11 December 2014

Norddeutsche Landesbank Girozentrale
Hannover

Second Supplement to the published Registration Document dated 14 August 2014 of Norddeutsche Landesbank – Girozentrale – in accordance with § 16 (1) German Securities Prospectus Act (*Wertpapierprospektgesetz,* "WpPG"),

hereafter referred to as **"supplement No. 2 of 11 December 2014.**

TABLE OF CONTENTS

I. RIGHT OF WITHDRAWAL

In accordance with § 16 (3) sentence 1 WpPG, investors who have already agreed to purchase or subscribe any Instrument before supplement No. 2 of 11 December 2014 is published shall have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances, provided that the new factor, mistake or inaccuracy which is the subject of this Supplement arose prior to the final closing of the offer to the public and the delivery of the Instruments, § 16 (1) WpPG.

The relevant new factor that leads to supplement No. 2 of 11 December 2014

- Occurred on 4 November 2014 since Norddeutsche Landesbank – Girozentrale – is subject to the supervision of ECB from that date on
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and

- is the publication of the unaudited interim consolidated financial statements of NORD/LB Group for the period from 1 January 2014 to 30 September 2014 (the "**Unaudited Interim Consolidated Financial Statements as at 30 September 2014**") on 27 November 2014 at 10:30 o'clock.

The withdrawal is to be addressed to Norddeutsche Landesbank – Girozentrale –, Friedrichswall 10, 30159 Hanover.

II. CHANGES

The following changes have occurred:

On 4 November 2014 the ECB has taken over the supervision of Norddeutsche Landesbank – Girozentrale –.

Furthermore, Norddeutsche Landesbank – Girozentrale – has published the Unaudited Interim Consolidated Financial Statements as at 30 September 2014 on 27 November 2014 at 10:30 o'clock.

Therefore, the following changes have been made.

III. Changes relating to Table of contents

In the “TABLE OF CONTENTS” on page 3, the first section of 3. Historical Financial Information” shall be deleted and replaced by the following:

IV. Changes relating to Section 1. Description of Norddeutsche Landesbank – Girozentrale –

Section 1.1. Risk factors

1. In section 1.1. “Risk factors” the whole Subsection 1.1.2. “Risk factors relating to to regulatory aspects concerning credit institutions in general” shall be deleted and replaced by the following:

“Regulatory changes or enforcement initiatives could adversely affect the business of NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are subject to banking and financial services laws and government regulation in each of the jurisdictions in which they conduct business. Regulatory authorities have broad administrative surveillance authorities over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. Banking and financial services laws, regulations and policies currently governing NORD/LB and its Subsidiaries may change at any time in ways which have an adverse effect on their business. Furthermore, changes in existing banking and financial services laws and regulations may materially affect the way in which they conduct business, the products or services they may offer and the value of their assets.

In addition, regulatory authorities have the power to bring administrative or judicial proceedings against the Issuer or the subsidiaries of the Issuer, which could result, among other things, in suspension or revocation of the Issuer’s licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action.

Such proceedings and/or other regulatory initiatives or enforcement actions could have a material adverse effect on the business, results of operations or financial condition of NORD/LB and its Subsidiaries.

Stress tests may adversely affect the business of NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are subject to stress tests, that were initiated by the German financial regulatory authorities Bundesanstalt für Finanzdienstleistungsaufsicht (“**BaFin**”) and Deutsche Bundesbank (the “**German Central Bank**”), the European Banking Authority (“**EBA**”) and/or the European Central Bank (“**ECB**”). Such kind of stress tests can be reintroduced any time in the future again.

In July 2013, the EBA recommended to national regulators to apply a so-called nominal capital floor. Alternatively, the relevant competent authority may waive the nominal floor requirement where it is determined that a common equity tier 1 ratio of 7%, *i.e.* the minimum common equity tier 1 requirements and the capital conservation buffer as determined pursuant to fully implemented CRD IV/CRR requirements is met without taking advantage of any transition rules such as phase-outs of certain capital instruments.

In 2014, NORD/LB was, together with other large EU-based financial institutions, subject to EU-wide stress testing exercise initiated by EBA.

Nord/LB Group has passed the requirements of the AQR stresstest. However, negative stress test results of financial institutions with which NORD/LB does business with may adversely affect the Issuers business activities.

Meeting these or similar future requirements imposes significant costs on NORD/LB Group. If the Issuer's capital was to fall below certain minimum amounts determined by the regulators in the context of a given stress test, remedial action may be required to be taken by the Issuer, including potentially requirements to strengthen the capital situation of the Issuer and/or other supervisory interventions.

Further, the publication of the results of the stress tests (and its findings), their evaluation by financial market participants and the market's general impression that a stress test is not sufficient enough in order to judge the financial strength of a bank could have a negative impact on the Issuer's reputation or its ability to refinance itself as well as increase its costs of funding or require other remedial actions. In addition, the risks arising from the aforementioned aspects could have further material adverse effects on the Issuer's business, results of operations or financial condition and thereby or otherwise have an impact on the Creditors.

The Issuer may be exposed to specific risks arising from the so-called Single Supervisory Mechanism (SSM) and other initiatives to create the so-called EU Banking Union.

Since its launch in 2013, significant progress has been made in the preparation for, and the implementation of, the single supervisory mechanism (the "**SSM**") pursuant to which the ECB, supported by the participating national competent authorities (NCAs, such as BaFin and the German Bundesbank), will be responsible for conducting banking supervision in the Euro area. The SSM is based inter alia on the Regulation on the single supervisory mechanism (Council Regulation (EU) No. 1022/2013 of 15October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (Official Journal of the European Union, L 287, 29 October 2013, pp. 63-89, the "**SSM Regulation**"). Amongst other credit institutions in the Eurozone, the Issuer has become subject to the ECB's supervision under the SSM. As preparatory steps for the ECB assuming its new supervisory tasks under the SSM in November 2014, via the Comprehensive Assessment supervisory risk assessments, asset quality reviews, balance sheet assessments and stress tests were conducted in relation to specific banks of the Eurozone.

Further, the EU Parliament adopted a proposed resolution relating to the so-called single resolution mechanism (the "**SRM**" or, as the case may be, the "**SRM Resolution**") on 15 April 2014 as a second pillar of the banking union. The SRM Resolution came into force after its publication in the European Official Journal on 19 August 2014.

The SRM Regulation is to be supplemented by an intergovernmental convention among the EU member states participating in the SRM to regulate certain aspects of the SRM, such as e.g. the transfer and gradual joint use of Bank Resolution Fund contributions to pay the potential cost of banking crises. The SRM is meant to establish a uniform procedure for the resolution of credit institutions and certain investment firms and to create a Single Bank Resolution Fund (the "**Fund**"). Pursuant to the SRM Regulation, a troubled bank subject to the future EU banking supervisory mechanism SSM is to be resolved in accordance with the single European mechanism. In this context, there are also plans to establish a resolution committee (the "**Committee**") which would, in particular, be in charge of all banks directly subject to ECB supervision under the SSM and develop resolution plans as well as manage the actual resolution of credit institutions concerned.

The resolution procedure will be initiated by the determination – which may be made at very short notice – that a credit institution has failed or is likely to fail. Such determination may inter alia be made by the ECB following a hearing of the committee. In this context, the SRM Regulation provides for detailed decision making rules and the course of the resolution procedure. Unlike in the case of liquidation or insolvency, the shareholders or creditors of a credit institution (in particular the holders of Subordinated Instruments may lose all or part of their invested capital as a result of any crisis at the credit institution concerned.)

In addition, the Fund will be established which may, in certain circumstances, help to fund the resolution. Generally, this will, however, only be an option if the shareholders and creditors of the bank concerned, by applying the so-called bail-in instrument, have made a contribution towards the losses to be borne equal to at least 8% of total liabilities and own funds of the Institute. This may mean that the shareholders and many noteholders (such as e.g. the Creditors) are exposed to the risk of losing all or part of their invested capital and related rights due to the application of such resolution instruments.

The Fund's target volume of EUR 55 billion is now scheduled to be achieved within 8 years. These contributions are planned to be imposed initially at the national level and invested in national sub-funds to be gradually communitized so as to finally create a Single Resolution Fund for participating in the resolution cost of all banks covered by the SRM. At present, it is not yet clear to what extend the banks concerned will be required to make contributions to the Fund. Such contributions might constitute a substantial financial burden for NORD/LB as well as for the other banks.

The SRM Regulation will be closely connected with the Bank Recovery and Resolution Directive ("**BRRD**"). The resolution mechanisms available to the SRB and the Committee under the SRM Regulation are intended to correspond to those set out in the BRRD. In this respect, please see also the following remarks "*The rights of Creditors may be adversely affected by measures pursuant to the so-called Restructuring Act or measures to implement the BRRD."* Such proceedings and/or other regulatory initiatives could change interpretation of regulatory requirements applicable to the Issuer and lead to additional regulatory requirements, increased cost of compliance and reporting as well as require the Issuer to provide cost contributions to the Fund in addition to existing resolution cost contributions. Further, such developments may have other material adverse effects on the Issuer's business, results of operations or financial condition.

The global financial crisis has led to an increase in regulatory activity at national and international levels to adopt new regulations and to more strictly enforce existing regulations applicable to the financial sector, which has a significant effect on the costs of compliance and may significantly affect the activity levels of financial institutions.

