institute with registered offices in Hanover, Braunschweig and Magdeburg. Its head office is in Hanover. The owners of the Bank are the federal states of Lower Saxony and Saxony Anhalt, the Association of the Savings Banks of Lower Saxony (Sparkassenverband Niedersachsen, SVN) in Hanover, the Holding Association of the Savings Banks of Saxony Anhalt (Sparkassenbeteiligungsverband Sachsen-Anhalt) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (Sparkassenbeteiligungszweckverband Mecklenburg Vorpommern).

The issued capital amounts to € 1,607,257,810 with the federal state of Lower Saxony holding 59.13 per cent (of which 33.44 per cent is held in trust for the state-owned Hannoversche Beteiligungsgesellschaft mbH, Hanover), the federal state of Saxony Anhalt 5.57 per cent, the Lower Saxony Association of Savings Banks and Girobanks 26.36 per cent, the Holding Association of the Savings Banks of Saxony Anhalt 5.28 per cent and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania 3.66 per cent.

NORD/LB is a business bank, landesbank (state bank) and a central bank for the savings banks operating in Northern Germany and beyond the core region with branches in Hamburg, Munich, Düsseldorf, Schwerin, London, New York, Shanghai and Singapore.

- As a landesbank for the states of Lower Saxony and Saxony Anhalt, it performs the functions of a central and clearing bank for the savings banks (Girozentrale). The Bank also handles promotional loans on behalf of the federal states through Investitionsbank Sachsen-Anhalt, an institute of Norddeutsche Landesbank Girozentrale, and through Landesförderinstitut Mecklenburg-Vorpommern (LFI), a division of Norddeutsche Landesbank Girozentrale.
- NORD/LB acts as a central bank for the savings banks in Mecklenburg-Western Pomerania, Saxony Anhalt and Lower Saxony and is the partner for all of the savings banks in these states. It also acts as a service provider for savings banks in other German states such as Schleswig-Holstein. NORD/LB provides all of the services which the savings banks require for their activities.
- In the NORD/LB Group, NORD/LB acts as the parent company, controlling all of the business activities in line with the strategic objectives, creating synergy effects, reinforcing customer divisions and bundling service offerings. The NORD/LB Group comprises among others
- Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen (hereafter Bremer Landesbank),
- Norddeutsche Landesbank Luxembourg S.A., Luxemburg (hereafter NORD/LB Luxembourg),
- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (hereafter Deutsche Hypo) and
- LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereafter LBS).

The Bank also holds other investments as shown in the disclosures of the notes.

Strategic Development of NORD/LB

In the annual strategy process NORD/LB develops and reviews as the parent company together with its significant subsidiaries the strategic direction for the next five years.

Based on the economic conditions, the NORD/LB Group will continue to pursue its proven customer-oriented business model and its risk-conscious business policy. The essence of the business model is to focus business activities closely on customer needs and to continually improve its risk-adjusted profitability. In the process the focus is increasingly on separating earnings growth from the total risk exposure amount (TREA) growth and to secure its refinancing. NORD/LB continues to focus on its customer business.

Further information on the strategy can be found in the Group management report as at 31 December 2014.

Control Systems

The NORD/LB Group's control system is based on an annual process in which the strategic objectives are confirmed or revised in spring by the Managing Board, based upon which the targets for the plan for the following year are set in autumn. In a two-way process, the top-down/bottom-up planning is synchronised and completed by year-end.

The key control indicators here are return on equity (RoE) and at business segment level the return on risk-adjusted capital (RoRaC), the cost-income ratio (CIR) and earnings before taxes.

Definitions of the key control indicators:

Return on equity (RoE)	Earnings before taxes / Long-term equity under commercial law Earnings before taxes = Operating result after risk provisioning, less extraordinary earnings, less servicing of silent participations Long-term equity under commercial law = reported equity – revaluation reserve – earnings after taxes
Return on risk- adjusted capital at segment level (RoRaC)	RoRaC = earnings before taxes / committed Tier 1 capital (9 per cent of the higher of the total risk exposure amount limits and the amount called on)
Cost-income ratio (CIR)	Administrative expenses / Total earnings including balance of other income and expenses

Risk Management

The risk management of the NORD/LB Group, the corresponding structures and procedures, the processes and methods implemented for measuring and monitoring risk and the risks to the Group's development were described in detail in the Annual Report 2014. Only significant developments in the period under review are addressed in this interim report.

The structure of the Finance Risk Control Division is function-oriented.

The operational tasks are the responsibility of the Operational Control and Risk Control departments. These are flanked by the departments Strategic Control (responsible for fundamental issues and determining the methods and key performance indicators) and Risk/Performance Measurement (responsible for data management, instruments and models).

The Supervisory Board is supported by the Risk Committee in matters concerning risk-taking and risk strategy as well as the implementation of the strategy.

The Risk Committee also performs tasks in the area of lending and the acquisition of investments.

Economic Report

General Economic and Industry-specific Environment

Global Economic Environment
Global economic growth was moderate at the start of 2015. The US economy had to contend with the negative impact of special factors in the first quarter of 2015. As well as the port strike and the cold spell in the North East of the country, the low level of oil prices also had an impact. Accordingly, oil companies were reluctant to invest in new projects. As a result, the extent of the slowdown in growth can at best be viewed as negative. General economic development was also below expectations in China at the start of the year. The first quarter saw the lowest growth in economic value added since 2009. Although it cannot be said that the economy has experienced a heavy fall with growth of 7.0 per cent compared to the same period of the previous year, the slow growth in real gross domestic product of only 1.3 compared to the previous quarter represents a dent in China's economic activity.

Eurozone
In the eurozone the economic situation further improved at the start of 2015. Real gross domestic product increased in the first quarter by 0.4 per cent compared to the fourth quarter of the previous year. Furthermore, the economic outlook for most economies in the eurozone has improved once again, which indicates that the situation will continue to improve over the course of the year. However, economic development within the eurozone is still very mixed.
While Germany is experiencing a sustained recovery and countries such as Spain have surprised once again with positive growth rates, great challenges remain in particular in France and Italy, although economic output increased significantly in both countries at the start of the year. In France GDP grew by 0.6 per cent compared to the previous quarter, while in Italy GDP grew in the same period by 0.3 per cent compared to the previous period. The economic trend of five quarters of negative growth has therefore been broken. Meanwhile Greece has once again become the focus of reporters. The political enforceability of the required austerity measures seemingly continues to diminish. Accordingly, Greece's long-term debt sustainability has still not been secured. So far no agreement has been achieved with its European partners on a further bailout package, which has also caused a degree of uncertainty in the capital markets.

Germany
The German economy started 2015 with slow growth. In the first quarter real gross domestic product grew by 0.3 per cent compared to the previous quarter, after increasing significantly in the three months prior to this (0.7 per cent). Domestic demand once again contributed to the continuing economic recovery. Private consumption was up once again on the previous quarter. The healthy condition of the German job market and the extremely low level of interest rates were mainly responsible for this. Unemployment continued to fall at the start of the year. The seasonally-adjusted unemployment rate was 6.4 per cent in March. In addition, more was invested in plant and equipment and in construction, the latter helped by the unusually mild weather this winter. Foreign trade had a slightly dampening effect due to the high level of demand for imports.

Financial Markets and Interest Rates

In the first quarter of 2015 fluctuations in the capital markets were largely influenced by the European Central Bank's (ECB) bond purchase programme. This was approved by the ECB Governing Council in its January meeting. Since the beginning of March the ECB has purchased every month bonds in the amount of € 60 billion. The programme should run until at least September 2016, which equates to a total volume of € 1.1 trillion. Government bonds and securities issued by state-related issuers account for the greatest share. The first purchases had resulted in the already very low yields falling sharply once again in the first quarter. In particular German bonds are largely affected, particularly as the purchases are determined by the ECB capital key, with German government bonds accounting for approximately 25 per cent of all government bond purchases. Yields initially declined and fell into the negative region across much of the interest-rate curve. Interest rates for bonds with a term of ten years fell from 0.50 per cent at the start of the year to around 0.20 per cent during the quarter. At the start of the second quarter this trend initially continued, before a counter-trend set in from the end of April. With the ECB's monetary policy, which will remain very expansive until well into next year, the yields of government bonds will hardly be able to break away from the low levels for long.

The yields of ten-year US government bonds fluctuated in the first quarter of 2015 around the psychologically important level of 2.00 per cent. After the third round of quantitative easing (QE3), the expectations are that the Federal Reserve will increase the base rate during 2015 and that interest rates will rise in the capital market. Although growth in the US economy slowed significantly at the start of the year, the slowdown was temporary and probably due in large part to special effects (e.g. cold spell and port strike). With the recovery in the US economy expected from the second quarter, the Federal Reserve should have scope to adjust the Fed Funds Target Rate. Due to its international dimension, the ECB's extensive bond purchase programme is having a dampening effect on US interest rates.

The DAX rose at the start of 2015 and for a time even jumped well above the psychologically important level of 12,000 points. German equity securities also benefited from the ECB's very expansive monetary policy, which not only triggered low interest rates and an investment crisis among investors, but has also had a significant impact on exchange rates in recent months. The euro fell sharply against the US dollar in the first quarter. First and foremost the differences in growth between Europe and the USA and the opposing market expectations concerning the future monetary policy of the two central banks were responsible for this. While the euro stood atapprox. good USD 1.20 at the start of the year, by mid-March it had come under significant pressure and fell to a low of USD 1.05. The EUR/USD exchange rate has since fluctuated between USD 1.05 and USD 1.15, tending towards the upper end of this range at the start of May.

After the EUR/USD basis swap spread had initially been very stable in the last trading days of last year in a flat maturity structure, fluctuating between –10 and –20 basis points, during the first quarter of 2015 spreads widened more significantly. This market development was consistent with the strong rise in the US dollar against the euro. At one point in mid-March the spreads were listed at almost –40 basis points, spreads with two-year terms slightly below this. Driven by the development in the foreign currency market, they have widened steadily.

Aircraft

According to the International Air Transportation Organisation (IATA), global revenue passenger kilometres (RPK) increased in the first three months of 2015 in the global market by 6.1 per cent. The growth rates were 6.3 per cent for international traffic and 5.7 per cent for domestic traffic. Significant geographical differences were behind these developments. There were above-average growth rates in global passenger transport in the Asia / Pacific and Middle East regions.

In the air freight market, the number of freight tonne kilometres (FTK) sold increased in the first three months of 2015 by 5.3 per cent. Freight carriers in the Middle East reported the highest growth compared to the same period of the previous year followed by carriers from the Asia / Pacific region.

Shipping

The picture in the shipping sector was once again mixed at the start of 2015. In the container sector, charter rates continued to rise. For example, the Howe Robinson Container Index showed an increase of 15 per cent in the first three months of the year. This reflected the short supply caused by the delays in the west coast ports of the USA as well as the lowest number of laid-up ships since 2011. However, freight rates fell sharply once again. Rates for the Far East-Europe route fell in particular in March by approx. 45 per cent. The wave of deliveries of large container ships with load capacities of 18,000 TEU is having a particularly negative impact, as their use on this route is limited. The fall in bunker prices has also been exhausted in the harsh competitive environment. The hoped-for improvement after the Chinese New Year festivities has not yet materialised. In the dry bulk market the situation remained sobering in the first quarter. The Baltic Dry Index fell to 509 points in mid-February, the lowest level since the index was launched. The continuing weak state of the coal and ore markets was the decisive factor here. The tanker sector, on the other hand, was able to continue its positive momentum into 2015. The surplus supply of oil pushed down prices for a sustained period and resulted in an increase in demand for tankers. In addition, speculation surrounding the relaxation of the Iran embargo also had an impact. The charter rate for VLCCs at the end of the first quarter of 2015 was 18 per cent higher than at the start of the year. Investments in capital-intensive offshore projects were not expanded against the background of the recent development in oil prices. By contrast, the mood in the cruise industry remained optimistic at the start of the year.

Real Estate

The trend for global investment in commercial real estate set in 2014 continued at the start of the year. According to Jones Lang LaSalle the volume in the first quarter of 2015 rose compared to the previous year by approx. 13 per cent; the highest rise was achieved in the USA with 24 per cent. The European real estate market also grew, by 21 per cent. Even in the Asia-Pacific region a 7 per cent increase in the investment volume was achieved compared to the previous year. In light of the low level of interest rates, overall the trend for high-return real estate continued.

A dynamic start to the financial year 2015 was also made in the German investment market, whereby the continuing historically low level of interest rates and the associated shortage of investment alternatives resulted in positive investor sentiment. The commercial transaction volume in the first quarter of 2015 totalled approximately € 9.5 billion and was therefore slightly below the previous year’s figure of € 10 billion. As in the same period of the previous year, office properties accounted for the largest share of the transaction volume with approx. 44 per cent, followed by retail properties with a significant rise to 31 per cent and logistics with 7 per cent.

The German residential real estate market developed particularly strongly in the first quarter of 2015. The transaction volume rose by more than 75 per cent to approx. € 9.7 billion. This is due in particular to the acquisition of Gagfah by Deutsche Annington.

According to the CBRE, the European commercial real estate markets achieved a transaction volume of approx. € 55 billion in the first quarter of 2015. UK remained the leader in the European investment market by some distance with investments of approx. € 23 billion. However, smaller markets such as Belgium, the Czech Republic and Italy also achieved high levels of investment compared to the previous year.

Finance Sector

The whole European banking market continues to experience market adjustment. This is accompanied by measures to reduce risk and strengthen capital as well as tighter regulation of the financial market. In particular the implementation of the CRR and CRD IV are expected to have a dampening effect on banks' capital ratios and earnings potential. The growth in credit volume remained weak despite the slight increase in demand for credit since the start of 2014. Competition is intense. European banks only have limited potential for growth, particularly as the historically low interest rates are putting pressure on interest margins. The associated drop in earnings potential means at the same time a reduced ability to absorb risks and build capital reserves. The transfer of financial supervision to the ECB presented the European banks with great challenges in the financial years 2013 and 2014. The results of the Asset Quality Review and stress test show that the European banks have already made a major contribution towards the stabilisation of the banking system.

Significant Events in the Financial Year

EU Process: Restructuring Plan and Commitments made by NORD/LB

In order for the capital measures implemented in 2011 and 2012, the measures needed to be reviewed and approved by the EU Commission. The capital measures were approved on the basis of a restructuring plan agreed in 2012 by the bank, its owners, the German Government and the EU Commission, which included the presentation of the business strategy and the business model, a medium-term business plan and a detailed explanation of all of the relevant measures and commitments made to the EU Commission.

The commitments in the plan defined in this respect the general conditions and restrictions that NORD/LB needed to comply with in order for the aims of the restructuring plan to be met. NORD/LB, the German Government and the EU Commission agreed on significant points such as the future focus of the Group's business segments, a reduction in the Group's total assets and the optimisation of cost levels.

An independent trustee monitors whether the commitments that have been made are being kept and reports to the EU Commission on the progress made in half-yearly reports. In all reports provided to date, the trustee has confirmed that the commitments are being kept as planned. Based on the commitments that apply at most to the end of 2016, NORD/LB can continue to focus on its proven business model. By the end of the first quarter of 2015 some of the commitments had already been successfully implemented.

Efficiency Improvement Programme

NORD/LB decided at the start of 2011, with the agreement of its owners, to stabilise the administrative expenses of the NORD/LB Group at € 1.1 billion.

NORD/LB has made a commitment to the EU Commission to reduce the NORD/LB Group's operating costs (before special effects) to € 1.07 billion by the end of 2016. NORD/LB must make a significant contribution to this.

In order to achieve this goal, NORD/LB launched an efficiency improvement programme in March 2011 to reduce both the cost of materials and staff expenses.

In 2014 further specific measures were developed to improve NORD/LB's structures and processes were Instructions were given for their implementation.

In 2014 provisions for contractual agreements concerning the termination of contracts of employment including severance payments were made for NORD/LB in the amount of € 45.5 million. In the first quarter of 2015 further provisions in the amount of € 6 million were made.

Report on the Earnings, Assets and Financial Position

(In the following text the previous year's figures for the first three months of 2014 or as at 31 December 2014 are shown in brackets.)