The financial crisis has led many governments and international organisations to make significant changes in banking regulations. In particular, the reform measures developed by the Basel Committee in relation to the New Basel Capital Accord on capital requirements for financial institutions have been in the process of implementation since 2010 (so called "**Basel III package** ") and will lead to higher requirements, particularly in terms of minimum capital resources. In addition, further regulatory requirements are envisaged to be implemented such as the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) which will be of great importance to credit institutions such as the Issuer in the future.

Within the EU, the new requirements have been implemented on the basis of a package of amendments to the Capital Requirements Directive (by virtue of EU Directive 2013/36/EU, as amended or replaced from time to time, the "**CRD IV**" and the related German implementation law, *Gesetz zur Umsetzung der Richtlinie 2013/36/EU über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen und zur Anpassung des Aufsichtsrechts an die Verordnung (EU) Nr. 575/2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen* ("**CRD IV-Umsetzungsgesetz**")) and the newly established Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 646/2012 (as amended, supplemented or replaced from time to time, the "**CRR**", together with the related regulatory and technical standards and the CRD IV as well as the CRD IV-Umsetzungsgesetz, the "**CRD IV/CRR-Package**"). The CRR became effective as from 1

January 2014 and largely replaced the previous national provisions relating to capital and liquidity requirements. Given the fact that various relevant regulations required to implement the CRD IV/CRR-Package currently exist in draft form only and competent regulatory bodies may not have confirmed their understanding of the interpretation of related provisions, the full impact of those regulatory requirements is subject to ongoing review, implementation and revision.

Pursuant to the CRD IV/CRR-Package, the future capital requirements for credit institutions will become significantly tighter in terms of both quality and quantity. In addition to the gradual introduction of the new capital ratios by 2019, the CRD IV/CRR Package provides for a transitional phase until 2022 for capital instruments that are currently recognised as regulatory Tier 1 capital, but will not meet the future requirements for Common Equity Tier 1 capital (CET 1 capital). Further, according to the current implementation plan, the liquidity requirements relating to the LCR (which requires credit institutions to maintain certain liquid assets for a 30-day period against the background of a stress scenario) will be implemented from 2015 commencing with a minimum LCR ratio of 60% which will be gradually increased in subsequent years to up to 100% to be met from 2018 and onwards. The implementation of a binding minimum requirement relating to the NSFR (which requires credit institutions to refinance their long term assets under regular as well as under stressed market conditions with respective long term stable funding) is still subject to an observation period. Finally, the CRD IV/CRR-Package sets out a non-risk-based maximum leverage ratio, details of which remain to be determined following an observation period lasting until 31 December 2016; such ratio may apply from 1 January 2018 in the form of a binding minimum requirement.

Areas where changes could have a particular impact on the Issuer's business include:

- the monetary, interest rate and other policies of central banks and regulatory authorities;
- general changes in governmental or regulatory policy that may significantly influence investors' decisions, in particular in markets in which the Issuer operates;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework and rules designed to promote financial stability and increase depositor protection;
- changes in competition and pricing environments;
- further developments in the financial reporting environment;
- differentiation among financial institutions by governments with respect to the extension of guarantees to customer deposits and the terms attaching to those guarantees; and
- implementation of regionally applicable systems for customer or depositor compensation or remuneration schemes.

Implementation of such regulatory changes has already resulted in an increase in the cost of compliance for NORD/LB and its Subsidiaries and other financial institutions and may continue to do so which may affect their results of operations. Depending on the type of regulatory changes, the regulatory aspects could lead to reduced levels of activity for financial institutions, which could significantly impact NORD/LB's and its Subsidiaries' business, financial condition and results of operations.

If the Issuer fails to address, or appears to fail to address, appropriately any changes or initiatives in banking regulation, its reputation could be harmed and it could be subject to additional legal and litigation risk, which in turn would increase the amount and number of claims and damages asserted against it or would expose the Issuer to an increased risk of enforcement actions, administrative fines and penalties.

Given that capital adequacy requirements have been increased and liquidity requirements have been implemented, this may require the Issuer to increase capital or reduce its risk weighted assets (RWAs) to a greater extent which in turn may result in an adverse effect on the Issuer's long term profitability. As a consequence, this may potentially have an adverse effect on the economic or legal position of Creditors. The potential introduction of a legally binding leverage ratio as well as market pressure to comply with a certain leverage ratio (regardless of whether such ratio may legally be required), may lead to similar results.

In respect of the requirements set out by CRD IV/CRR Package and the competent supervisory authorities, extensive measures with regard to NORD/LB's and its Subsidiaries' assets led to the establishment of a capital strengthening programme for NORD/LB and its Subsidiaries. In this regard, NORD/LB and its Subsidiaries and the European Union agreed on a comprehensive restructuring plan wherein NORD/LB and its Subsidiaries agreed to comply with several commitments. These commitments have to be considered by the Issuer's risk management.

Governmental and central bank action in response to the financial crisis significantly affects competition and may affect the legal or economic position of Creditors.

In response to the financial markets crisis, there has been significant intervention by governments and central banks in the financial services sector, *inter alia* in taking direct shareholdings in individual financial institutions and contributions of other forms of capital, taking over guarantees of debt and purchasing distressed assets from financial institutions. In some instances, individual financial institutions have been nationalised. The eligibility to benefit from such measures is in some instances tied to certain commitments of the participating bank, such as lending exclusively to certain types of borrowers, adjustments to the bank's business strategy, suspension of dividends and other profit distributions and limitations on the compensation of executives.

Such interventions involve significant amounts of money and have significant effects on both the participating as well as the non-participating institutions, in particular in terms of access to refinancing sources and capital and the ability to recruit and retain skilled employees. Institutions such as NORD/LB and its Subsidiaries were in a position to preserve greater autonomy in their strategy, lending and compensation policy but may suffer competitive disadvantages with respect to their cost base, in particular their costs of refinancing and capital. They also may suffer a decline in depositor or investor confidence thus risking a loss of liquidity.

The implementation of any such measures with respect to other companies could affect the perception of the overall prospects for the financial services sector or for certain types of financial instruments. In such case the price for the financial instruments of NORD/LB and its Subsidiaries could drop and their costs of refinancing and capital could rise, which could have a material adverse effect on their business, results of operations, or financial condition.

In June 2014 the ECB announced a package of instruments to fight against excessively low inflation rates. The most important instruments focus on a slight reduction in interest rates, negative interest rates ("penalty interest") for deposits held by banks at the ECB and a special Federal Reserve Credit Programme. Further actions by ECB are probably planned but the impact on the Issuer cannot be foreseen yet.

The rights of Creditors may be adversely affected by measures pursuant to the so-called Restructuring Act or measures to implement the BRRD.

Restructuring Act

As a German credit institution, the Issuer is subject to the so-called Restructuring Act (*Gesetz zur Restrukturierung und geordneten Abwicklung von Kreditinstituten, zur Errichtung eines Restrukturierungsfonds für Kreditinstitute und zur Verlängerung der Verjährungsfrist der aktienrechtlichen Organhaftung,* "**RStruktG**") which, *inter alia*, introduced special restructuring schemes for German credit institutions in existence as of

1 January 2011: (i) the restructuring procedure (*Sanierungsverfahren*) pursuant to Section 2 et seq. of the Financial Institutions Restructuring Act (*Kreditinstitute-Reorganisationsgesetz* ("**KredReorgG**")), (ii) the reorganisation procedure (*Reorganisationsverfahren*) pursuant to Section 7 et seq. of the KredReorgG, and (iii) the transfer order (*Übertragungsanordnung*) pursuant to Section 48a et seq. of the German Banking Act (*Kreditwesengesetz (KWG)*) (the "**Transfer Order**").

Whereas a restructuring procedure may generally not interfere with rights of creditors, the reorganisation plan established under a reorganisation procedure may provide for measures that affect the rights of the credit institution's creditors, including a reduction of existing claims or a suspension of payments. Such measures may, however, not affect the asset pool serving as cover for Pfandbriefe. The measures proposed in the reorganisation plan are subject to a particular majority vote mechanism of the creditors and shareholders of the respective credit institution. Furthermore, the KredReorgG stipulates detailed rules on the voting process and required majorities and as to what extent negative votes may be disregarded. Measures pursuant to the KredReorgG are instituted only upon the respective credit institution's request and respective approval by the BaFin and the competent higher regional court (*Oberlandesgericht*).

If the existence of the relevant credit institution is endangered (*Bestandsgefährdung*) and if thereof is resulting a threat to the system the credit institution can be forced to transfer the whole or parts of its business activities, assets or liabilities to a so-called bridge bank (*Brückenbank*).

Claims of the Creditors may be adversely affected by the reorganisation plan which can be adopted by a particular majority vote mechanism. In the context of a Transfer Order, the Issuer as initial debtor of the Creditors may be replaced by another debtor (who may have a fundamentally different risk profile or creditworthiness than the Issuer). Alternatively, the claims of the Creditors may remain with the Issuer, but the Issuer's assets, business and/or creditworthiness may not be identical and be materially prejudiced compared to the situation before the Transfer Order.

The aforementioned instruments under the Transfer Order, the RStruktG and KredReorgG will be revised and significantly expanded by the national implementation act for the BRRD (see also the information provided below on the BRRD).

In addition, under the CRD IV-Umsetzungsgesetz the German legislator has empowered BaFin to impose capital requirements exceeding the requirements pursuant to the CRR, in particular if risk aspects are not fully covered by the capital requirements under the CRR or if the risk-bearing capability is endangered. Even though such regulatory measures may not necessarily directly interfere with Creditors' rights, the mere fact that BaFin applies such tool to a specific credit institution may have indirect negative effects, e.g. on the prices of instruments issued by such entity or on the entity's ability to refinance itself.

In relation to bail-in mechanism requirements, the Basel Committee announced in a press release dated 13 January 2011, that the terms and conditions of all non-Common Equity Tier 1 and Tier 2 instruments issued after 1 January 2013 must have a provision that requires such instruments, at the option of the relevant authority, either to be written off or converted into Common Equity Tier 1 upon the occurrence of a trigger event unless the governing jurisdiction of the bank has in place laws that require such Tier 1 and Tier 2 instruments to be written off upon such event, or otherwise require such instruments to fully absorb losses before tax payers are exposed to loss.

BRRD

At European level, the BRRD has been adopted by the European Parliament on 15 April 2014, has been approved by the European Council on May 6 2014 and was published in the Official Journal of the European Union in June 2014. The Directive grants BaFin and other competent authorities significant rights for intervention in the event of a crisis of certain European credit institutions, including in case of a crisis relating to the Issuer.

Pursuant to the BRRD, troubled or failure-prone credit institutions and investment firms are to be reorganized in the future, applying the tools provided for in the BRRD, in order to prevent insolvency or, upon the occurrence of insolvency, to minimize its adverse impact by maintaining the relevant bank's systemically important functions.

One of the available resolution tools is the so-called bail-in system that, subject to certain exceptions (e.g. for Pfandbriefe), grants the resolution authority certain powers to write down and convert a credit institution's liabilities. Accordingly, the competent resolution authority may e.g. write down, including to zero, or convert into equity any liabilities or reduce the nominal amount of, or cancel, shares. Generally, there is a predefined hierarchy of shareholders and bank creditors for absorbing losses. In this context, in particular the liability cascade provided for by the BRRD and the bail-in system must be taken into account according to which CET1 and AT1 instruments, supplementary capital instruments and other subordinated liabilities/other liabilities generally have the same order of priority as claims in regular insolvency proceedings. Thus, in case of any crisis, losses are initially absorbed by shareholders and only subsequently by holders of Subordinated Instruments and finally by a credit institution's other creditors. Generally, all creditors of the same class are treated equally.

Generally, troubled or failure-prone credit institutions and investment firms may only be financed with the aid of public stabilization instruments when shareholders and holders of other equity instruments or holders of relevant capital instruments and other eligible liabilities have absorbed losses, by way of write-downs, conversions or otherwise, and have contributed to recapitalization an amount at least equal to 8% of total liabilities. This could mean that shareholders and many holders of bonds (such as e.g. the Creditors) are at risk of losing all or part of their invested capital and related rights.

The relevant entity's sale or the sale of shares in the bank being resolved, the formation of a bridge institution and the separation of valuable assets from the impaired or default-prone assets of the failing institution continue to be available as resolution tools which may produce comparable results from an economic point of view for bank creditors concerned as, e.g., the bank as the bank creditors' original debtor is replaced by another debtor (which may differ substantially from the bank in terms of overall risk composition or credit standing). Alternatively, the claims of bank creditors against the institution concerned may continue to exist while the institution's assets, its area of activity or creditworthiness are no longer the same and may deteriorate significantly compared to the situation prevailing prior to the application of the relevant tool.

BRRD Implementation Act

The provisions of the BRRD are expected to be implemented into national law by 31 December 2014 and thus may take effect as of 1 January 2015 while the bail-in system is expected to apply as from 1 January 2016, at the latest. To implement the BRRD, the German Banking Act (*Kreditwesengesetz – KWG*), the Restructuring Fund Act (*Restrukturierungsfondsgesetz*), the Financial Market Stabilization Fund Act (*Finanzmarktstabilisierungsfondsgesetz*), the KredReorgG and the Act for the ring-fencing of risks and for the planning, recovery and resolution of credit institutions (*Trennbankengesetz*) were adjusted. This is done by the so-called "BRRD Implementation Act". which includes on the one hand the Act on Recovery and Resolution Planning for Credit Institutions and Financial Groups (*Sanierungs- und Abwicklungsgesetz* - "**SAG-E**") and on the other hand the relevant amendment acts. However, the SAG-E provides for the statutory provisions relating to the bail-in system (which in the SAG-E is referred to as a "tool for the participation of shareholders and creditors" or "creditor participation tool", depending on the entity concerned) to take effect as of 1 January 2015, although it cannot be precluded that the tool may also be applied to liabilities and claims created before that date.

Further, on 10 July 2013, the European Commission announced that it has adapted its temporary state aid rules for assessing public support to financial institutions during the crisis (the "**Revised State Aid Guidelines**"). The Revised State Aid Guidelines provide for strengthened burden-sharing Instrument holders' contribution before resorting to public recapitalisations or asset protection measures. The European Commission will apply the principles set out in the new rules from 1 August 2013. In these guidelines, the European Commission has made it clear that any burden sharing imposed on Subordinated Instrument holders will be made in line with principles and rules set out in the proposed BRRD.

Potential investors in Subordinated Instrument of the Issuer should therefore take into consideration that, in the event of a crisis of the Issuer and thus already prior to any liquidation or insolvency or such procedures being instigated, they will to a particular extent be exposed to a risk of default and that, in such a scenario, it is likely that they will suffer a partial or full loss of their invested capital, or that the Instruments or other debt will be subject to a conversion into one or more equity instruments (e.g. capital stock) of the Issuer. As the Subordinated Instruments are issued with the aim of being recognised as Tier 2 capital pursuant to CRR and given the abovementioned Revised State Aid Guidelines, the Basel press release of 13 January 2011 as well as the BRRD, the bail-in tool and the SAG-E, Creditors, (in particular holders of Subordinated Instruments) should take into consideration that they may be significantly affected by such aforementioned procedures and measures (which may lead to the loss of the entire Creditor's investment). However, any other creditors of the Issuer may also be affected by such measures. As a consequence, the ECB, the BaFin, any other competent supervisory or other authority might in any such situation be entitled, *inter alia*, to demand – for instance as a prerequisite for the granting of state or similar support – that any interest thereon not be paid and that the nominal amount in particular of subordinated debt securities such as the Instruments be reduced down to zero, or impose other regulatory measures, including, but not limited to, conversion of the Instruments or any other debt into one or more equity instruments (e.g. capital stock). Any such regulatory measure may release the Issuer from its obligations under the terms and conditions of the Instruments or any other debt. In such circumstances, Creditors would not be entitled to terminate, or otherwise demand early redemption of, the Instruments or any other debt, or to exercise any other rights in this respect. In this context, in particular the liability cascade provided for by the BRRD and the bail-in system must be taken into account according to which CET1 and AT1 instruments, supplementary capital instruments and other subordinated liabilities/other liabilities generally have the same order of priority as claims in regular insolvency proceedings. Thus, in case of any crisis, losses are initially absorbed by shareholders and only subsequently by holders of Subordinated Instruments and finally by any other creditors.

Also, pursuant to such aforementioned measures, the initial debtor (i.e. the Issuer) may be replaced by another debtor (who may have a fundamentally different risk profile or creditworthiness than the Issuer). Alternatively, the claims may remain with the original debtor, but this situation regarding the debtor's assets, business activity and/or creditworthiness may not be identical to the situation prior to the application of the measure.

Further, even though such regulatory measures may not directly interfere with the Creditors' rights, the fact that the ECB and/or the BaFin or another competent supervisory authority applies such measures towards a credit institution may have a negative effect, e.g. on the pricing of Instruments or on the Issuer's ability to refinance itself.

Risks in relation to separation of proprietary trading and other high-risk trading from other banking business.

Upon request from the EU Internal Markets Commissioner Michel Barnier, a group of experts led by Erkki Liikanen proposed a set of recommendations for structural reforms to promote financial stability and efficiency of the EU banking sector which were published in October 2012 (the so-called Liikanen Report). In this respect, the EU Commission presented proposals for the future bank structure in the EU on 29 January 2014, in particular with respect to the so-called "system of institutional separation of commercial and investment banking functions" (*Trennbankensystem*). Thus, the largest and most complex EU banks with significant trading activities (measured as the ratio of trading activities to total assets or in terms of the absolute trading volume) shall be prevented from certain proprietary trading activities in financial instruments and commodities and supervisors shall be granted the power and, in certain instances, the obligation to require the transfer of other high-risk trading activities (potentially including market-making activities, complex derivatives and securitisation operations) to separate legal trading entities within the group. Compared to the German system of institutional separation of commercial and investment banking functions described below, the EU Commission's proposals in this respect may provide for lower thresholds and lesser trigger events for the transfer obligations of banks with respect to a more extensive definition of critical trading activities and thus require amendments to prevailing German law. The details of such proposals are, however, still being negotiated and may, therefore, be subject to changes.

In August 2013, the German law act for the "ring-fencing of risks and for the planning, recovery and resolution of credit institutions" ("**Trennbankengesetz**") was published in the German Federal Gazette. Pursuant to the Trennbankengesetz, subject to certain criteria, it will be required that trading activities of credit institutions are legally segregated from the other business areas in separate subsidiaries. This provision applies to credit institutions that accept deposits and other repayable funds and grant loans for their own account, provided their balance sheet positions exceed certain thresholds. Accordingly, banks whose trading portfolio and liquidity reserves either exceed EUR 100 billion (absolute threshold) or exceed 20% of total assets and amount to at least EUR 90 billion (relative threshold) may become subject to the separation requirement. The prohibition does not apply to hedging activities performed to hedge transactions with clients, to manage interest rates, currencies and liquidity, or to buy or sell long-term equity investments. Any potential related separation requirement would not apply before 1 July 2015.