Earnings Position

The NORD/LB Group generated earnings before taxes of € 229 million in the first three months. The figures for the income statement are summarised as follows:

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Net interest income	501	492	2
Loan loss provisions	104	100	4
Net commission income	55	40	38
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	142	5	> 100
Profit/loss from financial assets	2	35	– 94
Profit/loss from investments accounted for using the equity method	–	– 4	– 100
Administrative expenses	284	291	– 2
Other operating profit/loss	– 77	– 24	> 100
Earnings before reorganisation and taxes	**235**	**153**	**54**
Reorganisation expenses	– 6	– 10	– 40
Expenses for public guarantees related to reorganisation	–	10	– 100
Earnings before income taxes	**229**	**133**	**72**
Income taxes	73	41	78
Consolidated profit	**156**	**92**	**70**

Net interest income has increased compared to the previous year by € 9 million to € 501 million. Due to the continuing low level of interest rates in the money and capital market and improved refinancing options, interest expenses were reduced significantly, and this reduction more than compensated for the decline in interest income.

Expenses related to **loan loss provisions** increased slightly by € 4 million compared to the same period of the previous year to € 104 million. The net allocation to general loan loss provisions of € 50 million is seen alongside a net reversal of € 54 million in the previous year. This development was largely compensated for by the € 90 million reduction in net allocation to specific valuation allowances. The positive effect on profit/loss of loan loss provisions compared to the same period of the previous year totalled € 19 million and was due to a net reversal of loan loss provisions in the amount of € 7 million; in the same period of the previous year there had been a net allocation of € 12 million. The positive net effect of additions to receivables written off and direct write-offs was € 8 million less. These aforementioned effects are mainly attributable to ship financing.

Net commission income has risen compared to the same period of the previous year by € 15 million to € 55 million. The increase is mainly due to commission expenses from insurance business no longer being incurred due to the deconsolidation of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig in the second half of 2014.

The **profit/loss from financial instruments at fair value through profit or loss including hedge accounting** was € 142 million and therefore improved by € 137 million compared to the previous year. A key driver here was the € 91 million increase in profit/loss from financial instruments at fair value through profit or loss, which was the result of a € 217 million increase in trading profit/loss less a € 126 million reduction in the profit/loss from the use of the fair value option. The fall in euro interest rates compared to the reference period resulted in a positive development in the profit realised from and valuation result from debt securities, promissory notes and interest derivatives, which is reflected in the trading profit/loss. In particular the widening of the EUR/USD basis spread has resulted in an increase in income from currency derivatives. The widening of the relevant credit spreads has, though, resulted in a fall in the valuation result from credit derivatives. The profit/loss from the use of the fair value option is affected significantly by inverse interest-induced effects compared to the trading profit/loss. The effect of hedge accounting on profit/loss totalled € 59 million, which represented an increase of € 46 million compared to the same period of the previous year. This development in the first few months of the year is due to the diverging fluctuations of the interest-rate curves (forward and discount curve).

The **profit/loss from financial assets** is at € 2 million and is therefore € 33 million below the previous year's figure. This is mainly due to a € 42 million drop in the profit/loss from Available for Sale (AfS) financial assets. The main driver here was the € 68 million increase in impairments. This was seen alongside a € 26 million increase in the result of disposals.

The **profit/loss from investments accounting for using the equity method** was € 4 million above the previous year's figure. The positive proportionate profit/loss from investments accounted for using the equity method in the previous period was not able to compensate for the unscheduled write-down of an affiliated company.

Administrative expenses have fallen compared to the previous year by € 7 million to € 284 million. This is due in particular to the reduction in staff expenses following the deconsolidation of Öffentliche Lebensvericherung Braunschweig and Öffentliche Sachversicherung Braunschweig in the third quarter of 2014.

Other operating profit/loss reduced compared to the previous year by € 53 million to € –77 million. The main reason for this is the € 61 million increase in expenses due to the expected annual contribution to the EU's Single Resolution Fund being recognised in full in the first quarter of 2015. The negative effect on profit/loss of insurance business that will no longer be reported due to the deconsolidation of Öffentliche Sachversicherung Braunschweig and Öffentliche Lebensversicherung Braunschweig in the third quarter of 2014 in the amount of € 20 million can only partly compensate for this development.

The **reorganisation expenses** of € –6 million primarily comprise allocations made to reorganisation provisions as part of the efficiency improvement programme for contractual agreements already concluded as at the balance sheet date concerning the termination of contracts of employment.

In the period under review no more **expenses for public guarantees related to restructuring** were incurred as the guarantees received from the states of Lower Saxony and Saxony Anhalt were terminated in the second quarter of 2014.

The valuation-related change in deferred taxes recognised directly in equity on retained earnings results in an increase in **income tax liabilities**.

Assets and Financial Position

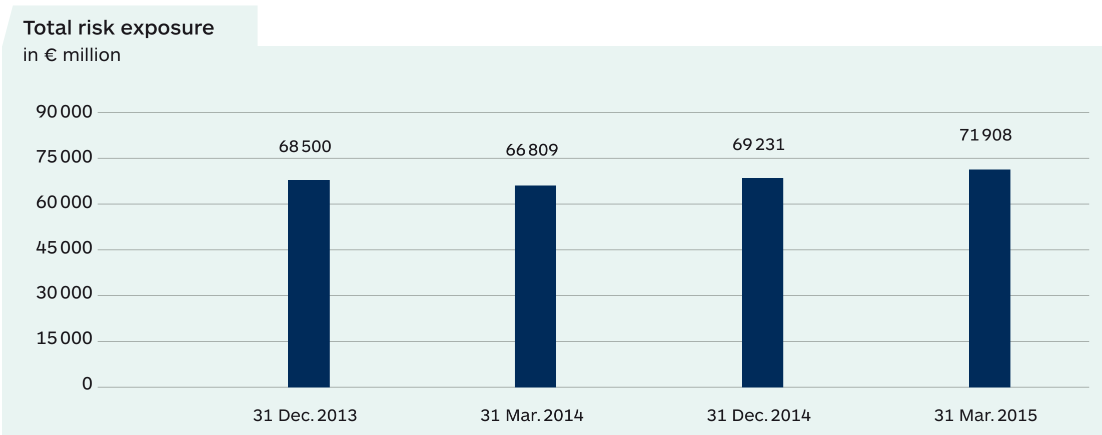
	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances to banks	25 449	23 565	8
Loans and advances to customers	111 283	108 255	3
Risk provisioning	– 2 874	– 2 747	5
Financial assets at fair value through profit or loss	18 536	16 306	14
Positive fair values from hedge accounting derivatives	3 684	3 483	6
Financial assets	43 159	45 120	– 4
Investments accounted for using the equity method	322	318	1
Other assets	3 351	3 307	1
Total assets	**202 910**	**197 607**	**3**
Liabilities to banks	58 515	58 986	– 1
Liabilities to customers	57 243	57 996	– 1
Securitised liabilities	42 018	40 714	3
Financial liabilities at fair value through profit or loss	22 242	18 169	22
Negative fair values from hedge accounting derivatives	4 226	3 926	8
Provisions	3 284	2 846	15
Other liabilities	2 503	2 222	13
Subordinated capital	4 907	4 846	1
Reported equity including non-controling interests	7 972	7 902	1
Total liabilities and equity	**202 910**	**197 607**	**3**

Total assets rose compared to 31 December 2014 by € 5.3 billion. On the assets side, the increase in total assets was due in particular to an increase in the balance of loans and advances to customers and banks and the increase in financial instruments at fair value through profit or loss. Only the balance of financial assets reduced. The liabilities side is characterised by the increase in financial liabilities at fair value and the increase in securitised liabilities. Liabilities to customers and liabilities to banks fell slightly. The increase in total assets is due mainly to the increase in carrying amounts due to the negative development of the USD / EUR exchange rate.

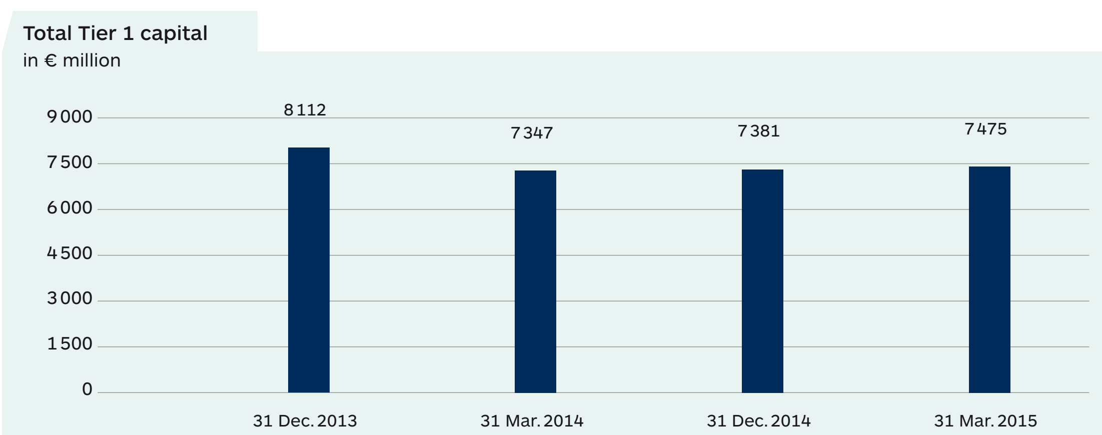
Loans and advances to banks rose by € 1,884 million compared to the same period of the previous year to € 25,449 million. This change is mainly due to the rise in receivables from money market transactions and other receivables. Under other receivables, in particular loans and advances to foreign banks were increased. **Loans and advances to customers** are still the largest balance sheet item at 55 per cent (55 per cent). Compared to the same period of the previous year, this item has increased by € 3,028 million, due mainly to the valuation-related increase in receivables from ship and aircraft mortgage loans and the increase in repo transactions. This increase was not compensated for by the reduction in receivables from public promissory notes. Due to the increase in specific valuation allowances and general loan loss provisions in the area of ship financing, **risk provisioning** increased by € 127 million compared to the same period of the previous year to € 2,874 million. **Financial assets at fair value through profit or loss** comprise trading assets and financial assets designated at fair value and are € 2,230 million above the level of the same period of the previous year. The increase is due to positive valuation and volume effects, which are also reflected on the liabilities side. Due to the reduction in AfS financial assets as a result of the reduction in TREA, the balance of **Financial assets** compared to the previous year has reduced by € 1,961 million and now totals € 43,159 million. **Other assets** include assets held for sale in the amount of € 55 million. **Liabilities to banks** have fallen by € 471 million compared to the same period of the previous year to € 58,515 million. The increase in liabilities from money market transactions is seen alongside the reduction in other liabilities to German and foreign banks. **Liabilities to customers** have reduced by € 753 million compared to the same period of the previous year to € 57,243 million. This is mainly due to the reduction in liabilities from money market transactions, which could not be compensated in full by the increase in other liabilities. Due to new issues, **securitised liabilities** have increased by € 1,304 million to € 42,018 million. **Liabilities at fair value through profit or loss** comprise trading liabilities and financial liabilities designated at fair value. Compared to the previous year there is an increase of € 4,073 million, mirroring valuation effects on the assets side.

The main reason for the € 438 million increase in **provisions** to € 3,284 million is the increase in net liabilities from defined benefit pension plans. This is due mainly to the raising of the calculation interest rate and the lowering of the state aid dynamic. **Other liabilities** have increased compared to the previous year by € 281 million. This change is primarily due to the valuation-related increase in the adjustment item for financial instruments hedged in the fair value hedge portfolio in the amount of € 176 million compared to the previous year. Other liabilities also include liabilities held for sale in the amount of € 1 million. In the period under review more subordinated liabilities were added than reduced due to maturity, as a result **subordinated capital** has risen from € 61 million to € 4,907 million. The increase in **reported equity** is largely due to the consolidated profit and changes in the revaluation reserve for AfS securities. The net liability from defined benefit pension plans on the other hand had the effect of reducing equity.

The total risk exposure has changed as follows:



Total Tier 1 capital has changed as follows:



The above regulatory capital below was calculated as at the reporting date in accordance with the EU Capital Requirements Regulation (CRR) applicable from 1 January 2014. The reference figures as at 31 December 2013 are still essentially based on the regulations of the German Banking Act that were applicable to the end of 2013, but have been adjusted based on the CRR regulations.

Overall Assessment
The performance of the business in the first quarter of 2015 is on the whole considered to be positive. The quarter ended with earnings before taxes of € 229 million.

Supplementary Report

No events that are of relevance for the period under review from 1 January to 31 March 2015 have taken place after the reporting date of 31 March 2015.

Forecast, Risk and Opportunities Report

General Economic Development

Global Economic Outlook

In the USA, after the restrained economic development of the first quarter due to special effects, growth will pick up in the remainder of the year. The Federal Reserve might raise the base rate in September. For the eurozone a stable cyclical recovery is expected, in most euro member states confidence in the economy has improved significantly. The growth gap between the individual economies in the eurozone will remain wide though.

Economic Forecast for Germany and the Eurozone

Economic sentiment has improved significantly in Germany and the eurozone. In the surveys conducted by the Centre for European Economic Research and sentix, economic expectations remained high. The Ifo Business Climate Index has also continued its upward trend of late, indicating a sustained recovery for the German economy. The main reasons for this development remain the historically low price of oil, the devaluation of the euro (trade-weighted) and the extremely expansive monetary policy of the ECB for some time to come. The main driver of growth will again be domestic demand, and in Germany in particular private consumption. This will be supported by a very low inflation rate due to the falling price of oil, a further increase in employment and a reduction in unemployment, as well as further pay rises in very robust collective pay agreements. Private consumption will therefore increase by much more than in the previous year and in so doing experience its strongest growth since 2011. The German economy is therefore in the midst of a strong recovery. Compared to the previous year, it is expected that economic output will increase by 2 per cent. However, investment activity is only picking up slowly.

In the eurozone the economic recovery is continuing in 2015 might continue to recover at the faster rate seen in the first quarter. NORD/LB is expecting real GDP growth of just under 1.5 per cent in the current year, providing uncontrollable developments in the Greek debt crisis do not have a massive negative impact. Domestic demand is expected to make a bigger contribution to growth than in the previous year, due in particular to growth in private and public consumption. For investments, a gradual recovery is expected in 2015. The growth gap will remain relatively high though, with the German economy again expanding at a much faster rate than the rest of the eurozone. The improvement in the economy will result in a further drop in unemployment and a further reduction in the deficit ratio to approximately two per cent of nominal GDP. However, continuing structural problems stand in the way of truly resounding successes.

Financial Market Development and Interest Rate Forecast

The Federal Reserve will take a first step towards a gradual normalisation in the current year. With the recovery in the US economy expected from the second quarter, the Federal Reserve should have scope to adjust the Fed Funds Target Rate. Currently a raise in the base rate in September appears to be the most likely option. However, the Federal Reserve will proceed cautiously. The US monetary policy will therefore basically remain expansive this year, albeit a little less expansive than before.

For the eurozone, inflation is expected to remain low until at least the autumn. The ECB therefore decided in March to launch a broad purchase programme for public and private assets in the amount of € 60 billion per month. Initially the purchases are planned to September 2016. The total volume of the programme is therefore well above € 1 trillion and also includes the current purchase programmes for loan securitisations and covered bonds. In the bond market this measure initially resulted once again in a significant fall in yields. It is NORD/LB's view that the yield of ten-year German Bunds (federal bonds) will, in the event of a volatile development, not fall again for a sustained period below the low of 0.05 per cent recorded in mid-April. On the other hand, the constant purchasing by the ECB should also prevent a continued strong movement of yields in the opposite direction. The biggest uncertainty for the development of capital market yields remains the Greek debt crisis.

The devaluation of the euro was for various reasons a little excessive. Accordingly, NORD/LB is expecting a countermovement in the medium term. The interest-rate difference should be priced in for the interim and the impending improvement in the general economic situation in the eurozone suggest there will again be a somewhat stronger euro. The adjustment phase already started in the second half of April. Over the course of twelve months, NORD/LB believes the euro could recover to USD 1.17. The development in the currency market will impact on the EUR/USD basis swap spread accordingly. The calculations with NORD/LB's econometric forecast models indicate that the spreads should, with a somewhat stronger euro, fluctuate around –30 basis points in the medium term.

Banking Market Development

The continuing credit risks in the European banking market will require further capital measures in order to achieve a sustainably stronger banking market. The regulatory requirements will continue to increase. These will include in particular the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), the requirements for holding receivables that are available to be bailed in and other related capital ratios (including Total Loss Absorbing Capacity (TLAC)). The ECB has also announced that it will perform its financial supervision role vigorously and strictly. The European banks will therefore have to continue to review their business models thoroughly in 2015 and show high cost discipline.