Even though it is currently not clearly foreseeable how the future EU proposals in relation to the Liikanen Report and/or implementation of the Trennbankengesetz will affect Creditors' rights, it is conceivable that, if the Issuer must separate certain trading activities, the Issuer may have a fundamentally different risk assumption or creditworthiness or that this may result in other negative effects on the business model and/or the profitability of the Issuer or that this may have other negative impact on the Issuer's business model which in turn may have a material prejudicial effect on Creditors' rights.

Risks in relation to the impacts of the European sovereign debt crisis

Even though the burdens arising from the debt crisis are lower than in the past, the progress of structural adjustments in the Eurozone will remain in the focus of the capital markets. The debt crisis still remains one of the greatest economic risks for the Eurozone since for many member states the reduction of financial deficits and the government debt ratio remain challenging tasks.

Should a Eurozone country conclude it must exit the currency union, the resulting need to reintroduce a national currency and restate existing contractual obligations could have unpredictable financial, legal, political and social consequences. Given the highly interconnected nature of the financial system within the Eurozone and the levels of exposure the Issuer has to public and private counterparties around Europe, the Issuer's ability to plan for such a contingency in a manner that would reduce the Issuer's exposure to non-material levels is likely to be limited. If the overall economic climate deteriorates as a result of one or more departures from the Eurozone, nearly all of the Issuer's business segments, including its more stable flow businesses, could be adversely affected, and if the Issuer is forced to write down additional exposures, the Issuer could incur substantial losses."

Section 1.2. Description of Norddeutsche Landesbank – Girozentrale –

2. In section 1.2. „Description of Norddeutsche Landesbank – Girozentrale –" the first paragraph of subsection 1.2.1. „Auditiors" shall be deleted and replaced by the following:

   "The unaudited interim consolidated financial statements of Norddeutsche Landesbank – Girozentrale – and its consolidated subsidiaries (the "**NORD/LB Group**") for the period from 1 January to 30 September 2014 (the "**Unaudited Interim Consolidated Financial Statements as of 30 September 2014**") were prepared in accordance with IFRS on interim financial reporting (IAS 34), as adopted by the EU, and the interim group management report in accordance with the requirements of the WpHG."

   The remaining paragraphs of this subsection shall not be affected.

3. In section 1.2. „Description of Norddeutsche Landesbank – Girozentrale –" the whole subsection 1.2.4. "Recent events in the business activities of Norddeutsche Landesbank – Girozentrale –" shall be deleted and replaced by the following:

   "**EU Commission's approval of capital boosting measures and related commitments**

   On 25 July 2012, the EU Commission approved a sequence of capital boosting measures which NORD/LB has developed in conjunction with its owners. Because of the nature of NORD/LB's ownership structure, which renders any capital measures taken by NORD/LB's current owners as state aid, these measures were subject to approval by the EU Commission in a proceeding applied for by the Federal Republic of Germany. The capital boosting measures approved by the EU Commission included (i) the retention of earnings, (ii) the sale of participations, (iii) equity investments of certain of NORD/LB's owners by way of cash contributions, (iv) the conversion into equity of silent participations in NORD/LB and its subsidiary Bremer Landesbank and other subordinated securities held by certain of NORD/LB's owners and their associated entities, and (v) a guarantee by two owners for a certain part of a pre-defined credit portfolio which could have been drawn by NORD/LB until the end of 2014. By August 2012, all such capital boosting measures had been implemented. The guarantee was terminated without being used in the meantime.

   The EU Commission's approval was based on a catalogue of commitments that NORD/LB and the EU Commission agreed upon for the period until the end of 2016 in a so-called restructuring plan. The main pillars of this restructuring plan are a moderate adjustment of NORD/LB Group's size in terms of total assets and risk-weighted assets, a stronger concentration on NORD/LB's core clients and regions, a cost-optimisation program and, with regard to NORD/LB and Bremer Landesbank, retention of dividends for at least the financial years 2012 and 2013.

   In August 2013, NORD/LB also obtained approval from the EU Commission to amend the terms of certain of its silent participations. In line with market expectations, such terms allow NORD/LB to pay interest on these silent participations when the Issuer is profitable, irrespective of whether or not a dividend is paid to NORD/LB's owners. The EU Commission's approval was granted in return for certain additional commitments, including an extension of the time for which NORD/LB will refrain from larger acquisitions until year-end 2016, which originally was for three years until July 2015, an undertaking to dispose of further non-core subsidiaries and participations and a further reduction of total assets in the event NORD/LB would have chosen to draw under the guarantee referred to above.

   Efficiency improvement program

   NORD/LB and its owners agreed on certain measures to stabilise the administrative expenses of NORD/LB Group at a level of EUR 1.1 billion and committed themselves to reduce their operating costs to EUR 1.07 billion by the end of 2016.

To achieve this objective, NORD/LB has established an efficiency improvement program to reduce operating and personnel costs. Therefore, provisions have been established for potential severance payments under contractual agreements concerning the termination of employment contracts.

Asset Quality Review ("AQR")

As part of the implementation of the SSM in November 2014, NORD/LB and specific other banks of the Eurozone were subject to a comprehensive review by the ECB and the NCA`s.

One part of the comprehensive assessment referred to the AQR which consists of three phases (i) the portfolio selection, in order to identify the most risky portfolios in bank's balance sheet and thereby the focus of the exercise (ii) the actual review of the assets, collateral and provisioning in the selected portfolios and level-3 fair-value assets, which was preceded by the collection of data and data integrity validation and (iii) the quality assurance and reporting of results on 26 October 2014 **.**
The comprehensive assessment consisted of two components, the asset quality review (AQR) and a stress test.

The AQR was a point-in-time assessment of the accuracy of the carrying value of banks' assets as of 31 December 2013 and provided a starting point for the stress test. The stress test was based on a uniform methodology and harmonised definitions. It was based on the applicable accounting rules and further requirements of regulatory authorities. Therefore the published results may deviate from the financial statements of NORD/LB as well as other banks involved. Under the AQR, banks were required to have a minimum Common Equity Tier 1 (CET1) ratio of 8%.

The stress test provided a forward-looking examination of the resilience of banks' solvency to two hypothetical scenarios, also reflecting new information arising from the AQR. The stress test was undertaken by the participating banks, the ECB, and NCAs, in cooperation with the European Banking Authority (EBA), which also designed the methodology along with the ECB and the European Systemic Risk Board (ESRB). Under the baseline scenario, banks were required to maintain a minimum CET1 ratio of 8%; under the adverse scenario, they were required to maintain a minimum CET1 ratio of 5.5%.

Nord/LB Group has passed the requirements of the AQR stress test.

The required minimum capital ratios for the hard-capital ratio (CET1 ratio) of 8.0 (baseline scenario) and 5.5 percent (Adverse scenario) were exceeded by 10.93 or 8.77 percent.

Section 1.3. Financial information on the asset, financial and earnings position

4. <u>In section 1.3. „Financial information on the asset, financial and earnings position" the first, fourth and seventh paragraph of the subsection 1.3.1. "Historical financial Information" shall be deleted and replaced by the following:</u>

"The Unaudited Interim Consolidated Financial Statements as of 30 September 2014 are included on pages F-1 to F-56 in section 3. of this registration document. The Consolidated Financial Statements 2013 and the auditor's report (*Bestätigungsvermerk*) are included on pages F-58 to F-175 within the section "*Financials*". The Annual Accounts 2013 and the auditor's report (*Bestätigungsvermerk*) are included on pages F-177 to F-224 within the section "Financials"."

[…] paragraphs two and three shall not be affected.

"The Consolidated Financial Statements 2012 and the Consolidated Financial Statements 2013 were prepared in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB. The Annual

Accounts 2013 were prepared in accordance with German GAAP. The Unaudited Interim Consolidated Financial Statements as of 30 September 2014 were prepared in accordance with IFRS on interim financial reporting (IAS 34), as adopted by the EU, and the additional requirements of the WpHG."

[…] paragraphs five and six shall not be affected.

"The Unaudited Interim Consolidated Financial Statements as of 30 September 2014 have been taken from the Interim Report (*Konzernzwischenbericht*) of NORD/LB Group as of 30 September 2014 (see section *2. "Important Information 4. Availability of documents"*)."

[…] The remaining paragraphs of this subsection shall not be affected.

5. <u>In section 1.3. "Financial information on the asset, financial and earnings position" subsection 1.3.3. "Significant changes in the financial positions" shall be deleted and replaced by the following:</u>

   "Since 30 September 2014, there have been no significant changes in the financial position of NORD/LB Group."

V. Changes relating to 2. Important information

6. <u>In section 2.4. "Availability of documents" the third bullet point shall be deleted and replaced by the following:</u>

   [….]

   - "the Interim Report (*Konzernzwischenbericht*) of NORD/LB Group as of 30 September 2014, containing the unaudited interim consolidated financial statements of the NORD/LB Group as of 30 September 2014;"

   [….]

   The remaining paragraphs of this subsection shall not be affected.

VI. Changes relating to 3. Financials

<u>The F–Pages of section 3. "Financial "shall be deleted and replaced by:</u>

Unaudited Interim Consolidated Financial Statements for the Period from 1 January 2014 to 30 September 2014

INCOME STATEMENT

	Notes	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013[1] (in € million)	Change (in %)
Interest income		6 766	7 477	– 10
Interest expense		5 274	6 001	– 12
Net interest income	6	**1 492**	**1 476**	**1**
Loan loss provisions	7	464	642	– 28
Commission income		216	199	9
Commission expense		92	75	23
Net commission income	8	**124**	**124**	**–**
Trading profit/loss		520	– 133	> 100
Profit/loss from the use of the fair value option		– 459	196	> 100
Profit/loss from financial instruments at fair value through profit or loss	9	**61**	**63**	**– 3**
Profit/loss from hedge accounting	10	43	– 9	> 100
Profit/loss from financial assets	11	66	2	> 100
Profit/loss from investments accounted for using the equity method		– 22	24	> 100
Administrative expenses	12	829	852	– 3
Other operating profit/loss	13	– 82	– 21	> 100
Earnings before reorganisation and taxes		**389**	**165**	**> 100**
Reorganisation expenses	14	– 24	– 24	–
Expenses for public guarantees related to reorganisation	15	1	33	– 97
Earnings before taxes		**364**	**108**	**> 100**
Income taxes	16	113	– 4	> 100
Consolidated profit		**251**	**112**	**> 100**
of which: attributable to the owners of NORD/LB		329	81	
of which: attributable to non-controlling interests		– 78	31	

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

INCOME STATEMENT – SUMMARY BY QUARTER

(in € million)	2014 Q3	2014 Q2	2014 Q1[1]	2013 Q3[1]	2013 Q2[1]	2013 Q1[1]
Interest income	2 221	2 270	2 275	2 422	2 458	2 597
Interest expense	1 724	1 767	1 783	1 920	1 982	2 099
Net interest income	**497**	**503**	**492**	**502**	**476**	**498**
Loan loss provisions	240	124	100	210	191	241
Commission income	69	77	70	68	64	67
Commission expense	29	33	30	21	23	31
Net commission income	**40**	**44**	**40**	**47**	**41**	**36**
Trading profit/loss	139	213	168	1	– 51	– 83
Profit/loss from the use of the fair value option	– 148	– 135	– 176	– 39	149	86
Profit/loss from financial instruments at fair value through profit or loss	**– 9**	**78**	**– 8**	**– 38**	**98**	**3**
Profit/loss from hedge accounting	8	22	13	– 10	16	– 15
Profit/loss from financial assets	16	15	35	6	– 44	40
Profit/loss from investments accounted for using the equity method	– 14	– 4	– 4	6	8	10
Administrative expenses	272	266	291	277	281	294
Other operating profit/loss	2	– 60	– 24	3	43	– 67
Earnings before reorganisation and taxes	**28**	**208**	**153**	**29**	**166**	**– 30**
Reorganisation expenses	– 12	– 2	– 10	– 6	– 13	– 5
Expenses for public guarantees related to reorganisation	–	– 9	10	11	11	11
Earnings before taxes	**16**	**215**	**133**	**12**	**142**	**– 46**
Income taxes	8	64	41	– 13	23	– 14
Consolidated profit	**8**	**151**	**92**	**25**	**119**	**– 32**
of which: attributable to the owners of NORD/LB	50	166	113	24	90	– 33
of which: attributable to non-controlling interests	– 42	– 15	– 21	1	29	1

[1] Some previous year's figures were adjusted as you can see at 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.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013[1] (in € million)	Change (in %)
Consolidated profit	**251**	**112**	**> 100**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit liability	– 594	12	> 100
Changes in value of investments accounted for using the equity method recognised directly in equity	6	– 1	> 100
Deferred taxes	188	– 4	> 100
	– 400	**7**	**> 100**
Other comprehensive income that will be reclassified subsequently to profit or loss			
Increase / decrease from available for sale (AfS) financial instruments			
Unrealised profit / losses	377	210	80
Transfer due to realisation profit / loss	11	10	10
Translation differences of foreign business units			
Unrealised profit / losses	69	– 14	> 100
Changes in value of investments accounted for using the equity method recognised directly in equity	47	– 24	> 100
Deferred taxes	– 135	– 59	> 100
	369	**123**	**> 100**
Other profit / loss	**– 31**	**130**	**> 100**
Comprehensive income for the period under review	**220**	**242**	**– 9**
of which: attributable to the owners of NORD/LB	284	211	
of which: attributable to non-controlling interests	– 64	31	

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

STATEMENT OF COMPREHENSIVE INCOME – SUMMARY BY QUARTER

(in € million)	2014 Q3	2014 Q2	2014 Q1[1]	2013 Q3[1]	2013 Q2[1]	2013 Q1[1]
Consolidated profit	**8**	**151**	**92**	**25**	**119**	**– 32**
Other comprehensive income that will not be reclassified subsequently to profit or loss						
Remeasurements of the net defined benefit liability	– 236	– 156	– 202	2	8	2
Changes in value of investments accounted for using the equity method recognised directly in equity	17	– 6	– 5	1	– 1	– 1
Deferred taxes	75	49	64	1	– 5	–
	– 144	**– 113**	**– 143**	**4**	**2**	**1**
Other comprehensive income that will be reclassified subsequently to profit or loss						
Increase/decrease from available for sale (AfS) financial instruments						
Unrealised profit/losses	13	133	231	62	– 16	164
Transfer due to realisation profit/loss	4	5	2	1	6	3
Translation differences of foreign business units						
Unrealised profit/losses	58	9	2	– 16	– 13	15
Changes in value of investments accounted for using the equity method recognised directly in equity	19	13	15	–	– 19	– 5
Deferred taxes	– 17	– 42	– 76	– 10	3	– 52
	77	**118**	**174**	**37**	**– 39**	**125**
Other profit/loss	**– 67**	**5**	**31**	**41**	**– 37**	**126**
Comprehensive income for the period under review	**– 59**	**156**	**123**	**66**	**82**	**94**
of which: attributable to the owners of NORD/LB	– 11	150	145	58	58	95
of which: attributable to non-controlling interests	– 48	6	– 22	8	24	– 1

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

BALANCE SHEET

Assets	Notes	30 Sep. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Cash reserve		368	1 311	– 72
Loans and advances to banks	17	25 099	27 481	– 9
Loans and advances to customers	18	107 545	107 604	–
Risk provisioning	19	– 2 594	– 2 246	– 15
Balancing items for financial instruments hedged in the fair value hedge portfolio		17	– 171	> 100
Financial assets at fair value through profit or loss	20	15 445	13 541	14
Positive fair values from hedge accounting derivatives		3 861	3 872	–
Financial assets	21	45 242	47 043	– 4
Investments accounted for using the equity method	22	344	306	12
Property and equipment	23	576	623	– 8
Investment property		79	101	– 22
Intangible assets	24	132	136	– 3
Current income tax assets		32	69	– 54
Deferred income taxes		779	741	5
Other assets		379	412	– 8
Total assets		**197 304**	**200 823**	**– 2**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

Liabilities	Notes	30 Sep. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Liabilities to banks	25	58 690	59 181	– 1
Liabilities to customers	26	57 664	54 859	5
Securitised liabilities	27	42 301	50 228	– 16
Balancing items for financial instruments hedged in the fair value hedge portfolio		972	351	> 100
Financial liabilities at fair value through profit or loss	28	17 488	15 131	16
Negative fair values from hedge accounting derivatives		3 938	3 344	18
Provisions	29	2 732	4 304	– 37
Current income tax liabilities		109	116	– 6
Deferred income taxes		88	48	83
Other liabilities		506	379	34
Subordinated capital	30	4 864	4 713	3
Equity				
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		2 031	2 052	– 1
Revaluation reserve		362	122	> 100
Currency translation reserve		– 7	– 6	– 17
Equity capital attributable to the owners of NORD/LB		**7 325**	**7 107**	**3**
Equity capital attributable to non-controlling interests		627	1 062	– 41
		7 952	**8 169**	**– 3**
Total liabilities and equity		**197 304**	**200 823**	**– 2**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

CONDENSED STATEMENT OF CHANGES IN EQUITY

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2014	**1 607**	**3 332**	**2 052**	**122**	**– 6**	**7 107**	**1 062**	**8 169**
Comprehensive income for the period under preview	–	–	37	240	7	284	– 64	220
Distribution	–	–	– 1	–	–	– 1	– 1	– 2
Changes in the basis of consolidation	–	–	– 57	–	– 8	– 65	– 370	– 435
Equity as at 30 Sep. 2014	**1 607**	**3 332**	**2 031**	**362**	**– 7**	**7 325**	**627**	**7 952**

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2013	**1 607**	**3 332**	**2 011**	**– 95**	**– 3**	**6 852**	**848**	**7 700**
Adjustments according to IAS 8	–	–	– 154	–	–	– 154	154	–
Adjusted equity as at 1 Jan. 2013	**1 607**	**3 332**	**1 857**	**– 95**	**– 3**	**6 698**	**1 002**	**7 700**
Comprehensive income for the period under preview	–	–	77	136	– 2	211	31	242
Equity as at 30 Sep. 2013	**1 607**	**3 332**	**1 934**	**41**	**– 5**	**6 909**	**1 033**	**7 942**

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.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	**1 311**	**665**	**97**
Cash flow from operating activities	– 451	53	> 100
Cash flow from investing activities	– 216	– 24	> 100
Cash flow from financing activities	– 284	– 228	25
Total cash flow	**– 951**	**– 199**	**> 100**
Effects of changes in exchange rates	8	– 2	> 100
Cash and cash equivalents as at 30 September	**368**	**464**	**– 21**

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

SELECTED NOTES

General Disclosures

(1) Principles for preparing the interim Consolidated financial statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 September 2014 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 2013.

The interim consolidated financial statements as at 30 September 2014 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 18 November 2014 and approved for publication.

(2) Accounting policies

The accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 2013 unless specified otherwise.