Shipping

In its April update, the IMF left its forecast for economic growth for 2015 at 3.5 per cent. In the medium term growth of between 3.8 and 4 per cent is expected. For the ship sectors, demand will accordingly remain moderate for the medium term. Fuel costs have meanwhile fallen below 400 USD/t, a circumstance that has been greeted with relief across all sectors. However, competition remains harsh primarily in the container and bulker sector, and as a result bunker effects on earnings will only be marginal.

At the start of the peak season the development of freight rates was disappointing. It is doubtful whether the rate increases on the Far East route announced by the market-leading companies can be implemented in the current environment. Weak demand is being met with an increasing supply due to the deliveries and stocking up of the alliances of large container ships that are primarily intended for long-distance routes. In the charter market a positive development is noticeable. However, traffic off the west coast of the USA, which was previously a driver in the charter market, is normalising. The number of undeployed container ships has risen slightly as at the start of the second quarter. Support is being provided on the other hand by the many new or extended services (intra-Asia and transatlantic) that are absorbing tonnage.

The rise in the Baltic Dry Index at the turn of the quarter did not last long. The situation in the bulk goods market remains tense. Hopes are pinned on China, despite its cautious economic outlook. An increase in iron ore or coal imports by China would at least provide some temporary relief. The existing order volumes remain a problem, despite changes in some orders (for example conversion into tankers). However, scrapping is increasing across all segments under the pressure of the market.

As expected, the situation in the crude oil market stabilised in the first quarter, resulting in a slight fall in charter rates following their rise over the last six months. Due to the continuing low level of oil prices, the market is expecting stable demand in particular for big tonnage in the current year. One risk factor, as in the dry bulk sector, is China's economic development.

In the offshore industry the rate of investment will fall with oil prices between between 60 and 80 USD / barrel. Growth in the ocean cruise market will be somewhat lower, but will remain intact in a healthy environment in respect of demand.

Aircraft

The IATA is expecting for 2015 growth of 7.0 per cent for global passenger transport (RPK), which is well above the average growth for the last 20 years of 5.5 per cent. The IATA is forecasting the demand for airfreight volume (FTK) to increase by 4.5 per cent. As in previous years, significant geographical differences are expected.

IATA is expecting net profit for global airlines to increase to USD 25.0 billion in 2015. This equates to a net margin of approx. 3.2 per cent (2014: 2.7 per cent).

Real Estate

For 2015 as a whole, global investment in commercial real estate is expected to rise. Jones Lang LaSalle is anticipating it to increase to between USD 740 and 760 billion in 2015. It believes the drivers of this growth will mainly be the level of capital available, the good financing options and the ECB's monetary policy.

In view of the current market conditions, the high level of demand in the German market should continue, placing additional pressure on returns. From a returns point of view, real estate remains attractive and a transaction volume of well over € 40 billion is expected for 2015 as a whole. Against the background of the increasing risk appetite of investors, it is expected that the demand for B cities, B locations and other niche markets will continue to rise.

Real estate investors see growing opportunities for 2015 in almost all European countries. In particular Ireland and Southern Europe should be able to attract increasing demand. However, the lower availability of prime real estate in cities such as London and Paris and the political uncertainty caused by the Greek crisis will have a negative effect on investment.

Extended Risk Report

Risk-Bearing Capacity

The utilisation rate for risk capital in the going-concern scenario is 56 per cent as at 31 March 2015 and therefore just above the utilisation rate as at 31 December 2014. This results from a slight reduction of risk capital. At the same time, risk potentials increased moderately.

Risk-bearing capacity is given up to a utilisation rate of 100 per cent. Utilisation is again significantly lower as at the reporting date. The conservative buffer of 20 per cent (maximum utilisation of 80 per cent) set in the risk strategy is also not required. The risk-bearing capacity is also given in the gone-concern scenario of the risk-bearing capacity model.

The utilisation rate for risk capital in the going-concern scenario can be seen in the table which shows the risk-bearing capacity for the NORD/LB Group:

Risk-bearing capacity (in € million)	31 Mar. 2015		31 Dec. 2014	
Risk capital	**2 793**	**100 %**	**2 915**	**100 %**
Credit risk	1 057	38 %	981	34 %
Investment risk	122	4 %	62	2 %
Market-price risk	313	11 %	306	10 %
Liquidity risk	162	6 %	159	5 %
Operational risk	96	3 %	94	3 %
Other	– 177	– 6 %	– 196	– 7 %
Total risk potential	**1 573**	**–**	**1 404**	**–**
Risk capital utilisation	**–**	**56 %**	**–**	**48 %**

The specifications of the Group risk strategy concerning the allocation of risk capital to risk types continue to be complied with. Of the significant risk types included in the model, namely credit, investment, market-price, liquidity and operational risk, credit risk is by far the most significant.

Credit Risk

The maximum default risk amount for on-balance-sheet and off-balance-sheet financial instruments rose slightly in the first three months of 2015. This is due in particular to loans and advances to banks and customers and financial assets at fair value through profit or loss.

Risk-bearing financial instruments (in € million)	Maximum default risk 31 Mar. 2015	Maximum default risk 31 Dec. 2014
Loans and advances to banks	25 447	23 563
Loans and advances to customers	108 411	105 510
Adjustment item for financial instruments hedged in the fair value hedge portfolio	253	114
Financial assets at fair value through profit or loss	18 536	16 306
Positive fair values from hedge accounting derivatives	3 684	3 483
Financial assets	43 159	45 121
Sub-total	**199 490**	**194 097**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	14 309	14 726
Total	**213 799**	**208 823**

The total exposure used for internal control rose in the period under review from € 213 billion to € 222 billion. The increase is due to the consideration of

loans and advances to central counterparties and clearing brokers (financing institutions / insurance companies) required by CRR.

The quality of NORD/LB Group's credit portfolio remained unchanged in the first few months of 2015. The share of non-performing loans as at the reporting date is 4.1 per cent (4.1 per cent).

The Rating Structure table shows the breakdown of the total exposure in the NORD/LB Group by rating class and product type. The share of items in the rating category "Very good to good" remains at a high level at 77 per cent (76 per cent) as at 31 March 2015. This is explained in particular by the significance of business conducted with financing institutions and public authorities and is at the same time a reflection of the risk policy of the NORD/LB Group.

Rating structure [1] [2] (in € million)	Loans [3] 31 Mar. 2015	Securities [4] 31 Mar. 2015	Derivates [5] 31 Mar. 2015	Other [6] 31 Mar. 2015	Total exposure 31 Mar. 2015	Total exposure 31 Dec. 2014
very good to good	106 026	40 083	9 968	14 317	170 394	162 054
good / satisfactory	12 478	1 467	553	1 085	15 583	15 694
reasonable / satisfactory	8 309	597	182	861	9 949	9 916
increased risk	7 591	647	258	482	8 979	8 791
high risk	3 149	27	48	162	3 386	3 288
very high risk	4 286	3	100	45	4 434	4 099
default (= NPL)	8 861	262	17	54	9 194	8 778
Total	**150 699**	**43 085**	**11 126**	**17 008**	**221 919**	**212 622**

1) The allocation is made based on the IFD rating classes.
2) Differences in totals are rounding differences.
3) Includes utilised and committed loans, sureties, guarantees and other non-derivative off-balance-sheet assets, whereby, as in the internal reports, the irrevocable commitments are included at 41.3 per cent (43 per cent) and revocable commitments at 41.3 per cent (38 per cent). The conversion factors are validated annually.
4) Includes the securities holdings of third-party issues (only banking book).
5) Includes derivative financial instruments such as finance swaps, options, futures, forward rate agreements and currency transactions.
6) Includes other products such as pass-through and administered loans.

The breakdown of total exposure by industry shows that business conducted with financing institutions and with public authorities accounts for 56 per cent (56 per cent) and still constitutes a significant share of the total exposure.

Industries [1) 2)] (in € million)	Loans [3)] 31 Mar. 2015	Securities [4)] 31 Mar. 2015	Derivates [5)] 31 Mar. 2015	Other [6)] 31 Mar. 2015	Total exposure 31 Mar. 2015	Total exposure 31 Dec. 2014
Financing institutes / insurance companies	44 058	22 234	5 239	8 466	79 998	73 150
Service industries / other	58 709	18 756	2 911	1 926	82 303	82 738
– Of which: Land, housing	18 852	–	665	510	20 027	20 193
– Of which: Public administration	24 040	18 480	1 620	192	44 332	44 919
Transport / communications	26 321	502	691	269	27 783	26 235
– Of which: Shipping	18 918	0	166	91	19 175	17 691
– Of which: Aviation	4 309	–	29	0	4 338	4 007
Manufacturing industry	5 603	592	826	244	7 265	6 600
Energy, water and mining	9 783	895	992	4 578	16 249	15 410
Trade, maintenance and repairs	3 721	75	334	327	4 456	4 494
Agriculture, forestry and fishing	774	–	6	1 125	1 904	1 912
Construction	1 729	30	127	73	1 960	2 083
Total	**150 699**	**43 085**	**11 126**	**17 008**	**221 919**	**212 622**

1) The figures are reported, as in the internal reports, by economic criteria.
2) to 6) Please see the preceding Rating Structure table.

The breakdown of the entire credit exposure by region shows that the eurozone accounts for a high share of 82 per cent (83 per cent) of total exposure and remains by far the most important business region of the NORD/LB Group. Germany's share is 68 per cent (68 per cent).

Regions[1) 2)] (in € million)	Loans[3)] 31 Mar. 2015	Securities[4)] 31 Mar. 2015	Derivates[5)] 31 Mar. 2015	Other[6)] 31 Mar. 2015	Total exposure 31 Mar. 2015	Total exposure 31 Dec. 2014
Euro countries	123 316	35 512	6 862	16 947	182 637	177 478
– Of which: Germany	105 139	24 734	4 659	16 387	150 919	144 285
Other Europe	9 941	3 124	2 554	35	15 654	14 328
North America	6 553	3 074	1 130	2	10 759	9 873
Middle and South America	3 378	182	34	–	3 595	3 121
Middle East / Africa	1 412	–	11	14	1 437	1 112
Asia / Australia	6 098	1 193	535	11	7 837	6 709
Total	**150 699**	**43 085**	**11 126**	**17 008**	**221 919**	**212 622**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) to 6) Please see the preceding Rating Structure table.

The exposure in Greece, Ireland, Italy, Portugal and Spain, and in particular to financing institutes and insurance companies, reduced further in the period under review and is now € 8.5 billion (€ 9.1 billion). Their share in the total exposure is 4 per cent (4 per cent). The share of receivables owed by the respective countries, regional governments and municipalities is € 2.4 billion (€ 2.6 billion) and still 1 per cent of the total exposure.

Exposure in selected European countries[1) 2)] (in € million)	Greece 31 Mar. 2015	Ireland 31 Mar. 2015	Italy 31 Mar. 2015	Portugal 31 Mar. 2015	Spain 31 Mar. 2015	Total 31 Mar. 2015
Sovereign Exposure	0	233	1 682	326	202	2 443
– Of which: CDS	–	214	–	198	–	413
Financing institutes / insurance companies	–	511	207	105	1 505	2 328
Corporates / Other	205	2 796	236	108	375	3 719
Total	**205**	**3 540**	**2 124**	**539**	**2 082**	**8 491**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) Differences in totals are rounding differences.

NORD/LB Group has an exposure of € 1.4 billion in Cyprus in the Corporates category. This primarily concerns a ship exposure whose economic risk lies outside of Cyprus. NORD/LB Group does not have any sovereign exposure or exposure to financing institutes and insurance companies in Cyprus.

In Hungary NORD/LB has an exposure of € 332 million (€ 293 million sovereign exposure, € 39 million corporates and others), and in Russia it has an exposure of € 251 million (€ 76 million corporates, € 176 million financing institutions and insurance companies). The exposure in Egypt, Argentina and Ukraine is of minor significance.

NORD/LB is also closely monitoring and analysing developments in the countries mentioned. However, the Group does not consider it necessary to make any further provisions at this stage. Further details can be found in the Notes to the Interim Report in Note (35) Disclosures relating to selected European Countries.

Sovereign Exposure in selected European countries by maturity [1)] [2)] (in € million)	Greece 31 Mar. 2015	Ireland 31 Mar. 2015	Italy 31 Mar. 2015	Portugal 31 Mar. 2015	Spain 31 Mar. 2015	Total 31 Mar. 2015
up to 1 year	0	–	85	81	32	197
more than 1 up to 5 years	–	19	295	245	140	698
more than 5 years	–	214	1 303	–	31	1 548
Total	**0**	**233**	**1 682**	**326**	**202**	**2 443**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) Differences in totals are rounding differences.

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 according to German Commercial Code (Handelsgesetzbuch (HGB)) and the credit equivalents resulting from derivatives (including add-ons and in consideration of netting). Irrevocable and revocable credit commitments are included in the total exposure, while securities against the NORD/LB Group are ignored.

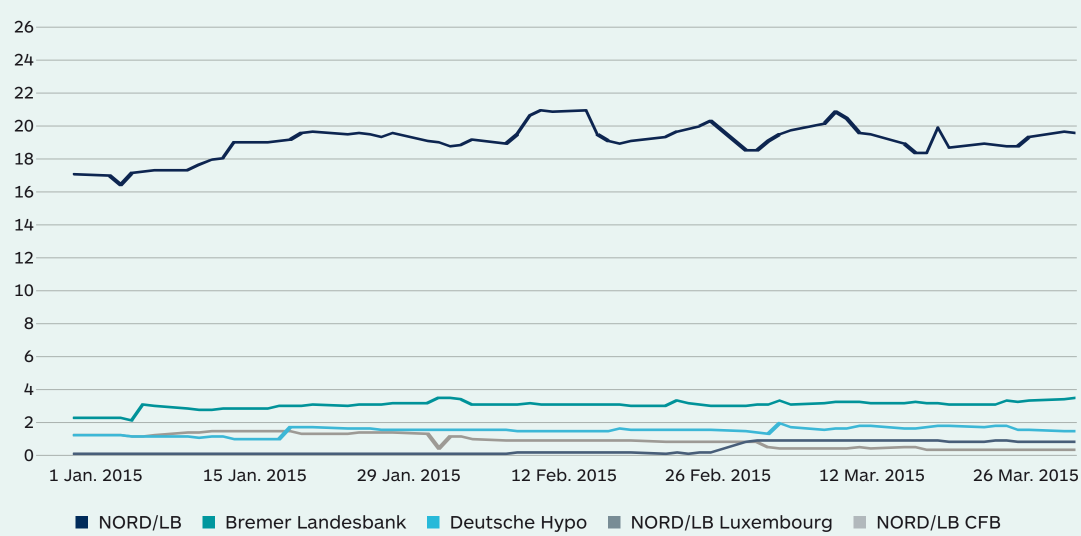
Sovereign exposure also comprises exposures to regional governments, municipalities and state-related public-sector companies enjoying government guarantees.

Market-price Risk

As at 31 March 2015 the VaR for NORD/LB Group had risen to € 15 million (€ 12 million). The final figures are reported taking into account correlation effects. The historical simulation method was used throughout the Group. The VaR calculated on the basis of regulatory parameters (confidence level of 99 per cent and holding period of ten days) amounted to € 82 million in the NORD/LB Group on 31 March 2015 (€ 63 million).

The market-price risks are calculated at the level of the significant Group companies from a risk point of view taking into account in each case the local accounting regulations, i. e. for the Group companies reporting in accordance with the German Commercial Code (Handelsgesetzbuch, HGB), the credit-spread risks of the trading book and the liquidity reserve are included in the going-concern scenario. In the gone-concern scenario credit-spread risks are still included regardless of the accounting method.

Value-at-Risk of NORD/LB (95 %, 1 day)
in € million



Between early January and late March, the daily total Value-at-Risk (VaR) calculated for the significant Group companies from a risk point of view (confidence level of 95 per cent, holding period of one day) fluctuated between € 25 million and € 31 million, with an average Value-at-Risk of € 28 million. The portfolios of NORD/LB clearly dominate the risk position in the period under review. The correlation effects within interest-rate risk that have a risk-reducing effect at Group level do not occur at individual institute level.