In the period under review consideration has been given to the following amendments to the standards which were first applied as at 1 January 2014 for the NORD/LB Group:

- **IFRS 10 – Consolidated Financial Statements**

  The IFRS 10 published in May 2011 has changed the definition of control and created standard rules for determining control both for subsidiaries and for structured entities which form the basis for assessing the consolidation requirement. According to this, control is given when the potential parent company has decision-making power over relevant activities of the potential subsidiary, it is exposed to the positive or negative variable flows from the potential subsidiary or has rights to these, and the amount of these flows can be influenced by its decision-making power. The standard replaces the regulations of the former IAS 27 and SIC 12 that relate to this.

  The NORD/LB Group prepared for the first application of IFRS 10 starting in August 2011 within the scope of a project. However, the importance of traditional credit collateralisation rights in relation to the borrower under the new definition of control of IFRS 10 is the subject of international debate. At the time these interim consolidated financial statements were prepared, a common view had not yet been established in all areas.

  The initial application of IFRS 10 with retrospective effect results in the changes disclosed in Note (3) Adjustment of figures for the previous year and in Note (4) Basis of consolidation.

- **IFRS 11 – Joint Arrangements**

  IAS 31 – Interests in joint ventures was replaced by IFRS 11, which was published in May 2011 and is applicable from 1 January 2014. This regulates the recognition of facts when an entity has joint control over a joint venture or runs a joint operation. Compared to the current standard, there are two significant changes. Firstly, for the consolidation of joint ventures the option of proportionate consolidation has been abolished, i.e. consolidation is only allowed based on the equity method as in IAS 28. Secondly, the new category of joint operations has been introduced. In this case the assets and liabilities of the joint operation allocatable to the Group will be recognised in the consolidated financial statements.

  The initial application of IFRS 11 with retrospective effect does not result in any need for adjustments to NORD/LB's interim consolidated financial statements.

- **IFRS 12 – Disclosure of Interests in Other Entities**

  The new IFRS 12 condenses the disclosure requirements related to subsidiaries, joint ventures, associated companies and unconsolidated structured entities in one standard. The objective is the disclosure of information on the nature of control over the aforementioned companies and the associated risks and the effects resulting from the control on the balance sheet, income statement and cash flow.

  IFRS 12 results in extended disclosure requirements which need to be considered for the first time NORD/LB's consolidated financial statements as at 31 December 2014. These concern in particular the disclosures relating to unconsolidated structured entities.

- **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  In June 2012 the IASB published amendments which substantiate and clarify the transition regulations in IFRS 10 – Consolidated financial statements. In addition, some relief is granted with only the reference figures for the immediately preceding reference period having to be adjusted and the disclosure requirement of comparative information on non-consolidated special purpose entities upon initial application of IFRS 12 being struck.

  The transition guidance simplifies matters for the NORD/LB Group with the initial application of the new consolidation regulations.

- **IAS 28 (amended 2011) – Investments in Associates and Joint Ventures**

  In May 2011 the IASB published the revised IAS 28 – Investments in Associates and Joint Ventures. This standard includes rules on the use of the equity method for the accounting of investments in associates and joint ventures. This is primarily a consequential amendment to extend the scope in conjunction with IFRS 11.

  The amendment to IAS 28 has not resulted in any changes for the NORD/LB Group.

- **Amendments to IAS 32 – Offsetting of Financial Assets and Financial Liabilities**

  In December 2011 the IASB clarified its requirements for the offsetting of financial instruments with the publication of amendments to IAS 32 – Financial instruments: Presentation. The amendments essentially put guidelines regarding application into more specific terms and should eliminate the current inconsistencies regarding the application of the offsetting criteria. In particular the meaning of "currently has a legally enforceable right of set-off" and the conditions for systems with gross settlement as an equivalent to net settlement are explained.

In connection with application of the amendments of IAS 32, the gross amounts of the financial assets and liabilities offset in the balance sheet and the financial assets and liabilities that are not offset and are the object of netting agreements are reported in Note (33) Offsetting of financial assets and liabilities in the interim consolidated financial statements as at 30 September 2014.

- **Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting**
  With the amendments to IAS 39 – Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting published in June 2013, the IASB makes it clear that the novation of a derivative with a central counterparty is to be reported as a derecognition of the original derivative and an addition of the novated derivative. A novation is an agreement between the contract parties of a derivative, that one or more central counterparties replace the original counterparties to become a new counterparty for each original contract party. The term central counterparty also includes companies, for example members of a clearing house or clearing companies or customers of both, which act as a contract party in order to achieve the settlement of a payment (clearing) by a central counterparty. With the novation of a derivative, under certain conditions the hedge relationship can continue despite the change in counterparty.

  The application of this new rule had no effect on NORD/LB's interim consolidated financial statements.

- **Amendments to IAS 36 – Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets**
  With these amendments the disclosure of the recoverable amount of cash-generating units implemented with IFRS 13 was corrected. In addition new disclosure requirements were introduced for when there is an impairment or reversal of impairment and the recoverable amount has been calculated based on the fair value less the costs of the disposal.

  The amendment of IAS 36 does not have any effect on the interim consolidated financial statements as at 30 September 2014.

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 were adjusted in these interim consolidated financial statements on the basis of IAS 8.42 in the following areas:

In the financial year 2013 there was a change in the reporting of the equity components of the sub-group Öffentliche Versicherung Braunschweig (ÖVBS). Part of the portfolio, which was reported in the past as Equity attributable to the owners of NORD/LB, is now reported under non-controlling interests. The adjustments in the interim consolidated financial statements therefore only concern the breakdown of consolidated profit and the consolidated comprehensive income as at 30 September 2013.

In addition, since the second quarter of 2014 requirements for the presentation of non-controlling interests for partnerships of IAS 32 AG 29 (A) have applied. Accordingly non-controlling interests for partnerships are to be reported as liabilities in the consolidated financial statements. 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.

The initial application of IFRS 10 with retrospective effect has also resulted in changes in the figures for the previous year.

The effects of the changes described above are shown below.

Adjustment of figures reported as at 1 January 2013:

1 Jan. 2013 (in € million)	Prior to adjustment	Adjustment IFRS 10	Adjustment IAS 8	After adjustment
Assets				
Loans and advances to customers	114 577	– 15	–	114 562
Risk provisioning	– 1 949	2	–	– 1 947
Other assets	649	13	–	662
Total assets	**225 550**	**–**	**–**	**225 550**
Liabilities				
Retained earnings	2 011	–	– 154	1 857
Equity capital attributable to the owners of NORD/LB	6 852	–	– 154	6 698
Equity capital attributable to non-controlling interests	848	–	154	1 002
Equity	**7 700**	**–**	**–**	**7 700**
Total liabilities	**225 550**	**–**	**–**	**225 550**

Adjustment of figures reported as at 31 December 2013:

31 Dec. 2013 (in € million)	Prior to adjustment	Adjustment IFRS 10	Adjustment IAS 8	After adjustment
Assets				
Loans and advances to customers	107 661	– 57	–	107 604
Risk provisioning	– 2 248	2	–	– 2 246
Property and equipment	601	22	–	623
Other assets	401	11	–	412
Total assets	**200 845**	**– 22**	**–**	**200 823**
Liabilities				
Liabilities to customers	54 861	– 2	–	54 859
Provisions	4 303	1	–	4 304
Retained earnings	2 220	– 21	– 147	2 052
Equity capital attributable to the owners of NORD/LB	7 275	– 21	– 147	7 107
Equity capital attributable to non-controlling interests	915	–	147	1 062
Equity	**8 190**	**– 21**	**–**	**8 169**
Total liabilities	**200 845**	**– 22**	**–**	**200 823**

Adjustment of the breakdown of the consolidated profit and the comprehensive income for the period 1 January to 30 September 2013:

1 Jan. – 30 Sep. 2013 (in € million)	Prior to adjustment	Adjustment IAS 8 [1]	After adjustment
Consolidated profit			
of which: attributable to the owners of NORD/LB	87	– 6	81
of which: capital attributable to non-controlling interests	25	6	31
Comprehensive income for the period under review			
of which: attributable to the owners of NORD/LB	215	– 4	211
of which: capital attributable to non-controlling interests	27	4	31

[1] Of € 6 million accounted € 6 million to the adjustment of previous year figures related to the subgroup Öffentliche Versicherung Brauschweig.
Of € – 4 million accounted € – 5 million to the adjustment of previous year figures related to the subgroup Öffentliche Versicherung Brauschweig.

Adjustment of the breakdown of the consolidated profit and the comprehensive income by quarter:

			Q3 2013			Q2 2013			Q1 2013
(in € million)	Prior to adjust-ment	Adjust-ment IAS 8	After adjust-ment	Prior to adjust-ment	Adjust-ment IAS 8	After adjust-ment	Prior to adjust-ment	Adjust-ment IAS 8	After adjust-ment
Consolidated profit									
of which: attributable to the owners of NORD/LB	18	6	24	97	– 7	90	– 28	– 5	– 33
of which: capital attributable to non-controlling interests	7	– 6	1	22	7	29	– 4	5	1
Comprehensive income for the period under review									
of which: attributable to the owners of NORD/LB	52	6	58	69	– 11	58	94	1	95
of which: capital attributable to non-controlling interests	14	– 6	8	13	11	24	–	– 1	– 1

As IAS 32 AG 29(A) applied for the first time for the presentation of non-controlling interests in partnerships in the second quarter of 2014, in addition figures for the previous year being adjusted, breakdown of the profit for the first quarter of 2014 has also been adjusted. Accordingly, after the adjustment for the first quarter € 113 million (€ 112 million before the adjustment) of the consolidated profit is attributable to the owners of NORD/LB and € – 21 million (€ – 20 million before the adjustment) to non-controlling interests. Of the comprehensive income for the first quarter, after the adjustment € 145 million is attributable to the owners of NORD/LB (€ 144 million before the adjustment) and € – 22 million to non-controlling interests (€ – 21 million before the adjustment).