Market-price risks (in € 000)	Maximum		Average		Minimum		End-of year risk	
	1 Jan.– 31 Mar. 2015	1 Jan.– 31 Dec. 2014	1 Jan.– 31 Mar. 2015	1 Jan.– 31 Dec. 2014	1 Jan.– 31 Mar. 2015	1 Jan.– 31 Dec. 2014	1 Jan.– 31 Mar. 2015	1 Jan.– 31 Dec. 2014
Interest-rate risk (VaR 95 %, 1 day)	31 540	30 572	29 025	25 537	24 541	19 809	15 139	12 000
Currency risk (VaR 95 %, 1 day)	1 856	1 654	1 477	899	1 203	523	1 013	932
Share-price and fund-price risk (VaR 95 %, 1 day)	2 393	2 030	1 898	1 583	1 346	933	1 240	1 276
Volatility risk (VaR 95 %, 1 day)	2 284	1 235	1 324	665	697	342	431	666
Other add-ons	49	115	34	48	17	0	20	35
Total	**30 763**	**31 394**	**28 440**	**26 238**	**25 063**	**20 005**	**15 038**	**12 084**

The historical simulation method was used throughout the Group to calculate the VaR. The validation of the VaR model shows a further improvement in the number of backtesting exceptions in NORD/LB's banking book in the period under review. The remaining exceptions result primarily from fundamental risks, i. e. differences in the scope of movements in the various swap curves within the same currency leading to higher daily fluctuations in the cash value in the Treasury Division. Until the planned inclusion of these risks in the VaR model, a reserve item will be considered in the RBC model.

Liquidity Risk

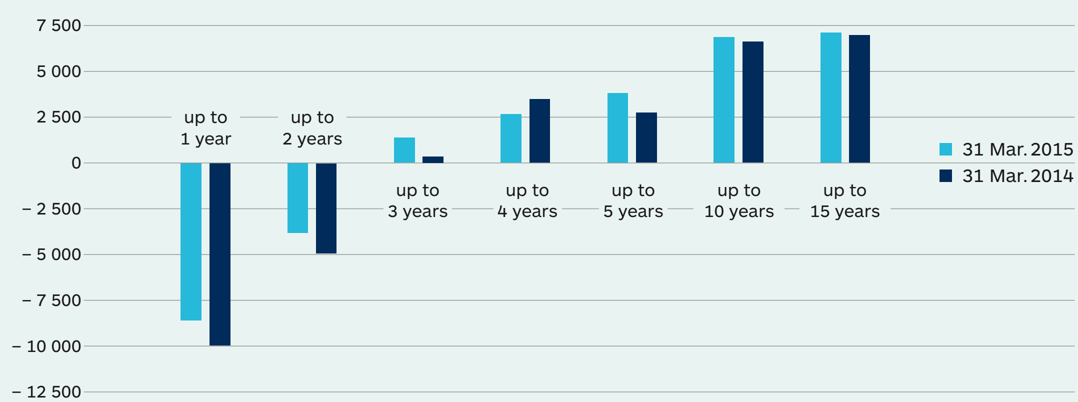
The liquidity situation in the markets stabilised in the period under review due to the measures taken by the European Central Bank. However, the current global trouble spots, in particular in Ukraine and in the Middle East, and the high national debts of some EU countries continue to present risks.

As at 31 March 2015 the cumulative liquidity maturity balance sheet shows an overall improvement within the liquidity risk limits derived from the risk-bearing capacity model. The NORD/LB Group had sufficient liquidity at all times in first three months of 2015. The liquidity risk limits were complied with at all times at NORD/LB Group level; this applies for all currencies together and the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As at the reporting date, significant companies from a risk point of view hold securities in the amount of € 51 billion (€ 52 billion), 84 per cent (85 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve.

Accumulated liquidity maturities

in € million



In the period under review, the liquidity ratio in accordance with the German Liquidity Regulation (LiqV) was always well above the minimum of 1.00 required by regulatory provisions. The dynamic stress tests used for internal control showed a good liquidity situation for the NORD/LB Group as at the reporting date. The liquidity buffers for one week and one month in accordance with the Minimum Requirements for Risk Management (MaRisk) are also complied with.

Liquidity ratio in accordance with the LiqV [1)]	31 Mar. 2015	31 Mar. 2014
NORD/LB	1.61	1.33
Bremer Landesbank	1.61	1.74
Deutsche Hypo	1.49	1.58

1) NORD/LB Luxembourg and NORD/LB CFB do not have to report these figures on account of legal requirements.

Operational Risk

The setup of an integrated OpRisk management was continued in the period under review.

There are no significant legal risks as at the reporting date that would put the existence of the bank at risk.

Overall Assessment

The NORD/LB Group has made a successful start to 2015. However, the first quarter cannot be projected forward for the whole year as the economic environment will remain challenging in view of the continuing phase of low interest rates, the exchange rate developments and the situation in the shipping markets. It is forecasted that risk provisioning due to the crisis in the shipping sector will remain comparatively high, however it is also expected that this will be partly compensated due to the unstressed risk situation in other business segments of the bank. The NORD/LB Group expects that it will again be able to improve on the previous year's earnings in 2015 and at least achieve the Group's target for earnings before taxes. Stable income based on the proven customer-oriented business model with very diversified sources of income, which will be around the same level as the previous year and therefore above target, will contribute to this. This assessment is due to the positive impact of the market divisions and profits in the management of interest-rate risk. This expectation is, due to developments in the capital markets, the result of better central valuation than forecasted in the plan for currency derivatives and in the fair value option as well as the profit / loss from hedge accounting.

The NORD/LB Group is forecasting that risk provisioning/valuation will be slightly better than in the plan for 2015. Risk provisioning will once again be primarily influenced by the shipping portfolio, however the NORD/LB Group is expecting reduction compared to 2014. The forecast for profit/loss from financial assets in 2015 is better than in the plan.

Administrative expenses are slightly above budget. The restructuring expenses in the current forecast are in line with the budget provided.

Overall the developments forecasted for 2015 in both earnings before taxes and earnings after taxes will result in the previous year's earnings and the target being beaten. The ratios will improve accordingly.

In the current forecast TREA are slightly below the level planned due in particular to a further planned securitisation transaction. The planning of NORD/LB's total risk-weighted exposure (risk-weighted assets) and regulatory capital for 2015 considers all requirements derived from EU Regulation No. 575/2013 on prudential requirements for banks and investment firms (CRR) including relevant requirements for regulatory capital adequacy derived from transitional arrangements. In the NORD/LB Group's plan, these legal regulations and other existing regulatory requirements concerning the required level of regulatory capital are permanently met in full.

Besides risks from the continuing phase of low interest rates for income and from the crisis in the shipping sector for risk provisioning, NORD/LB Group faces strong competition from other banks for certain customer groups, with the resulting pressure on margins and new business. However, this is an opportunity to extend the position of the bank in competition with other banks and as a provider of alternative investments. For example, there are opportunities for new business and increased margins due to the withdrawal of competitors and due to the good reputation of the bank. There are also risks to the earnings position with the possible worsening of the euro debt crisis, geopolitical tensions and exchange rate developments. In particular, a further drop in the value of the EUR against the USD could have negative effects. It is expected that any improvement in the situation of these would have a positive effect on earnings. The NORD/LB Group believes that it will continue on a cautious path of upward development.

Interim Consolidated Financial Statements as at 31 March 2015

Income Statement

	Notes	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014[1] (in € million)	Change (in %)
Interest income		2 169	2 275	– 5
Interest expenses		1 668	1 783	– 6
Net interest income	**6**	**501**	**492**	**2**
Loan loss provisions	7	104	100	4
Commission income		79	70	13
Commission expenses		24	30	– 20
Net commission income	**8**	**55**	**40**	**38**
Trading profit/loss		385	168	> 100
Profit/loss from the fair value option		– 302	– 176	72
Profit/loss from financial instruments at fair value through profit or loss	**9**	**83**	**– 8**	**> 100**
Profit/loss from hedge accounting	10	59	13	> 100
Profit/loss from financial assets	11	2	35	– 94
Profit/loss from investments accounted for using the equity method		–	– 4	– 100
Administrative expenses	12	284	291	– 2
Other operating profit/loss	13	– 77	– 24	> 100
Earnings before reorganisation and taxes		**235**	**153**	**54**
Reorganisation expenses	14	– 6	– 10	– 40
Expenses for public guarantees related to reorganisation	15	–	10	– 100
Earnings before taxes		**229**	**133**	**72**
Income taxes	16	73	41	78
Consolidated profit		**156**	**92**	**70**
of which: attributable to the owners of NORD/LB		159	113	
of which: attributable to non-controlling interests		– 3	– 21	

[1] Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

Statement of Comprehensive Income

The comprehensive income of the NORD/LB Group comprises the income and expense recognised in the income statement and in other comprehensive income.

	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014[1] (in € million)	Change (in %)
Consolidated profit	**156**	**92**	**70**
Other comprehensive income which is not recycled in the income statement in subsequent periods			
Revaluation of the net liability from defined benefit pension plans	– 352	– 202	74
Investments accounted for using the equity method – Share of other operating profit/loss	– 10	– 5	100
Deferred taxes	112	64	75
	– 250	**– 143**	**75**
Other comprehensive income which is recycled in the income statement in subsequent periods on certain conditions			
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit/losses	144	231	– 38
Transfer due to realisation profit/loss	18	2	> 100
Translation differences of foreign business units			
Unrealised profit/losses	39	2	> 100
Investments accounted for using the equity method – Share of other operating profit/loss	14	15	– 7
Deferred taxes	– 50	– 76	– 34
	165	**174**	**– 5**
Other profit/loss	**– 85**	**31**	**> 100**
Comprehensive income for the period under review	**71**	**123**	**– 42**
of which: attributable to the owners of NORD/LB	94	145	
of which: attributable to non-controlling interests	– 23	– 22	

[1] Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

Balance Sheet

Assets	Notes	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Cash reserve		537	1 064	– 50
Loans and advances to banks	17	25 449	23 565	8
Loans and advances to customers	18	111 283	108 255	3
Risk provisioning	19	– 2 874	– 2 747	5
Balancing items for financial instruments hedged in the fair value hedge portfolio		253	114	> 100
Financial assets at fair value through profit or loss	20	18 536	16 306	14
Positive fair values from hedge accounting derivatives		3 684	3 483	6
Financial assets	21	43 159	45 120	– 4
Investments accounted for using the equity method		322	318	1
Property and equipment	22	571	568	1
Investment property		79	80	– 1
Intangible assets	23	139	139	–
Assets held for sale	24	52	56	– 7
Current income tax assets		62	57	9
Deferred income taxes		849	784	8
Other assets		809	445	82
Total assets		**202 910**	**197 607**	**3**

Liabilities	Notes	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Liabilities to banks	25	58 515	58 986	– 1
Liabilities to customers	26	57 243	57 996	– 1
Securitised liabilities	27	42 018	40 714	3
Balancing items for financial instruments		1 352	1 176	15
Financial liabilities at fair value through profit or loss	28	22 242	18 169	22
Negative fair values from hedge accounting derivatives		4 226	3 926	8
Provisions	29	3 284	2 846	15
Liabilities held for sale	30	1	6	– 83
Current income tax liabilities		108	73	48
Deferred income taxes		133	100	33
Other liabilities		909	867	5
Subordinated capital	31	4 907	4 846	1
Equity				
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		1 902	1 957	– 3
Revaluation reserve		568	420	35
Currency translation reserve		– 9	– 10	– 10
Equity capital attributable to the owners of NORD/LB		**7 400**	**7 306**	**1**
Equity capital attributable to non-controlling interests		572	596	– 4
		7 972	**7 902**	**1**
Total liabilities and equity		**202 910**	**197 607**	**3**

Condensed Statement of Changes in Equity

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncon-trolling interests	Consolidated equity
Equity as at 1 Jan. 2015	**1 607**	**3 332**	**1 957**	**420**	**– 10**	**7 306**	**596**	**7 902**
Comprehensive income for the period under preview	–	–	– 55	148	1	94	– 23	71
Transactions with the owners	–	–	–	–	–	–	– 1	– 1
Equity as at 31 Mar. 2015	**1 607**	**3 332**	**1 902**	**568**	**– 9**	**7 400**	**572**	**7 972**

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncon-trolling interests	Consolidated equity
Equity as at 1 Jan. 2014	**1 607**	**3 332**	**2 052**	**122**	**– 6**	**7 107**	**1 062**	**8 169**
Adjusted comprehensive income for the period under preview	–	–	146	–	– 1	145	– 22	123
Changes in the basis of consolidation	–	–	–	–	–	–	– 22	– 22
Equity as at 31 Mar. 2014	**1 607**	**3 332**	**2 198**	**122**	**– 7**	**7 252**	**1 018**	**8 270**

The consolidation effects and other changes in equity mainly comprise transactions which result in changes in shareholdings without changing the consolidation method. For a more detailed account, the notes to the statement of changes in equity are referred to.

Condensed Cash Flow Statement

	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	**1 064**	**1 311**	**– 19**
Cash flow from operating activities	17	– 502	> 100
Cash flow from investing activities	– 515	– 9	> 100
Cash flow from financing activities	– 38	– 38	–
Total cash flow	**– 536**	**– 549**	**– 2**
Effects of changes in exchange rates	9	–	–
Cash and cash equivalents as at 31 March	**537**	**762**	**– 30**

We refer to information contained in the risk report concerning the management of liquidity risk in the NORD/LB Group.

Selected Notes

General Disclosures

(1) Principles for the Preparation of the Interim Consolidated Financial Statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 31 March 2015 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 (IFRSs) of the International Accounting Standards Board (IASB). The interim financial statements meet the requirements of IAS 34 for condensed interim financial reporting. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2014.

NORD/LB as a group in terms of commercial law is referred to in the following as the NORD/LB Group.

The interim consolidated financial statements as at 31 March 2015 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. The segment reporting is shown in the notes.

The reporting currency for the interim consolidated financial statements is the euro. All amounts are reported rounded in euro millions (€ million), unless otherwise is indicated. The previous year's figures are shown afterwards in brackets.

These interim consolidated financial statements were signed by the Managing Board on 19 May 2015 and approved for submission to the Supervisory Board.

(2) Accounting Policies

The accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 2014 unless specified otherwise.

In the period under review consideration has been given to the following standards and amendments to the standards which were first applied as at 1 January 2015 for the NORD/LB Group:

IFRIC 21 – Levies

In May 2013 the IASB issued IFRIC 21 as an interpretation of IAS 37 concerning levies. In this respect, a liability item has to be build up, in care the trigger event occurs. The wording of the legal framework describes the occurance of the trigger event.

IFRIC 21 concerns the bank levy to be paid by NORD/LB. With the first quarter of 2015, the provisions for the expected annual contribution to the EU's Single Resolution Fund was adjusted for the change in the legal situation. From 2015 the provision for the expected annual contribution will be recognised in full at the start of the year, while formerly the provisions for the German bank levy was allocated on a pro rata basis. See Note (13) Other operating profit/loss for the details.

Improvements to IFRS (2011–2013 Cycle) Within the Scope of the IASB's Annual Improvements Process

As part of the annual improvement process, amendments to four standards IFRS 1, IFRS 3, IFRS 13 and IAS 40 were made. With the change in the wording, the individual IFRSs should be clarified.

The annual improvements to IFRS do not have a significant impact on NORD/LB's consolidated financial statements.

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

(3) Adjustment of Figures for the Previous Year

The figures for the previous year in the income statement were adjusted in these consolidated financial statements on the basis of IAS 8.42 in the following areas:

Since the second quarter of 2014 the regulations of IAS 32.AG29A have been regarding the presentation of interests of external limited partners in fully consolidated partnerships. Accordingly, the limited partners' shares are to be reported as liabilities in all cases. As the partnerships concerned have negative equity, this is allocated entirely to the Group. As a result, part of the portfolio previously reported under Equity attributable to the owners of NORD/LB is now reported under Non-controlling interests.

1 Jan.–31 Mar. 2014 (in € million)	Prior to adjustment	Adjustment IFRS 8	After Adjustment
Consolidated profit	**92**	**–**	**92**
of which: equity capital attributable to the owners of NORD/LB	112	1	113
Equity capital attributable to non-controlling interests	– 20	– 1	– 21
Total liabilities and equity	**123**	**–**	**123**
of which: equity capital attributable to the owners of NORD/LB	144	1	145
Equity capital attributable to non-controlling interests	– 21	– 1	– 22

(4) Basis of Consolidation

In addition to NORD/LB as the parent company, the interim consolidated financial statements include 50 (31 December 2014: 50) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise a controlling influence in another manner. In addition 1 (31 December 2014: 1) joint ventures and 12 (31 December 2014: 12) associated companies are accounted for using the equity method.