The respective adjustments were also taken into account in the notes for the following items: (18) Loans and advances to customers, (19) Risk provisioning, (23) Property and equipment, (27) Liabilities to customers, (29) Provisions and (31) Fair values of financial instruments.

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the interim consolidated financial statements include 46 (31 December 2013: 57) 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 2 (31 December 2013: 1) joint ventures and 12 (31 December 2013: 10) associated companies are accounted for using the equity method.

Due to the initial retrospective application of IFRS 10, the following companies were included for the first time in the basis of consolidation in the first quarter. MS “Hedda Schulte” Shipping GmbH & Co. KG, Hamburg; Niraven B.V. Group, Amsterdam (6 companies). The companies are associated with credit commitments by the NORD/LB Group.

In addition, Capital Management GmbH, Hanover, was merged in February 2014 with the fully-consolidated and renamed company NORD/LB Asset Management AG (formerly NORD/LB Kapitalanlagegesellschaft AG), Hanover.

Due to the discontinuation of business activities, the previously fully-consolidated NORD/LB G-MTN S. A., Luxembourg Findel, has been deconsolidated with effect of 1 April 2014.

In addition, amendments to the statutes of Öffentliche Lebensversicherung Braunschweig (ÖVB Leben), Braunschweig, and Öffentliche Sachversicherung Braunschweig (ÖVB Sach), Braunschweig, have resulted in a loss of control. As a result the two previously fully-consolidated companies will be accounted for as associated companies using the equity method in a transitional consolidation period with effect of 30 September 2014. The resulting values using the equity method as at the reporting date are € 1 million for ÖVB Leben and € 44 million for ÖVB Sach. The associated subsidiaries Braunschweig-Informationstechnologie-GmbH, Braunschweig, Öffentliche Facility Management GmbH, Braunschweig, Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig, Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig and the investment funds NORD/LB AM OELB and NORD/LB AM OESB have been deconsolidated with effect of 30 September 2014.

Furthermore, the joint venture caplantic GmbH, Hanover, was consolidated for the first time with effect of 1 January 2014 using the equity method.

The effects resulting from the changes to the basis of consolidation have no significant impact on the Group’s assets, financial and earnings position.

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 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 offered 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 profit centres 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 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:

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 the 30 September 2014 the current results of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are also recognised here (see also Note (4) Basis of consolidation).

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 & Markets

The business segment includes, for the Corporate Customers Division, all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and in neighbouring regions, and in particular Agricultural Banking and Residential Housing. The Markets Division 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.

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. This division also provides its customers with a professional, conceptual liquidity and risk management, measures for the structuring of equity and innovative financing instruments.

Alternative products which are detached from retail banking including derivatives are also 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 with assets in German or foreign real estate, ships or 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 and 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 and Aircraft Customers

In this business segment the national and international activities of Nord/LB and Bremer Landesbank in ship and aircraft financing are reported. The customers of the Ship and Aircraft 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 or aircraft 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.

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 are offered.

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 € 18 million in the third quarter of 2014.

Positive contributions were made by net interest income in the amount of € 144 million, and in particular € 178 million from Financial Markets activities recorded here and approx. € –49 million from consolidations. Also recognised in this segment under risk provisioning are reversals, primarily related to the consolidations, in the amount of approx. € 49 million.

Net commission income had a negative effect in the amount of € –34 million, due in particular to guarantees relating to securitisation transactions and consolidations. The profit / loss from financial instruments at fair value is positive in the amount of € 44 million due in particular to the central valuation effects reported here; variables are interest-rate and credit-rating-induced valuation effects valuation effects with derivatives, US-$ / € base spread changes for currency derivatives and valuation result due to fair value option and NORD/LB's own credit spread. The profit / loss from hedge accounting had a positive effect in the amount of approx. € 43 million.

Also reported in this segment are the effects from the profit / loss from financial assets (€ 38 million, in particular from the sale of AfS items) and the profit / loss from investments accounted for using the equity method (€ – 22 million due to negative changes in the value of investments). In other operating profit / loss (€ – 50 million) the contributions from other Group companies (€ 28 million) and profits from service centres and general cost centres (€ 19 million) were unable to compensate for the negative contributions of consolidation items and the redemption of issued securities.

Administrative expenses in this business segment total € 169 million. Administrative expenses in this segment result in the amount of € 68 million from the Financial Markets activities reported here and € 38 million from other Group companies. Further administrative expenses (€ 131 million) in this segment are for projects covering the entire bank and non-allocated service centre costs. This was offset in part by consolidations in the amount of € – 68 million.

Furthermore, in the third quarter of 2014 reorganisation expenses (€ 24 million) and expenses related to public guarantees for reorganisation (€ 1 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 segment

30 Sep. 2014 (in € million)	Private and Commercial Customers	Corporate Customers & Markets	Energy and Infrastructure Customers	Ship and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	222	403	128	349	183	144	63	1 492
Loan loss provisions	– 3	11	– 4	474	35	– 49	– 1	464
Net interest income after loan loss provisions	**225**	**392**	**133**	**– 125**	**148**	**192**	**64**	**1 028**
Net commission income	26	78	40	29	3	– 34	– 17	124
Profit/loss from financial instruments at fair value through profit or loss	3	7	– 4	10	7	44	– 7	61
Profit/loss from hedge accounting	–	–	–	–	–	43	–	43
Profit/loss from financial assets	16	–	–	–	–	38	11	66
Profit/loss from investments accounted for using equity method	–	–	–	–	–	– 22	–	– 22
Administrative expenses	236	210	65	95	52	169	2	829
Other operating profit/loss	– 10	5	3	–	–	– 50	– 30	– 82
Profit/loss before reorganisation and taxes	**24**	**271**	**107**	**– 182**	**106**	**42**	**20**	**389**
Reorganisation expenses	–	–	–	–	–	– 24	–	– 24
Expenses for public guarantees related to reorganisation	–	–	–	–	–	1	–	1
Earnings before taxes (EBT)	**24**	**271**	**107**	**– 182**	**106**	**18**	**20**	**364**
Taxes	–	–	–	–	–	–	113	113
Consolidated profit	**24**	**271**	**107**	**– 182**	**106**	**18**	**– 94**	**251**
Segment assets	7 894	61 887	14 878	27 471	16 348	68 440	385	197 304
of which: investments at equity	44	–	–	–	–	299	–	344
Segment liabilities	7 294	49 823	3 154	5 126	566	129 041	2 300	197 304
Risk-weighted assets	4 742	16 961	7 204	41 911	10 030	10 980	– 23 516	68 313
Capital employed [1]	388	1 346	576	3 354	788	1 495	– 691	7 255
CIR	97.8 %	42.8 %	38.8 %	24.5 %	26.8 %			51.3 %
RoRaC/RoE [2]	6.7 %	24.3 %	21.7 %	– 7.2 %	15.2 %			6.7 %

30 Sep. 2013 (in € million)	Private and Commercial Customers	Corporate Customers & Markets	Energy and Infrastructure Customers	Ship and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	214	371	117	379	190	161	44	1 476
Loan loss provisions	– 3	39	6	476	55	101	– 32	642
Net interest income after loan loss provisions	**218**	**331**	**111**	**– 97**	**135**	**60**	**76**	**833**
Net commission income	28	71	40	23	6	– 16	– 28	124
Profit/loss from financial instruments at fair value through profit or loss	5	65	10	16	16	– 42	– 7	63
Profit/loss from hedge accounting	–	–	–	–	–	– 8	– 1	– 9
Profit/loss from financial assets	13	–	–	–	–	15	– 25	2
Profit/loss from investments accounted for using equity method	–	–	–	–	–	24	–	24
Administrative expenses	241	212	59	86	52	191	10	852
Other operating profit/loss	34	6	3	– 3	–	– 29	– 32	– 21
Profit/loss before reorganisation and taxes	**57**	**261**	**104**	**– 147**	**105**	**– 188**	**– 28**	**165**
Reorganisation expenses	–	–	–	–	–	– 24	–	– 24
Expenses for public guarantees related to reorganisation	–	–	–	–	–	33	–	33
Earnings before taxes (EBT)	**57**	**261**	**104**	**– 147**	**105**	**– 245**	**– 28**	**108**
Taxes	–	–	–	–	–	–	– 4	– 4
Consolidated profit	**57**	**261**	**104**	**– 147**	**105**	**– 245**	**– 23**	**112**
Segment assets (31 Dec. 2013)	10 801	65 457	14 047	26 335	16 374	67 583	226	200 823
of which: investments at equity	–	–	–	–	–	306	–	306
Segment liabilities (31 Dec. 2013)	11 145	43 364	2 952	4 974	733	136 308	1 346	200 823
Risk-weighted assets	5 640	15 367	7 218	43 386	13 605	13 731	– 28 186	70 762
Capital employed [1)]	474	1 233	577	3 471	1 088	1 073	– 255	7 660
CIR	85.5 %	41.3 %	34.9 %	20.7 %	24.5 %			51.4 %
RoRaC/RoE [2)]	16.0 %	20.8 %	18.5 %	– 5.6 %	11.1 %			1.9 %

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

(in € million)	30 Sep. 2014	30 Sep. 2013
Long-term equity under commercial law	7 255	7 660
Revaluation reserve	362	130
Earnings after Taxes	335	150
Reported equity	**7 952**	**7 940**