Information on the subsidiaries, joint ventures and affiliated companies included in the consolidated financial statements can be found in Note (39) Basis of Consolidation.

Segment Reporting

The segment reporting provides information on the operational business areas of the Group. The segment reporting below is based on IFRS 8 "Operating segments", which follows the "management approach". The segment information is presented in the IFRSs on the basis of internal reporting in the same way that it is reported internally on a regular basis for assessing performance and making decisions on the allocation of resources to the segments. In the segment reporting adjustments of figures for the previous year are taken into account (cf. Note (3) Adjustment of figures for the previous year).

Segment Reporting by Business Segment

The business segments are defined as customer or product groups which reflect the organisational structures and therefore the internal control of the Group. Calculations are based on the internal data of Group member companies. The internal control focuses on the operational units' earnings before tax.

An important criterion for the formation of business segments is the greatest possible homogeneity of the customers aggregated in the segment in relation to financing and investment requirements and the products demanded. It is not possible to recognise dependencies on individual customers. The product ranges offered in the segments are described below and the earnings generated are shown in the overview. The product range comprises classical lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, liquidity and risk management, mergers and acquisitions, services such as accounting management, payment transactions, securities business, brokering, documentary business, credit processing, sureties, guarantees and advisory services for asset management.

Net interest income generated by the individual segments is calculated on the basis of the market interest-rate-method. In the process the contribution from the interest-rate conditions for each customer transaction is calculated by comparing the customer conditions with the structure-congruent market interest rate for a fictitious counter transaction applicable at the time the transaction is completed. This market interest rate is at the same time the cost value for the Treasury Division's balancing provision. Therefore interest income and interest expenses are not reported gross. The income from financing from tied-up equity is allocated to the market segments.

In the Bank every interest-bearing customer transaction is allocated to the balancing provision of the Treasury Division as the central planning division. There are no direct business relations between the market divisions in the Bank. Therefore inter-segment income is not included in the internal reporting.

Segment expenses comprise primary expenses, expenses allocated on the basis of cost and service allocations and allocated overhead costs. Risk provisionings are allocated to segments on the basis of actual costs incurred. Overall bank revenue, such as general valuation allowances and profit/loss from hedge accounting and overhead costs, is not allocated to the operational business segments of the Bank but to the segment "Group Controlling/Others".

In addition to figures relating to the statement of comprehensive income, the segment report also shows risk-weighted assets to be allocated on the basis of CRR/CRD IV including shortfall, segment assets and liabilities, committed capital, the cost income ratio (CIR) and return on equity (RoE). The CIR is defined as the ratio between administrative expenses and the sum total of the following income items: net interest income, net commission income, profit/loss from financial instruments 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.

RoRaC (Return on Risk adjusted Capital) calculations in the segments include the contribution to income after risk provisioning and valuation on committed capital (here 9 per cent (8 per cent) of the higher value of the RWA limits and the amount called on).

Capital tied up in the segments is calculated on the basis of average annual figures. The reconciliation figure for the tied-up capital reported in the business segments and the long-term equity in the Group in accordance with commercial law is included in the segment reconciliation. A transfer from long-term equity under commercial law to equity reported in the balance sheet is shown separately at the end of the segment overview.

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

Since 1 January 2015 the Corporate Customers & Markets and Ship and Aircraft Customers segments have been reported separately in internal and external reporting. This step will optimise capital market communication and further improve transparency (the previous year's figures were adjusted).

Private and Commercial Customers

As well as business with private, individual, commercial and small-business customers, this business segment includes middle-market corporate customer business in the Braunschweig region. Up until 30 September 2014 the current results of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are also recognised here. Following the deconsolidation of ÖVBs, its profit/loss accounted for using the equity method is reported in the Private and Commercial Customers segment.

The product range for the segment Private and Commercial Customers is based on the savings bank finance concept (S-finance concept) and comprises all of the usual banking services and products for account and lending business, savings and investment business and the provision of internet banking and direct brokerage. Extended services for wealthy private customers range from the integrated advisory approach of asset structure analysis, financial planning, asset succession and inheritance and foundation management. The product range also includes investment loans and start-up advice for the middle-market company business.

Corporate Customers

This segment includes all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and other selected locations in Germany, and in particular Agricultural Banking and Residential Housing.

As a full-service provider, banking products and banking services are offered. The services include traditional transaction management, tailored business financing, management of interest and currency risk and solutions for company pension schemes. In the segment comprehensive solutions are developed for complex business financing and for the strategic positioning of corporate customers. Professional liquidity and risk management, the structuring of equity and innovative financing instruments supplement the product range.

Markets

The Markets segment covers the Financial Markets activities performed in Germany, the foreign branches and in the Group companies on behalf of customers. The Savings Bank Network division covers transactions with the public sector; institutional business with associated savings banks and syndicated business transacted with associated savings banks are reported.

Alternative products which are detached from retail banking including derivatives are offered, e. g. special kinds of debt securities which are not standardised in respect of their interest and repayment, but instead offer alternatives in respect of returns and the type or time of repayment (structured securities). In the secondary business all kinds of securities are sold and traded. Tailored solutions for institutional customers such as for example the structuring of special funds, pool funds solutions, portfolio management mandates and institutional public funds are also offered.
The product range also includes private banking products for the savings banks, such as investment products in the form of for example open or closed funds (real estate, aircraft), products for individual asset management or inheritance or foundation management, which the savings banks require as direct customers for their own trading business or to complete their product range in their own business with private or corporate customers.

In the **Energy and Infrastructure Customers**, **Ship Customers**, **Aircraft Customers** and **Real Estate Banking Customers** segments traditional lending products and innovative products are generally offered irrespective of the respective industry. This primarily concerns financing for specific purposes.

Energy and Infrastructure Customers
This business segment summarises the global business relations of the Group companies NORD/LB and Bremer Landesbank in the Infrastructure, Energy (in particular renewable energy) and Leasing divisions. Primarily project financing which is related to a specific project or asset is offered and accordingly tailored to meet the respective individual need. The structure of this financing is developed taking into account the respective political and economic risks, legal and task factors, social determinants and optimal equity structures. The aim is to tailor project requirements and cash flows to the respective customers.

Ship Customers
In this business segment the national and international activities of NORD/LB and Bremer Landesbank in ship financing are reported. The customers of the Ship Customers segment are offered short to long-term financing, such as equity pre-financing, interim finance, construction period finance (short and medium term) and financing to completion (long term). Ships are financed by the provision of loans or guarantees on a property-related and normally property-secured basis. Products such as for example swap, option, future or forward transactions complete the product range.

Aircraft Customers
In this business segment the national and international activities of NORD/LB and Bremer Landesbank in aircraft financing are reported. In Aircraft finance, the focus is on the object-based financing of passenger aircraft produced by well-known manufacturers. The target customers are airlines and leasing companies who are offered tailored financing solutions in addition to the NORD/LB Group’s high expertise with core productions. The segment also finances covered export business.

Real Estate Banking Customers
Here NORD/LB’s and Deutsche Hypo’s national and international financing of commercial real estate and Bremer Landesbank’s financing of community interest properties are aggregated. This normally concerns structured financing for large-volume commercial real estate projects and portfolios in Germany and abroad, both interim finance for new construction projects and long-term loans for existing properties. In particular office and retail properties, multi-storey residential properties, hotels, logistics properties and

nursing homes are financed.

Group Controlling / Others

This business segment covers all other performance data directly related to the business activity such as Group companies not included in the segments, components of comprehensive income at Group level which are not allocated to the segments, general valuation allowances, the profit / loss from other financial instruments (in particular from central valuation effects), financial assets and hedge accounting, projects covering the entire bank; consolidation items; profit / loss from interest rate change risk control, balancing provision, liquidity management and self-induced assets (in particular Treasury and Bank Asset Allocation). Other operating profit / loss includes the bank levy.

Earnings after taxes in Group Controlling / Others totalled € 45 million in the first quarter.

Positive contributions were made by net interest income in the amount of € 57 million, and in particular from the Bank Controlling activities recorded here. The profit / loss from financial instruments at fair value is positive in the amount of € 42 million due in particular to the central valuation effects reported here; key variables are valuation results from the counterparty-specific default risk with derivatives and US-$ / € base spread changes for currency derivatives and valuation results due to fair value option.

Net commission income had a negative effect in the amount of € –9 million, due in particular to guarantees relating to securitisation transactions and consolidations. Also recognised in this segment under risk provisioning are new allocations, primarily for general loan loss provisions for the ship portfolio in the amount of approx. € 44 million.

The profit / loss from hedge accounting had a positive effect in the amount of approx. € 59 million. Also reported in this segment are the effects from the profit / loss from financial assets of € –10 million, due in particular to impairments of assets classified as AfS. Other operating profit / loss (€ –61 million) includes the bank levy, which is recognised as the full annual contribution.

Administrative expenses in this business segment total € 73 million. Administrative expenses result in the amount of € 25 million from the Bank Controlling activities reported here and € 12 million from other Group companies. Further administrative expenses (€ 18 million) in this segment are for projects, IT modernisation and non-allocated service centre costs (€ 41 million). This was offset in part by consolidations in the amount of € –23 million.

Furthermore, in the first quarter of 2015 reorganisation expenses in the amount of € 6 million were incurred.

Reconciliations

Here the reconciliation items from internal accounting for the consolidated figures in the income statement are shown as well as reclassifications of profit and loss items that are reported differently in the internal reporting to in the external reporting. The shortfall in the regulatory capital requirement is converted into risk-weighted assets within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory risk-weighted assets report flows into the reconciliation.

(5) Segment Reporting by Business Segments

31 Mar. 2015 (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	53	83	48	48	111	29	62	57	9	501
Loan loss provisions	7	– 4	–	–	69	–	– 12	44	1	104
Net interest income after loan loss provisions	**47**	**87**	**48**	**48**	**43**	**29**	**74**	**13**	**8**	**397**
Net commission income	16	17	15	14	10	5	1	– 9	– 14	55
Profit/loss from financial instruments at fair value through profit or loss	– 1	4	36	–	–	–	– 4	42	5	83
Profit/loss from hedge accounting	–	–	–	–	–	–	–	59	–	59
Profit/loss from financial assets	–	–	–	–	–	–	–	– 10	13	2
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–
Administrative expenses	52	37	37	24	30	6	16	73	9	284
Other operating profit/loss	– 3	–	1	1	–	–	–	– 61	– 16	– 77
Profit/Loss before reorganisation and taxes	**8**	**70**	**64**	**40**	**23**	**28**	**54**	**– 39**	**– 14**	**235**
Reorganisation expenses	–	–	–	–	–	–	–	– 6	–	– 6
Expenses for public guarantees related to reorganisation	–	–	–	–	–	–	–	–	–	–
Earnings before taxes (EBT)	**8**	**70**	**64**	**40**	**23**	**28**	**54**	**– 45**	**– 14**	**229**
Taxes	–	–	–	–	–	–	–	–	73	73
Consolidated profit	**8**	**70**	**64**	**40**	**23**	**28**	**54**	**– 45**	**– 87**	**156**
Segment assets	7 560	21 148	42 207	16 274	22 361	8 980	15 943	68 092	346	202 910
of which: from investments accounted for using the equity method	45	–	–	–	–	–	–	299	–	344
Segment liabilities	7 159	8 337	45 171	3 434	5 246	821	658	129 975	2 110	202 910
Total risk exposure amount	4 439	12 691	5 113	8 060	43 650	5 239	7 991	9 898	– 25 172	71 908
Capital employed [1]	399	1 142	452	725	3 928	471	719	1 450	– 2 510	6 778
CIR	78.1 %	35.4 %	36.6 %	37.9 %	24.5 %	18.0 %	27.8 %			45.7 %
RoRaC/RoE [2]	7.6 %	22.5 %	56.3 %	20.4 %	2.3 %	23.8 %	24.3 %			13.5 %

31 Mar. 2014 (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	72	76	51	42	95	20	61	67	9	492
Loan loss provisions	–	5	–	– 9	151	–	7	– 52	– 2	100
Net interest income after loan loss provisions	**72**	**70**	**51**	**51**	**– 56**	**20**	**54**	**119**	**10**	**392**
Net commission income	5	15	10	13	6	4	2	– 7	– 9	40
Profit/loss from financial instruments at fair value through profit or loss	1	– 2	– 3	– 1	3	1	1	– 7	– 2	– 9
Profit/loss from hedge accounting	–	–	–	–	–	–	–	13	–	13
Profit/loss from financial assets	2	–	–	–	–	–	–	35	– 2	35
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	–	–	– 4	–	– 4
Administrative expenses	84	33	38	20	25	5	16	70	– 1	291
Other operating profit/loss	– 20	– 1	2	1	– 1	–	–	–	– 6	– 24
Profit/Loss before reorganisation and taxes	**– 24**	**50**	**22**	**44**	**– 72**	**19**	**42**	**79**	**– 7**	**153**
Reorganisation expenses	–	–	–	–	–	–	–	– 10	–	– 10
Expenses for public guarantees related to reorganisation	–	–	–	–	–	–	–	– 10	–	– 10
Earnings before taxes (EBT)	**– 24**	**50**	**22**	**44**	**– 72**	**19**	**42**	**59**	**– 7**	**133**
Taxes	–	–	–	–	–	–	–	–	40	40
Consolidated profit	**– 24**	**50**	**22**	**44**	**– 72**	**19**	**42**	**59**	**– 48**	**92**
Segment assets	7 729	20 460	42 309	15 535	20 116	8 122	16 487	65 742	1 107	197 607
of which: from investments accounted for using the equity method	45	–	–	–	–	–	–	273	–	318
Segment liabilities	7 270	6 216	45 699	3 152	4 548	677	667	125 800	3 579	197 607
Total risk exposure amount	4 799	11 569	6 293	7 138	36 234	4 610	10 375	13 602	– 27 812	66 809
Capital employed[1]	384	926	447	571	2 899	369	814	1 085	161	7 655
CIR	144.3 %	37.8 %	62.6 %	37.3 %	24.1 %	22.1 %	24.7 %			57.2 %
RoRaC/RoE[2]	– 19.8 %	19.4 %	19.4 %	26.5 %	– 9.9 %	18.5 %	17.8 %			6.9 %

(in € million)	31 Mar. 2015	31 Mar. 2014
Long-term equity under commercial law	6 778	7 655
Revaluation reserve	568	267
Silent participations in reported equity	626	369
Reported equity	**7 972**	**8 291**

[1] Transfer of long-term equity under commercial law to reported equity capital

[2] RoRaC at business level:
(Earnings before taxes/4) / committed core capital (9 per cent (8 per cent) of the higher of the RWA limits and the amount called on).

RoE at company level:
(Earnings before taxes/4) / long-term equity under commercial law
(= reported equity capital – revaluation reserve – Earnings after taxes)

The tables may include minor differences that occur in the reproduction of mathematical operations.

Notes to the Income Statement

(6) Net Interest Income

The items interest income and interest expense comprise interest received and paid, deferred interest and pro rata reversals of premiums and discounts relating to financial instruments. Due to the fact that under certain circumstances silent participations are to be classified as liabilities under IAS 32, payments to silent partners are reported as interest expense.

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	945	992	– 5
Interest income from debt securities and other fixed-interest securities	185	217	– 15
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	851	927	– 8
Interest income from fair value option	14	10	40
Current income			
from shares and other non fixed-interest securities	1	3	– 67
from investments	6	4	50
Interest income from other amortisations	167	122	37
	2 169	**2 275**	**– 5**
Interest expense			
Interest expenses from lending and money market transactions	446	490	– 9
Interest expenses from securitised liabilities	163	214	– 24
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit/loss and hedge accounting derivatives	800	829	– 3
Interest expenses from fair value option	50	80	– 38
Interest expenses from subordinated capital	60	56	7
Interest expenses from other amortisations	136	90	51
Interest expenses from provisions and liabilities	14	18	– 22
Other interest expenses and similar expenses	– 1	6	> 100
	1 668	**1 783**	**– 6**
Total	**501**	**492**	**2**

(7) Loan Loss Provisions

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowance	282	388	–27
Reversal of lumpsum specific loan loss provisions	1	3	–67
Reversal of general loan loss provisions	43	68	–37
Reversal of provisions for lending business	14	12	17
Additions to receivables written off	13	9	44
	353	**480**	**–26**
Expenses for provisions for lending business			
Allocation to specific valuation allowance	342	538	–36
Allocation to lumpsum specific loan loss provisions	1	2	–50
Allocation to general loan loss provisions	93	14	> 100
Allocation to provisions for lending business	8	24	–67
Direct write-offs of bad debts	12	1	> 100
Premium payments for credit insurance	1	1	–
	457	**580**	**–21**
Total	**104**	**100**	**4**

(8) Net Commission Income

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	75	65	15
Commission income from non-banking transactions	4	5	–20
	79	**70**	**13**
Commission expense			
Commission expense from banking transactions	24	17	41
Commission expense from non-banking transactions	–	13	–100
	24	**30**	**–20**
Total	**55**	**40**	**38**

(9) Profit / Loss from Financial Instruments at Fair Value Through Profit or Loss

	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014 (in € million)	Change (in %)
Trading profit / loss			
Profit / loss from debt securities and other fixed-interest securities	53	45	18
Profit / loss from shares and other non fixed-interest securities	9	–	–
Profit / loss from derivatives	335	75	> 100
Interest-rate risks	131	78	68
Currency risks	131	– 31	> 100
Share-price and other price risks	61	3	> 100
Credit derivatives	12	25	– 52
Profit / loss from receivables held for trading	53	41	29
	450	**161**	**> 100**
Foreign exchange result	– 66	6	> 100
Other income	1	1	–
	385	**168**	**> 100**
Profit / loss from the fair value option			
Profit / loss from receivables to customers and banks	8	5	60
Profit / loss from debt securities and other fixed-interest securities	44	22	100
Profit / loss from liabilities to banks and customers	– 263	– 175	50
Profit / loss from securitised liabilities	– 91	– 28	> 100
	– 302	**– 176**	**72**
Total	**83**	**– 8**	**> 100**

(10) Profit/loss from Hedge Accounting

The profit/loss from hedge accounting includes fair value adjustments relating to the hedged risk of an underlying transaction and offset fair value adjustments to hedging instruments in effective fair value hedge relationships.

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	443	105	> 100
from derivatives employed as hedging instruments	– 409	– 111	> 100
	34	**– 6**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	– 8	– 127	– 94
from derivatives employed as hedging instruments	33	146	– 77
	25	**19**	**32**
Total	**59**	**13**	**> 100**

(11) Profit/loss from Financial Assets

Shown in the profit/loss from financial assets are profits/losses from disposals and estimated profits/losses relating to securities and company shares in the financial asset portfolio.

	1 Jan.–31 Mar. 2015 (in € million)	1 Jan.–31 Mar. 2014 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**9**	**– 1**	**> 100**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/ loss from the disposal of			
debt securities and other fixed-interest securities	59	33	79
shares and other non fixed-interest securities	3	–	–
Other financial assets classified as AfS	– 3	–	–
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	– 67	2	> 100
Other financial assets classified as AfS	2	1	100
	– 6	**36**	**> 100**
Profit/loss from shares in companies (not consolidated)	– 1	–	–
Total	**2**	**35**	**– 94**

(12) Administrative Expenses

Administrative expenses comprise staff expenses, other administrative expenses and depreciation of property and equipment, intangible assets and investment property.

	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014 (in € million)	Change (in %)
Staff expenses	154	162	– 5
Other administrative expenses	113	111	2
Amortisation and depreciation	17	18	– 6
Total	**284**	**291**	**– 2**

(13) Other Operating Profit/Loss

	1 Jan.– 31 Mar. 2015 (in € million)	1 Jan.– 31 Mar. 2014 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	6	305	– 98
from insurance business	–	262	– 100
from other business	68	36	89
	74	**603**	**– 88**
Other operating expenses			
from allocation to provisions	70	509	– 86
from insurance business	–	88	– 100
from other business	81	30	> 100
	151	**627**	**– 76**
Total	**– 77**	**– 24**	**> 100**

Income from the reversal of provisions and expenses from the allocation of provisions primarily concern in the period under review in the amount of € 70 million (€ 9 million) expenses for the expected annual contribution to the EU's Single Resolution Fund. In the previous year they concerned primarily provisions relating to insurance business.

Insurance business results in other operating income of € 0 million (€ 262 million) and other operating expenses of € 0 million (€ 88 million). The changes are due to the deconsolidation of the insurance companies of Öffentliche Versicherung Braunschweig, Braunschweig, and the associated subsidiaries with effect of 30 September 2014.

Income from other business includes income from the disposal of receivables (€ 27 million (€ 15 million)) and income from the chartering of ships relating to restructuring commitments in lending business (€ 20 million (€ 8 million)).

Expenses from other business essentially comprise expenses from the disposal of other liabilities (€ 25 million (€ 7 million)), expenses to generate charter income from ships (€ 13 million (€ 5 million)) and expenses from the disposal of receivables (€ 8 million (€ 0 million)).

(14) Reorganisation Expenses

Reorganisation expenses relate to measures aimed at securing the long-term future and maintaining the competitiveness of the NORD/LB Group, with its material costs and staff expenses being reported separately due to their importance. The need for reorganisation is related to the efficiency improvement programme launched in 2011 and a capital-boosting programme which is the result of EU requirements. The reorganisation expenses include in the amount of € 6 million (€ 10 million) expenses from the allocation made to reorganisation provisions for contracted agreements already concluded concerning the termination of contracts of employment.

(15) Expenses for Public Guarantees Related to Reorganisation

The previous year's figure of € 10 million is attributable to the guarantee fee for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt, which ended in the second quarter, and associated expenses for services.

(16) Income Taxes

Income taxes in the interim financial statements are calculated based on the anticipated income tax rate for the whole year. The underlying tax rate is based on the legal regulations that are applicable or have been passed as at the reporting date.

Notes to the Balance Sheet

(17) Loans and Advances to Banks

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	2 471	1 991	24
Foreign banks	3 503	2 845	23
	5 974	**4 836**	**24**
Other loans and advances			
German banks			
Due on demand	1 291	1 143	13
With a fixed term or period of notice	13 285	13 703	– 3
Foreign Banks			
Due on demand	3 145	2 117	49
With a fixed term or period of notice	1 754	1 766	– 1
	19 475	**18 729**	**4**
Total	**25 449**	**23 565**	**8**

(18) Loans and Advances to Customers

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1 504	1 287	17
Customers abroad	358	21	> 100
	1 862	**1 308**	**42**
Other loans and advances			
Domestic customers			
Due on demand	3 269	3 131	4
With a fixed term or period of notice	74 201	74 209	–
Customers abroad			
Due on demand	911	667	37
With a fixed term or period of notice	31 040	28 940	7
	109 421	**106 947**	**2**
Total	**111 283**	**108 255**	**3**

(19) Risk Provisioning

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Specific valuation allowance	2 320	2 243	3
Lumpsum specific loan loss provisions	7	7	–
General loan loss provisions	547	497	10
Total	**2 874**	**2 747**	**5**

Risk provisioning recognised on the asset side and loan loss provisions developed as follows:

	Specific valuation allowances [1]		Lumpsum specific loan loss provisions		General loan loss provisions		Loan loss provisions		Total	
(in € million)	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1 January	**2 243**	**1 754**	**7**	**14**	**497**	**478**	**74**	**124**	**2 821**	**2 370**
Allocations	342	538	1	2	93	14	8	24	444	578
Reversals	282	388	1	3	43	68	14	12	340	471
Utilisation	92	39	–	–	–	–	–	–	92	39
Unwinding	– 19	– 18	–	–	–	–	–	–	– 19	– 18
Effects of changes of foreign exchange rates and other changes	127	14	–	–	1	1	2	– 8	130	7
Changes of the basis of consolidation	–	–	–	–	–	– 1	–	–	–	– 1
31 March	**2 319**	**1 861**	**7**	**13**	**548**	**424**	**70**	**128**	**2 944**	**2 426**

[1] Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

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

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	3 517	2 951	19
Shares and other non fixed-interest securities	61	55	11
Positive fair values from derivatives	11 316	8 898	27
Trading portfolio claims	1 590	2 451	– 35
	16 484	**14 355**	**15**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	265	257	3
Debt securities and other fixed-interest securities	1 787	1 694	5
	2 052	**1 951**	**5**
Total	**18 536**	**16 306**	**14**

(21) Financial Assets

The balance sheet item financial assets includes all the debt securities and other fixed-interest securities classified as available for sale (AfS), shares and other non fixed-interest securities, shares in companies which are not measured in accordance with IAS 10, IAS 11 or IAS 28 and financial assets classified as loans and receivables (LaR).

Holdings in the equity of other companies and silent participations and participatory capital with loss sharing are allocated to the category (AfS).

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Financial assets classified as LaR	3 349	3 181	5
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	39 177	41 312	– 5
Shares and other non fixed-interest securities	133	164	– 19
Shares in companies (not consolidated)	370	334	11
Other financial assets classified as AfS	130	129	1
	39 810	**41 939**	**– 5**
Total	**43 159**	**45 120**	**– 4**

(22) Property and Equipment

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Land and buildings	292	295	– 1
Operating and office equipment	51	53	– 4
Ships	205	198	4
Other property and equipment	23	22	5
Total	**571**	**568**	**1**

(23) Intangible Assets

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Software			
Purchased	25	25	–
Internally developed	36	42	– 14
	61	**67**	**– 9**
Intangible assets under development	64	60	7
Other intangible assets	14	12	17
Total	**139**	**139**	**–**

(24) Assets held for Sale

As at 31 March 2015 the designated assets held for sale in accordance with IFRS 5 with a carrying amount totalling € 52 million (€ 56 million) include property and equipment (ships) in the amount of € 28 million (€ 33 million), financial assets in the amount of € 22 million (€ 22 million) and other assets in the amount of € 2 million (€ 1 million).

The ships are reported at fair value as at 31 December 2014 for the first time within the full consolidation. A restructuring of the ships is planned in the second and third quarter.

The financial assets designated for sale relate to interests in joint venture that were previously accounted for using the equity method. The contract negotiations have concluded and the closing took place at the start of the second quarter. In accordance with IFRS 5.20, an appreciation in value in the amount of € 1 million (€ –3 million) was recognised in the profit/loss from shares in companies accounted for using the equity method. Other comprehensive income includes € 0 million (€ 1 million) from designated assets held for sale.

(25) Liabilities to Banks

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Deposits from other banks			
German banks	1 796	1 407	28
Foreign banks	1 176	887	33
	2 972	**2 294**	**30**
Liabilities resulting from money market transactions			
German banks	18 497	20 012	– 8
Foreign banks	10 049	8 389	20
	28 546	**28 401**	**1**
Other liabilities			
German banks			
Due on demand	2 518	3 117	– 19
With a fixed term or period of notice	21 139	21 491	– 2
Foreign banks			
Due on demand	1 055	1 512	– 30
With a fixed term or period of notice	2 285	2 171	5
	26 997	**28 291**	**– 5**
Total	**58 515**	**58 986**	**– 1**

(26) Liabilities to Customers

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 443	1 650	– 13
Customers abroad	15	15	–
With an agreed notice period of more than three months			
Domestic customers	40	78	– 49
Customers abroad	1	1	–
	1 499	**1 744**	**– 14**
Liabilities resulting from money market transactions			
Domestic customers	8 912	10 896	– 18
Customers abroad	2 110	1 940	9
	11 022	**12 836**	**– 14**
Other liabilities			
Domestic costumers			
Due on demand	14 920	13 719	9
With a fixed term or period of notice	27 255	27 523	– 1
Customers abroad			
Due on demand	1 180	791	49
With a fixed term or period of notice	1 367	1 383	– 1
	44 722	**43 416**	**3**
Total	**57 243**	**57 996**	**– 1**

(27) Securitised Liabilities

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Issued debt securities			
Pfandbriefe	9 431	9 350	1
Municipal debentures	11 725	10 106	16
Other debt securities	18 522	19 216	– 4
	39 678	**38 672**	**3**
Money market instruments			
Commercial paper	2 173	1 726	26
Certificates of deposit	167	316	– 47
	2 340	**2 042**	**15**
Total	**42 018**	**40 714**	**3**

Repurchased debt securities issued by the Bank itself have been directly deducted from securitised liabilities in the amount of € 5,191 million (€ 5,140 million).

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

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	12 138	8 996	35
Delivery obligations from short-sales	406	122	> 100
	12 544	**9 118**	**38**
Financial liabilities designated at fair value			
Liabilities to banks and customers	6 888	6 429	7
Securitised liabilities	2 786	2 598	7
Subordinated capital	24	24	–
	9 698	**9 051**	**7**
Total	**22 242**	**18 169**	**22**

(29) Provisions

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Provisions for pensions and other obligations	2 845	2 478	15
Other provisions	439	368	19
Total	**3 284**	**2 846**	**15**

Other provisions include provisions for reorganisation measures in the amount of € 7 million (€ 9 million).

(30) Liabilities held for Sale

This position contains liabilities of a company held for sale in the amount of € 1 million (€ 6 million), which is related to the sale of a long-term asset.

(31) Subordinated Capital

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Subordinated liabilities	3 745	3 666	2
Participatory capital	149	188	– 21
Silent participations	1 013	992	2
Total	**4 907**	**4 846**	**1**

Other Disclosures

(32) Fair Value Hierarchy

In the NORD/LB Group the three-stage fair value hierarchy is used with the Level 1, Level 2 and Level 3 terminology of IFRS 13.

Level 1

Under the fair value hierarchy, a financial instrument is categorised in Level 1 if it is traded on an active market and is used to establish the fair value of publicly listed market prices or prices actually traded on the over-the-counter market (OTC market). If no market prices or prices actually traded on the OTC market are available, in the measurement the feasible prices quoted by dealers are used for measurement purposes, with prices quoted by other banks or market makers being applied when price sources other than stock exchange quoted prices are used. These instruments are then assigned to Level 1 if there is an active market for these broker quotations, i. e. if only minor bid-ask spreads exist and there are several price suppliers with only marginally differing prices. If the broker quotations are for (mixed) prices or if the price is established on a non-active market, these are not assigned to Level 1, but to Level 2 of the measurement hierarchy, if the quotations concern binding offers, observable prices or market transactions.

The Level 1 prices are taken over without any adjustment. Level 1 financial instruments include trading assets and liabilities, financial instruments designated at fair value, financial assets recognised at fair value, other assets and other liabilities.

Level 2

In the event that no price quotes are available, the fair value is calculated by means of recognised measurement methods or models as well as by means of external pricing services, if measurement in this case is carried out either fully or to a significant degree using observable input data such as spread curves (Level 2). For the measuring of financial instruments, these methods include measurement methods which are established on the market (e.g. discounted cash flow method and the Hull-White model for options) whose calculations are always based on input parameters available on an active market. A requirement here is that variables which market participants would have taken into account when specifying prices are included in the measurement process. Wherever possible, respective parameters are taken from markets on which the instruments are issued or acquired.

Measurement models are employed primarily for OTC derivatives and securities listed on inactive markets. The models include a range of parameters such as for example market prices and other market quotations, risk-free interest rate curves, risk premiums, exchange rates and volatilities. The parameters for the models are always chosen using prevailing market methods.

For securities on the assets side for which there is no active market and for which measurement can no longer be based on market prices, fair value is determined for measurement purposes in accordance on the basis of discounted cash flows. For discounted cash flow methods, all payments are discounted by the risk-free interest rate curve adjusted for the credit spread. Spreads are determined on the basis of comparable financial instruments (for example on consideration of the respective market segment and the issuers credit rating). The financial instruments in the NORD/LB Group

to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are included in measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible. The measurement model for financial instruments for which no prices listed in active markets can be used is based on term-related interest rates, the credit rating of the respective issuer and where applicable further components such as foreign currency premiums.
Level 2 financial instruments include trading assets and liabilities, hedge accounting derivatives, financial assets and liabilities designated at fair value, financial assets recognised at fair value, designated assets held for sale at fair value and other assets.

Level 3
Financial instruments for which there is no longer an active market and for which measurement can no longer be based completely on observable market parameters are allocated to Level 3. In comparison and in differentiation to Level 2 measurement, the Level 3 valuation employs models that are specific to the bank as well as data which is not observable on the market. The input parameters used in these methods include among other things assumptions about cash flows, loss estimates and the discount rate and are gathered as far as possible on a near-market basis.
The Level 3 method is partly used to measure interest-bearing securities and derivatives for which the market has been classified as being inactive. Additionally, loans intended for syndication and associated derivatives are allocated to Level 3. Individual tranches of collateralised debt obligations (CDO) and equity structures are also measured in accordance with Level 3. Level 3 financial instruments include trading assets and liabilities, financial instruments designated at fair value and financial assets recognised at fair value.

Establishing fair values
For derivatives of OTC markets there are generally no listed prices available, the fair values are therefore established using other measurement methods. The fair values are initially measured using cash-flow models without taking into account the credit default risk. For the correct measurement of fair values, both the credit default risk of the counterparty (CVA) and the Bank's own credit default risk (DVA) need to be considered. The credit default risk is considered by way of an add-on.
Secured OTC derivatives are primarily measured by the NORD/LB Group using the current market standard of overnight index swap discounting (OIS discounting).
All measurement models applied in the Group are reviewed regularly. The fair values are subject to internal controls and processes in the NORD/LB Group. These controls and processes are carried out and coordinated in the Finance and Risk Control Division. The models, the data used in them and the resulting fair values are reviewed regularly.

In addition, the option to calculate the counterparty risk (credit value adjustment (CVA)/debit value adjustment (DVA) on the basis of the net risk position in accordance with IFRS 13.48 was exercised. The CVA/DVA is allocated to individual transactions in the balance sheet using the relative credit adjustment approach. The fair values of financial instruments are compared with their carrying amounts in the following table.

	31 Mar. 2015			31 Dec. 2014		
(in € million)	Fair Value	Carrying amount	Difference	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	537	537	–	1 064	1 064	–
Loans and advances to banks	26 366	25 449	917	24 455	23 565	890
Loans and advances to customers	114 067	111 283	2 784	110 532	108 255	2 277
Risk provisioning	[1]	– 2 874	–	[1]	– 2 747	–
Sub-total of loans and advances to banks/customers (net after loan loss provisions)	**140 433**	**133 858**	**6 575**	**134 987**	**129 073**	**5 914**
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	253	–	[2]	114	–
Financial assets at fair value through profit or loss	18 536	18 536	–	16 306	16 306	–
Positive fair values from hedge accounting derivatives	3 684	3 684	–	3 483	3 483	–
Financial assets not reported at fair value	3 160	3 389	– 229	2 968	3 220	– 252
Financial assets reported at fair value	39 770	39 770	–	41 901	41 901	–
Assets held for sale reported at fair value	52	52	–	56	56	–
Other assets not reported at fair value	39	39	–	20	20	–
Other assets reported at fair value	42	42	–	25	25	–
Total	**206 253**	**200 160**	**6 346**	**200 810**	**195 262**	**5 662**

1) Amounts relating to loan loss provisions are shown in the corresponding fair values of loans and advances to banks and loans and advances to customers.
2) Amounts relating to the assets and liabilities item "Adjustment item for financial instruments hedged in the fair value hedge portfolio" are shown in the fair values of the respective items of hedged financial instruments.

(in € million)	31 Mar. 2015 Fair Value	Carrying amount	Difference	31 Dec. 2014 Fair Value	Carrying amount	Difference
Liabilities						
Liabilities to banks	59 893	58 515	1 378	60 251	58 986	1 265
Liabilities to customers	61 465	57 243	4 222	61 756	57 996	3 760
Securitised liabilities	43 053	42 018	1 035	41 691	40 714	977
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	1 352	–	[2]	1 176	–
Financial liabilities at fair value through profit or loss	22 242	22 242	–	18 169	18 169	–
Negative fair values from hedge accounting derivatives	4 226	4 226	–	3 926	3 926	–
Other liabilities not reported at fair value	62	62	–	16	16	–
Other liabilities reported at fair value	1	1	–	1	1	–
Subordinated capital	5 755	4 907	848	5 360	4 846	514
Total	**196 697**	**190 566**	**7 483**	**191 170**	**185 830**	**6 516**

[1] Amounts relating to loan loss provisions are shown in the corresponding fair values of loans and advances to banks and loans and advances to customers.
[2] Amounts relating to the assets and liabilities item “Adjustment item for financial instruments hedged in the fair value hedge portfolio” are shown in the fair values of the respective items of hedged financial instruments.

It was not possible to reliably determine a fair value for € 40 million (€ 39 million) of financial instruments. These are mainly investments.
It is intended that these financial instruments remain fully retained in the company.

For some of the NORD/LB Group’s liabilities recognised at fair value the guarantor liability of the state of Lower Saxony, the state of Saxony-Anhalt and the state of Mecklenburg-Western Pomerania apply. The effect of the guarantee is considered in the fair value measurement of the liabilities.

The table below shows the distribution of financial assets and liabilities recognised at fair value based on the fair value hierarchy:

	Level 1		Level 2		Level 3		Totals	
(in € million)	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014
Assets								
Assets held for trading	2 325	847	14 055	13 311	104	197	16 484	14 355
Debt securities and other fixed-interest securities	2 264	792	1 253	2 159	–	–	3 517	2 951
Shares and other non fixed-interest securities	61	55	–	–	–	–	61	55
Positive fair values from derivatives	–	–	11 316	8 898	–	–	11 316	8 898
Interest-rate risks	–	–	9 941	8 060	–	–	9 941	8 060
Currency risks	–	–	1 094	639	–	–	1 094	639
Share-price and other price risks	–	–	256	181	–	–	256	181
Credit derivatives	–	–	25	18	–	–	25	18
Trading portfolio claims	–	–	1 486	2 254	104	197	1 590	2 451
Financial assets as at fair value through profit or loss	802	935	1 250	1 016	–	–	2 052	1 951
Loans and advances to customers	–	–	265	257	–	–	265	257
Financial assets	802	935	985	759	–	–	1 787	1 694
Debt securities and other fixed-interest securities	802	935	985	759	–	–	1 787	1 694
Positive fair values from hedge accounting derivatives	–	–	3 684	3 483	–	–	3 684	3 483
Positive fair values from employed	–	–	2 664	2 498	–	–	2 664	2 498
micro fair value hedge derivatives	–	–	2 505	2 383	–	–	2 505	2 383
Interest-rate risks	–	–	159	115	–	–	159	115
Currency risks	–	–	1 020	985	–	–	1 020	985
Positive fair values from employed portfolio fair value hedge derivatives	–	–	1 020	985	–	–	1 020	985
Financial assets at fair value	13 420	11 124	26 016	30 412	334	365	39 770	41 901
Debt securities and other fixed-interest securities	13 243	10 918	25 929	30 391	5	5	39 177	41 314
Shares and other non fixed-interest securities	131	162	2	2	–	–	133	164
Shares in companies (not consolidated)	46	44	7	19	277	231	330	294
Other financial assets classified as AfS	–	–	78	–	52	129	130	129
Assets held for sale reported at fair value	–	–	52	56	–	–	52	56
Other financial assets reported at fair value	16	17	26	8	–	–	42	25
Total	**16 563**	**12 923**	**45 083**	**48 286**	**438**	**562**	**62 084**	**61 771**

(in € million)	Level 1 31 Mar. 2015	Level 1 31 Dec. 2014	Level 2 31 Mar. 2015	Level 2 31 Dec. 2014	Level 3 31 Mar. 2015	Level 3 31 Dec. 2014	Totals 31 Mar. 2015	Totals 31 Dec. 2014
Liabilities								
Trading liabilities	355	80	12 188	9 021	1	17	12 544	9 118
Negative fair values from derivatives relating to	4	3	12 133	8 976	1	17	12 138	8 996
interest-rate risks	1	2	8 996	7 129	–	16	8 997	7 147
currency risks	–	–	3 117	1 820	1	1	3 118	1 821
share-price and other price risks	3	1	–	1	–	–	3	2
credit derivatives	–	–	20	26	–	–	20	26
Delivery obligations from short-sales and other trading assets	351	77	55	45	–	–	406	122
Financial liabilities reported at fair value	33	26	9 656	9 016	9	9	9 698	9 051
Liabilities to banks	–	–	566	564	–	–	566	564
Liabilities to customers	–	–	6 322	5 865	–	–	6 322	5 865
Securitised liabilities	33	26	2 744	2 563	9	9	2 786	2 598
Subordinated capital	–	–	24	24	–	–	24	24
Negative fair values from hedge accounting derivatives	–	–	4 226	3 926	–	–	4 226	3 926
Negative fair values from employed micro fair value hedge derivatives	–	–	3 792	3 506	–	–	3 792	3 506
Interest-rate risks	–	–	3 296	3 123	–	–	3 296	3 123
Currency risks	–	–	496	383	–	–	496	383
Negative fair values from employed portfolio fair value hedge derivatives	–	–	434	420	–	–	434	420
Interest-rate risks	–	–	434	420	–	–	434	420
Other financial liabilities reported at fair value	1	1	–	–	–	–	1	1
Total	**389**	**107**	**26 070**	**21 963**	**10**	**26**	**26 469**	**22 096**

The Level 3 financial assets recognised at fair value are valued using the counterparty price.

The designated assets held for sale at fair value are non-recurrent fair value valuations (see Note (24) Designated assets held for sale).

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

1 Jan. – 31 Mar. 2015 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading	–	–	359	–	–	–
Debt securities and other fixed-interest securities	–	–	359	–	–	–
Financial assets as at fair value through profit or loss	188	–	8	–	–	–
Financial assets	188	–	8	–	–	–
Debt securities and other fixed-interest securities	188	–	8	–	–	–
Financial assets at fair value	432	–	3 769	–	–	77
Debt securities and other fixed-interest securities	432	–	3 769	–	–	–
Other financial assets classified as AfS	–	–	–	–	–	77
Designated financial liabilities reported at fair value	– 20	–	– 23	–	–	–
Securitised liabilities	– 20	–	– 23	–	–	–

For asset-side financial instruments, a level assessment takes place on an individual transaction basis in accordance with HFA 47. This specifies how financial instruments are to be classified in the various levels. Accordingly, (mixed) prices calculated by price service agencies on the basis of reported prices are to be allocated to Level 2. Broker quotations have to come from an "active market" in order to be allocated to Level 1. If there are only a few broker quotations or if these involve big bid-ask spreads or price differences, it is assumed that there is no active market. As at the balance sheet date the transfers have been mostly between Level 1 and Level 2 compared to the previous end-of-year reporting date.

When measuring the Bank's own structured issues (DFV), the use of market prices is reviewed as at the reporting date. Following this review, some issues generally move between Level 1 and 2 due to a change in trading activity. Transfers from Level 2 in Level 3 result from the unavailability of adequate market data for a Level 2 valuation. There were movements in financial assets classified as AfS from Level 3 to Level 2 as monitorable reference prices and transactions were available for identical financial assets.

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

Financial assets and liabilities in Level 3 of the fair value hierarchy developed as follows:

	Trading assets Loans and advances to trading and other trading assets	
(in € million)	2015	2014
1 January	**197**	**16**
Effect on the income statement [1]	– 34	7
Addition from purchase or issuance	3	112
Repayment / exercise	62	–
31 March	**104**	**135**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1]	– 12	7

[1] The effects reported include valuation gains / losses, realised profit / loss and deferred interest; these are reported in the income statement under the items (6) Net interest income and (9) Profit / loss from financial instruments at fair value through profit or loss.

	Financial assets at fair value					
	Fixed-income and book entry securities		Shares in companies (not consolidated)		Other financial assets classified as AfS	
(in € million)	2015	2014	2015	2014	2015	2014
1 January	**5**	**57**	**231**	**227**	**129**	**123**
Effect on the income statement [1]	–	–	–	–	1	2
Effect on the equity capital	–	5	32	6	– 1	–
Addition from purchase or issuance	–	2	14	41	–	–
Addition from Level 1 and 2	–	35	–	–	–	–
Disposal to Level 1 and 2	–	10	–	–	77	–
31 March	**5**	**89**	**277**	**274**	**52**	**125**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1]	–	–	–	–	–	2

[1] The effects reported include valuation gains/losses, realised profit / loss and deferred interest; these are reported in the income statement under the items (6) Net interest income and (11) Profit / loss from financial assets.

	Trading liabilities					
	Trading liabilities Interest-rate risk		Trading liabilities Currency risks		Trading liabilities Credit derivatives	
(in € million)	2015	2014	2015	2014	2015	2014
1 January	**16**	**–**	**1**	**1**	**–**	**3**
Addition from purchase or issuance	–	6	–	–	–	–
Disposal from sale	16	–	–	–	–	–
Disposal to Level 1 and 2	–	–	–	–	–	3
31 March	**–**	**6**	**1**	**1**	**–**	**–**

	Securitised liabilities	
(in € million)	2015	2014
1 January	**9**	**9**
31 March	**9**	**9**

For the fair value measurement of the financial instruments in Level 3, the following significant unobservable input data were used.

Product	Fair value 31 Mar. 2015 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bonds (assets)	5	Fair value	–	–
Interest-bearing bond (liabilities)	– 9	historical volatilities	14–34 %	23 %
Silent participations	52	Credit Spread	+/– 100 Basispoints	+/– 100 Basispoints
Participations	258	Discount rate	1.5 % risk-free base interest rate	+/– 50 Basispoints
	19	Adjusted Beta	+/– 60 Basispoints	+/– 600 Basispoints
Loans	104	Rating	Rating Class (25er DSGV-Skala) 9–12	averaged Rating 9.38
Derivatives (liabilities)	– 1	historical volatilities	8 %	8 %

Significant unobservable data in the fair value measurement of interest-bearing securities is the fair value, because, due to a lack of market data, counterparty prices are used that qualify as Level 3 input parameters. The sensitivity is approximated via a price amendment of 10 per cent and totals € 0.5 million (€ 0.5 million).

Significant unobservable data in the fair value measurement of silent participations is the credit spread. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the credit spread was stressed in the measurement by increasing or reducing it by 100 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of all silent participations in Level 3 of € 0.7 million (€ 3.8 million).

Significant unobservable data in the fair value measurement of silent participations is the discount rate or the adjusted beta. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the discount rate was stressed in the measurement by increasing or reducing it by 50 basis points. The adjusted beta was stressed in the measurement by increasing or reducing it by 60 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of investments in Level 3 of € 15 million (€ 5 million).

A significant unobservable input parameter in the fair value measurement of loans is the internal rating. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the rating was moved up and down one class. Accordingly an imputed change in the parameter has resulted in a change in the fair value of the loans in Level 3 of € 0.3 million (€ 1 million).

There are derivatives that have been measured as part of syndicated loans and allocated to Level 3. These are forward transactions. There are also derivatives that have been allocated to Level 3 based on historic volatility.

Significant non-observable input data in the fair value measurement of these derivatives are the rating and historic volatilities. Details concerning the sensitivity of historic volatilities are permissibly not given, as the historic volatilities are not calculated by the company itself, but are based on original market transactions. Significant changes in the ratings result in a significantly higher or lower fair value. As part of the sensitivity analysis, the rating was stressed by being moved up and down a level. Accordingly an imputed change would result in a change in the fair value of the derivatives in Level 3 of € 0.2 million (€ 0.6 million).

The sensitivity of the loans in the amount of € 0.3 million (€ 1million) and derivatives in the amount of € 0.1 (€ 0.6 million) also takes into account transactions whose performance based on parameters that cannot be observed in the market do not have any effect on the income statement due to economically inseparable relationships between individual underlying and hedging transactions. These concern loans intended for syndication and associated derivatives, which reflect the fixed forward sale. Changes in the value of loans are partly compensated for by changes in the value of derivatives. This compensation results in a net (income statement-relevant) sensitivity of only € 0.2 million (€ 0.4 million).

The interest-bearing securities, investments and silent participations are mainly reported under financial assets, while derivatives and loans are reported under financial assets and liabilities at fair value through profit or loss.
For the fair value measurement of Level 3 financial instruments, there are no relevant correlations between significant Level 3 input parameters and as a result there is no impact on the fair value.

(33) Derivative Financial Instruments

Unlike their presentation in the balance sheet, the market values are stated prior to offsetting in the balance sheet in accordance with IAS 32.42.

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014
Interest-rate risk	275 302	259 597	13 465	15 272	12 726	14 422
Currency risk	55 320	54 996	1 253	753	3 616	2 203
Share price and other price risks	458	332	256	181	3	2
Credit risk	3 592	3 564	25	18	20	26
Total	**334 672**	**318 489**	**14 999**	**16 224**	**16 365**	**16 653**

(34) Disclosures concerning to Selected Countries

The table below shows, in contrast to the exposure in the risk report (see the Interim Management Report), the reported values of transactions relating to selected countries (including credit derivatives). The disclosures by country include regional governments, municipalities and state-related public-sector companies.

	Financial Instruments Held for Trading		Financial Instruments designated at Fair Value through Profit or Loss		Available for Sale Assets	
(in € million)	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014
Ireland						
Country	– 1	– 1	–	–	23	22
Financing institutes / insurance companies	33	4	–	–	25	169
Companies / other	56	42	–	–	–	–
	88	**45**	**–**	**–**	**48**	**191**
Italy						
Country	26	26	312	269	1 423	1 455
Financing institutes / insurance companies	18	14	–	–	135	439
Companies / other	9	4	–	–	94	82
	53	**44**	**312**	**269**	**1 652**	**1 976**
Portugal						
Country	– 3	– 6	–	–	135	157
Financing institutes / insurance companies	– 2	– 3	–	–	–	–
Companies / other	–	–	–	–	–	21
	– 5	**– 9**	**–**	**–**	**135**	**178**
Slowenia						
Country	–	–	–	–	–	31
	–	**–**	**–**	**–**	**–**	**31**
Spain						
Country	23	40	–	–	164	215
Financing institutes / insurance companies	77	72	–	–	1 374	1 528
Companies / other	14	11	–	–	14	14
	114	**123**	**–**	**–**	**1 552**	**1 757**
Hungary						
Country	–	–	–	–	171	165
	–	**–**	**–**	**–**	**171**	**165**
Cyprus						
Companies / other	17	14	–	–	–	–
	17	**14**	**–**	**–**	**–**	**–**
Total	**267**	**217**	**312**	**269**	**3 558**	**4 298**

For financial instruments categorised as available for sale with acquisition costs totalling € 3,072 million (€ 3,914 million), the cumulative valuation result of the selected countries reported in equity totals € 221 million (€ 294 million).

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
(in € million)	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014
Greece								
Companies / other	204	214	57	51	1	1	143	181
	204	**214**	**57**	**51**	**1**	**1**	**143**	**181**
Ireland								
Financing institutes / insurance companies	201	233	–	–	–	–	209	238
Companies / other	2 411	2 217	–	–	1	3	2 444	2 260
	2 612	**2 450**	**–**	**–**	**1**	**3**	**2 653**	**2 498**
Italy								
Financing institutes / insurance companies	88	84	–	–	–	–	73	68
Companies / other	71	47	–	–	–	–	74	49
	159	**131**	**–**	**–**	**–**	**–**	**147**	**117**
Portugal								
Financing institutes / insurance companies	–	8	–	–	–	1	–	8
Companies / other	30	30	–	–	–	–	30	30
	30	**38**	**–**	**–**	**–**	**1**	**30**	**38**
Russia								
Financing institutes / insurance companies	171	158	–	–	–	–	169	157
Companies / other	47	48	–	5	–	–	46	48
	218	**206**	**–**	**5**	**–**	**–**	**215**	**205**

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
(in € million)	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014	31 Mar. 2015	31 Dec. 2014
Slowenia								
Financing institutes/insurance companies	**1**	**–**	**–**	**–**	**–**	**–**	**1**	**–**
Companies/other	18	–	–	–	–	–	18	–
	19	**–**	**–**	**–**	**–**	**–**	**19**	**–**
Spain								
Country	52	52	–	–	1	–	55	54
Financing institutes/insurance companies	143	98	–	5	–	–	144	99
Companies/other	278	301	48	38	–	–	317	339
	473	**451**	**48**	**43**	**1**	**–**	**516**	**492**
Hungary								
Financing institutes/insurance companies	–	1	–	–	–	–	–	1
Companies/other	20	38	–	–	–	–	20	38
	20	**39**	**–**	**–**	**–**	**–**	**20**	**39**
Cyprus								
Companies/other	1 294	1 216	61	51	22	29	983	935
	1 294	**1 216**	**61**	**51**	**22**	**29**	**983**	**935**
Total	**5 029**	**4 745**	**166**	**150**	**25**	**34**	**4 726**	**4 505**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 666 million (€ 709 million). Of this, states account for € 403 million (€ 423 million), financing institutions/insurance companies for € 215 million (€ 260 million) and companies/others for € 48 million (€ 26 million). The Group acts as both a provider and recipient of collateral. The netted fair value of the credit derivatives is € –5 million (€ –11 million).

Other Notes

(35) Regulatory Data

The following schedule shows the composition of regulatory capital for the group of institutes in accordance with Article 25 ff. of the CRR:

(in € million)	31 Mar. 2015	31 Dec. 2014
Total risk exposure amount	**71 908**	**69 231**
Capital requirements for credit risk	4 978	4 837
Capital requirements for operational risks	419	382
Capital requirements for market risks	255	220
Capital requirements for clearing risks	1	–
Capital requirements for loan amount adjustments	100	99
Capital requirements	**5 753**	**5 538**

(in € million)	31 Mar. 2015	31 Dec. 2014
Paid-up capital including premium	4 929	4 960
Reserves	2 194	2 187
Eligible components of CET 1 capital at subsidiaries	812	786
Other components of CET 1 capital	131	85
– Deductible items (from CET 1 capital)	– 1 857	– 2 199
Adjustments due to transition rules	1 160	1 710
Balancing item to prevent negative AT 1 capital	–	– 148
Common Equity Tier 1 capital	**7 369**	**7 381**
Grandfathered AT1 instruments	620	709
Adjustments due to transition rules	– 514	– 857
Balancing item to prevent negative AT 1 capital	–	148
Additional Tier 1 capital	**106**	**–**
Tier 1 capital	**7 475**	**7 381**
Paid-up instruments of Tier 2 capital	2 898	2 788
Eligible components of Tier 2 capital at subsidiaries	345	387
– Deductible items (from Tier 2 capital)	– 1	– 1
Adjustments due to transition rules	– 1 029	– 1 432
Tier 2 capital	**2 213**	**1 742**
Own funds	**9 688**	**9 123**

(in %)	31 Mar. 2015	31 Dec. 2014
Common equity tier 1 capital ratio	10.25 %	10.66 %
Tier 1 capital ratio	10.40 %	10.66 %
Total capital ratio	13.47 %	13.18 %

(36) Contingent Liabilities and other Liabilities

	31 Mar. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	5 380	5 315	1
	5 380	**5 315**	**1**
Other obligations			
Irrevocable credit commitments	8 859	9 337	– 5
Total	**14 239**	**14 652**	**– 3**

(37) Related Parties

The scope of transactions with related parties (not including those to be eliminated under consolidation) can be seen in the following:

31 Mar. 2015 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**327**	**–**	**227**
of which: money market transcations	–	–	–	148	–	–
of which: loans	–	–	–	167	–	228
of which: public-sector loans	–	–	–	–	–	13
of which: other loans	–	–	–	167	–	215
Loans and advances to customers	**2 859**	**11**	**8**	**321**	**1**	**762**
of which: money market transcations	–	–	–	9	–	31
of which: loans	2 849	10	8	313	1	731
public-sector loans	2 792	–	–	16	–	697
mortage-backed loans	–	9	–	94	1	26
other loans	57	1	8	203	–	8
Financial assets at fair value through profit or loss	**230**	**–**	**–**	**82**	**–**	**3**
of which: Debt securities and other fixed-interest securities	8	–	–	–	–	–
of which: Positive fair values from derivatives	150	–	–	82	–	3
of which: Trading portfolio claims	72	–	–	–	–	–
Positive fair values from hedge accounting derivatives	**92**	**–**	**–**	**–**	**–**	**–**
Financial assets	**1 996**	**–**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	1 996	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	17	–	–
Total	**5 177**	**11**	**8**	**747**	**1**	**992**

31 Mar. 2015 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**14**	**–**	**357**	**–**	**99**
Liabilities to customers	**793**	**31**	**81**	**352**	**4**	**224**
of which: saving deposits	378	1	–	26	–	–
of which: money market transcations	–	–	–	–	1	–
Securitised liabilities	–	–	–	–	–	1
Financial liabilities at fair value through profit or loss	**70**	**–**	**–**	**2**	**–**	**164**
of which: negative fair values from derivatives	38	–	–	2	–	36
Negative fair values from hedge accounting derivatives	**16**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**596**	**3**	**–**	**–**	**15**
Total	**880**	**641**	**84**	**711**	**4**	**502**
Guarantees / sureties received	423	–	–	–	–	–
Guarantees / sureties granted	–	–	–	24	–	8

1 Jan. – 31 Mar. 2015 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	13	15	–	9	–	1
Interest income	35	–	–	6	–	9
Other income and expenses	1	–	–	7	– 1	– 8
Total contributions to income	**23**	**– 15**	**–**	**4**	**– 1**	**–**

31 Dec. 2014 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**281**	**–**	**229**
of which: money market transcations	–	–	–	125	–	–
of which: loans	–	–	–	155	–	230
of which: public-sector loans	–	–	–	–	–	13
of which: other loans	–	–	–	155	–	217
Loans and advances to customers	**2 815**	**11**	**25**	**323**	**1**	**766**
of which: money market transcations	24	–	–	9	–	31
of which: loans	2 771	11	25	314	1	736
of which: public-sector loans	2 715	–	–	16	–	696
of which: mortage-backed loans	–	10	23	98	1	26
of which: other loans	56	1	2	200	–	14
Financial assets at fair value through profit or loss	**141**	**–**	**–**	**73**	**–**	**171**
of which: Debt securities and other fixed-interest securities	4	–	–	–	–	–
of which: Positive fair values from derivatives	85	–	–	73	–	3
of which: Trading portfolio claims	52	–	–	–	–	168
Positive fair values from hedge accounting derivatives	**142**	**–**	**–**	**–**	**–**	**–**
Financial assets	**2 011**	**–**	**–**	**16**	**–**	**–**
of which: Debt securities and other fixed-interest securities	2 011	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	16	–	–
Total	**5 109**	**11**	**25**	**693**	**1**	**1 166**

31 Dec. 2014 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Loans and advances to customers	**–**	**–**	**–**	**386**	**–**	**117**
of which: money market transcations	–	–	–	–	–	–
of which: deposits from other banks	–	–	–	–	–	–
Liabilities to customers	**610**	**44**	**131**	**359**	**4**	**330**
of which: money market transcations	83	27	–	30	–	125
Securitised liabilities	–	–	–	–	–	1
Financial liabilities at fair value through profit or loss	**60**	**–**	**–**	**1**	**–**	**159**
of which: negative fair values from derivatives	23	–	–	1	–	28
Negative fair values from hedge accounting derivatives	**7**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**541**	**3**	**–**	**–**	**15**
Total	**678**	**585**	**134**	**746**	**4**	**621**
Guarantees/sureties received	424	–	–	–	–	–
Guarantees/sureties granted	–	–	–	20	–	8

1 Jan.–31 Mar. 2014 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	14	13	–	9	–	15
Interest income	40	–	–	7	–	9
Commission expenses	1	–	–	–	–	–
Other income and expenses	51	–	–	2	– 1	– 6
Total	**76**	**– 13**	**–**	**–**	**– 1**	**– 12**

As at the balance sheet date there are valuation allowances for loans and advances to affiliated companies in the amount of € 2 million (€ 2 million).

(38) Members of Governing Bodies and List of Mandates

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Ulrike Brouzi

Thomas S. Bürkle

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

Peter-Jürgen Schneider (Chairman)
Finance Minister of Lower Saxony

Thomas Mang (First Deputy Chairman)
President of Sparkassenverband Niedersachsen

Jens Bullerjahn (Second Deputy Chairman)
Finance Minister of Saxony-Anhalt

Frank Berg
Chairman of the Managing Board
OstseeSparkasse Rostock

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land

Edda Döpke
Bank employee, NORD/LB Hanover

Ralf Dörries
Senior Bank Director, NORD/LB Hanover

Dr. Elke Eller
Personnel Director, VW Commercial Vehicles,
Volkswagen AG

Hans-Heinrich Hahne
Chairman of the Managing Board
Sparkasse Schaumburg

Frank Hildebrandt
Bank employee, NORD/LB Braunschweig

Frank Klingebiel
Mayor of Salzgitter

Prof. Dr. Susanne Knorre
Management Consultant

Ulrich Mägde
Mayor of the Hanseatic City of Lüneburg

Antje Niewisch-Lennartz
Justice Minister of Lower Saxony

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Trade Union

Jörg Reinbrecht
ver.di Trade Union

Ilse Thonagel
Bank employee, Landesförderinstitut
Mecklenburg-Vorpommern

(39) Basis of Consolidation

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
BLB Grundbesitz KG, Bremen	100.00	–
BLB Immobilien GmbH, Bremen	100.00	–
BLBI Investment GmbH & Co. KG, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	54.83
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover	–	100.00
KreditServices Nord GmbH, Braunschweig	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
Nieba GmbH, Hanover	–	100.00
NOB Beteiligungs GmbH & Co. KG, Hanover	100.00	–
Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel / Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover	–	100.00
NORD/LB Asset Management AG, Hanover	100.00	–
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel / Luxembourg	100.00	–
NORD/LB Vermögensmanagement Luxembourg S. A., Luxembourg-Findel / Luxembourg	–	100.00
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
Special Purpose Entities included in the consolidated financial statements		
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg	–	–
Fürstenberg Capital II GmbH, Fürstenberg	–	–
Hannover Funding Company LLC, Dover (Delaware) / USA	–	–
KMU Gruppe	–	–
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
MT „BALTIC CHAMPION“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC COMMODORE“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SCORPIUS“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SOLAR“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC STAR“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
„OLIVIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„OLYMPIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PANDORA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PRIMAVERA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„QUADRIGA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
MS „HEDDA SCHULTE“ Shipping GmbH & Co. KG, Hamburg	–	–
Niraven Gruppe	–	–
Niraven B.V., Badhoevedorp / Netherland	–	–
Olympiaweg 4 BV, Rotterdam / Netherland	–	–
Rochussen CV, Amstelveen / Netherland	–	–
Rochussenstraat 125 BV, Badehoevedorp / Netherland	–	–
Zender CV, Amstelveen / Netherland	–	–
Zenderstraat 27 BV, Amstelveen / Netherland	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach im Isartal	–	–
Investment funds included in the consolidated financial statements		
NORD/LB AM ALCO	–	100.00

Company name and registered office	Shares (%) direct	Shares (%) indirect
Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint ventures		
caplantic GmbH, Hanover	–	50.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27.50	–
GSG OLDENBURG Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover	44.00	–
LINOVO Productions GmbH & Co. KG, Pöcking	–	45.17
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [2]	–	75.00
Toto-Lotto Niedersachsen GmbH, Hanover	–	75.00
Öffentliche Lebensversicherung Braunschweig, Braunschweig [3]	–	56.61
Öffentliche Sachversicherung Braunschweig, Braunschweig [3]	–	49.85
Investment funds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
After IFRS 5 valuated companies		
Subsidiaries		
KG Schifffahrtsgesellschaft MS Klara mbH & Co., Jork	–	–
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG	–	–
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG	–	–
Joint ventures		
LHI Leasing GmbH, Pullach im Isartal [1]	43.00	6.00

[1] Due to the joint management, this company is classified as a joint venture.
[2] Due to the “potential voting rights” of third parties, this company is classified as an affiliated company.
[3] Due to the structure under company law, this company is classified as an affiliated company.

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 development 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 them or to correct them if developments are other than expected.

Further Informationen

Responsibility Statement

We declare that to the best of our knowledge and in accordance with applicable accounting principles, the consolidated financial statements provide a true and fair view of the Group's assets, financial and earnings position and that the Group management report presents a true and fair view of the development of business including the operating result and the position of the Group and also describes the significant opportunities and risks relating to the probable development of the Group.

Hanover / Braunschweig / Magdeburg, 19 May 2015

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

Financial calendar 2015

28 April 2015	Release of results as at 31 December 2014
28 May 2015	Release of results as at 31 March 2015
27 August 2015	Release of results as at 30 June 2015
26 November 2015	Release of results as at 30 September 2015

Please download our annual and interim reports at geschaeftsbericht@nordlb.de.

Our Investor Relations team will be glad to give assistance in case of any questions.
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Branches (including Braunschweigische Landessparkasse)

Braunschweig	Bad Harzburg	Düsseldorf
Hamburg	Helmstedt	Holzminden
Magdeburg	München	Salzgitter
Schwerin	Seesen	Vorsfelde
Wolfenbüttel		

In addition there are more than 100 Branches and self-services in the Braunschweig area. For more details, please follow this link: https://www.blsk.de

Representative offices
London, New York, Singapur, Shanghai

Major holdings (alphabetical)
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale, Bremen und Oldenburg
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
Norddeutsche Landesbank Luxembourg S.A., Luxembourg

Die norddeutsche Art.

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