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

[2)] Business segment RoRaC:
(earnings before taxes/3*4) / committed core capital
(8 per cent of the higher value of the RWA limit
and the amount called on) Group RoE:
(earnings before taxes/3*4) / long-term equity under commercial law
(= reported equity – revaluation reserve – earnings after taxes)

Notes to the Income Statement

(6) Net interest income

The items interest income and interest expenses comprise interest received and paid, deferred interest and pro-rata reductions in 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.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	2 908	3 180	– 9
Interest income from debt securities and other fixed-interest securities	636	746	– 15
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	2 736	3 119	– 12
Interest income from fair value option	38	40	– 5
Current income			
from shares and other non fixed-interest securities	17	9	89
from investments	12	8	50
Interest income from other amortisations	418	374	12
Other interest income and similar income	1	1	–
	6 766	**7 477**	**– 10**
Interest expenses			
Interest expenses from lending and money market transactions	1 461	1 621	– 10
Interest expenses from securitised liabilities	591	859	– 31
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit/loss and hedge accounting derivatives	2 464	2 797	– 12
Interest expenses from fair value option	207	232	– 11
Interest expenses from subordinated capital	178	178	–
Interest expenses from other amortisations	310	255	22
Interest expenses from provisions and liabilities	55	53	4
Other interest expenses and similar expenses	8	6	33
	5 274	**6 001**	**– 12**
Total	**1 492**	**1 476**	**1**

(7) Loan loss provisions

	1 Jan. – 30 Sep. 2014 (in € million)	1 Jan. – 30 Sep. 2013 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowances	469	283	66
Reversal of lumpsum specific loan loss provisions	6	8	– 25
Reversal of general loan loss provisions	164	23	> 100
Reversal of provisions for lending business	55	43	28
Additions to receivables written off	24	17	41
	718	**374**	**92**
Expenses for loan loss provisions			
Allocation to specific valuation allowances	935	817	14
Allocation to lumpsum specific loan loss provisions	3	4	– 25
Allocation to general loan loss provisions	182	94	94
Allocation to provisions for lending business	31	34	– 9
Direct write-offs of bad debts	31	67	– 54
	1 182	**1 016**	**16**
Total	**464**	**642**	**– 28**

(8) Net commission income

	1 Jan. – 30 Sep. 2014 (in € million)	1 Jan. – 30 Sep. 2013 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	198	185	7
Commission income from non-banking transactions	18	14	29
	216	**199**	**9**
Commission expenses			
Commission expenses from banking transactions	69	53	30
Commission expenses from non-banking transactions	23	22	5
	92	**75**	**23**
Total	**124**	**124**	**–**

Commission income and commission expenses from non-banking transactions relate in particular to insurance business.

(9) Profit/loss from financial instruments at fair value through profit or loss

	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Trading profit/loss			
Profit/loss from debt securities and other fixed-interest securities	127	– 54	> 100
Profit/loss from shares and other non fixed-interest securities	–	3	– 100
Profit/loss from derivatives			
Interest-rate risks	250	– 128	> 100
Currency risks	10	– 50	> 100
Share-price and other price risks	– 7	35	> 100
Credit derivatives	44	54	– 19
	297	**– 89**	**> 100**
Profit/loss from receivables held for trading	119	– 23	> 100
Profit/loss from other trading transactions	–	2	– 100
	543	**– 161**	**> 100**
Foreign exchange result	– 27	24	> 100
Other income	4	4	–
	520	**– 133**	**> 100**
Profit/loss from the use of fair value option			
Profit/loss from receivables to customers and banks	14	– 11	> 100
Profit/loss from debt securities and other fixed-interest securities	68	– 50	> 100
Profit/loss from shares and other non fixed-interest securities	1	–	–
Profit/loss from liabilities to banks and customers	– 498	331	> 100
Profit/loss from securitised liabilities	– 45	– 75	40
Profit/loss from subordinated capital	1	1	–
	– 459	**196**	**> 100**
Total	**61**	**63**	**– 3**

(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 hedge instruments in effective fair value hedge relationships.

	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	432	– 275	> 100
from derivatives employed as hedging instruments	– 440	261	> 100
	– 8	**– 14**	**43**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	– 356	119	> 100
from derivatives employed as hedging instruments	407	– 114	> 100
	51	**5**	**> 100**
Total	**43**	**-9**	**> 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. – 30 Sep. 2014 (in € million)	1 Jan. – 30 Sep. 2013 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**1**	**– 23**	**> 100**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	61	40	53
shares and other non fixed-interest securities	4	15	– 73
Other financial assets classified as AfS	–	– 2	100
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	–	1	– 100
shares and other non fixed-interest securities	– 4	– 12	67
Other financial assets classified as AfS	5	– 5	> 100
	66	**37**	**78**
Profit/loss from shares in companies (not consolidated)	**– 1**	**– 12**	**92**
Total	**66**	**2**	**> 100**

(12) Administrative expenses

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

	1 Jan. – 30 Sep. 2014 (in € million)	1 Jan. – 30 Sep. 2013 (in € million)	Change (in %)
Staff expenses	459	459	–
Other administrative expenses	315	332	– 5
Amortisation	55	61	– 10
Total	**829**	**852**	**– 3**

(13) Other operating profit/loss

	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	311	281	11
from insurance business	422	440	– 4
from other business	122	114	7
	855	**835**	**2**
Other operating expenses			
from allocation to provisions	502	446	13
from insurance business	271	246	10
from other business	164	164	–
	937	**856**	**9**
Total	**– 82**	**– 21**	**> 100**

Income from reversal of provisions and expense from allocation to provisions primarily concern provisions relating to insurance business.

Other operating income from insurance contracts is primarily the result of premium income (€ 380 million (€ 364 million)) and income from insurance business (€ 18 million (€ 52 million)).

Income from other business includes income from the chartering of ships relating to restructuring commitments in lending business (€ 23 million (€ 28 million)), income from the disposal of receivables (€ 18 million (€ 47 million)), rental income from investment property (€ 10 million (€ 8 million)) and reimbursements of costs (€ 7 million (€ 7 million)).

Other operating expenses from insurance business mainly comprise indemnity expenses (€ 218 million (€ 195 million)) and expenses from deferred reinsurance contracts (€ 38 million (€ 36 million)).

Expenses from other business essentially comprise expenses from the repurchase of other liabilities (€ 42 million (€ 24 million)), expenses from the redemption of debt securities (€ 17 million (€ 36 million)), expenses to generate charter income from ships (€ 16 million (€ 20 million)) and expenses from the disposal of receivables (€ 6 million (€ 0 million)). Also included is unscheduled depreciation in the amount of € 9 million (€ 0 million), which is the result of a fall in the market value of ships due to the continuing crisis in the shipping market. The expenses from other business also include an amount of € 31 million (€ 37 million) provided for the bank levy set by the Restructuring Fund Act (Restrukturierungsfonds-Verordnung).

(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 € 23 million (€ 23 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

Expenses for public guarantees related to reorganisation concern the NORD/LB Group's capital-boosting programme. The reported amount of € 10 million (€ 33 million) is attributable to the payment of a premium for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt, which ended in the second quarter, and associated expenses for services. Also included is income in the amount of € 9 million (€ 0 million) from the partial reversal of a provision made in the previous year.

(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

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances resulting from money market-transactions			
German banks	2 309	4 415	– 48
Foreign banks	3 026	2 172	39
	5 335	**6 587**	**– 19**
Other loans and advances			
German banks			
Due on demand	1 021	1 253	– 19
With a fixed term or period of notice	14 719	15 803	– 7
Foreign Banks			
Due on demand	2 527	1 823	39
With a fixed term or period of notice	1 497	2 015	– 26
	19 764	**20 894**	**– 5**
Total	**25 099**	**27 481**	**– 9**

(18) Loans and advances to customers

	30 Sep. 2014 (in € million)	31 Dec. 2013 [1] (in € million)	Change (in %)
Loans and advances to customers resulting from money market transactions			
Domestic customers	1 293	1 846	– 30
Customers abroad	16	14	14
	1 309	**1 860**	**– 30**
Other loans and advances			
Domestic customers			
Due on demand	3 317	3 253	2
With a fixed term or period of notice	74 549	75 896	– 2
Customers abroad			
Due on demand	635	431	47
With a fixed term or period of notice	27 735	26 164	6
	106 236	**105 744**	**–**
Total	**107 545**	**107 604**	**–**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

(19) Risk provisioning

	30 Sep. 2014 (in € million)	31 Dec. 2013 [1)] (in € million)	Change (in %)
Specific valuation allowances	2 111	1 754	20
Lumpsum specific loan loss provisions	10	14	– 29
General loan loss provisions	473	478	– 1
Total	**2 594**	**2 246**	**15**

[1)] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

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

	Specific valuation allowance [1)]		Lumpsum specific loan loss provisions		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1 January	**1 757**	**1 491**	**14**	**19**	**478**	**437**	**124**	**136**	**2 373**	**2 083**
Allocations	935	817	3	4	182	94	31	34	1 151	949
Reversals	469	283	6	8	164	23	55	43	694	357
Utilisation	145	248	1	–	–	–	–	–	146	248
Unwinding	61	56	–	–	–	–	–	–	61	56
Effects of changes of foreign exchange rates and other changes	94	– 7	–	–	– 22	– 9	– 7	– 1	65	– 17
Changes in the basis of consolidation	–	–	–	–	– 1	–	–	–	– 1	–
30 September	**2 111**	**1 714**	**10**	**15**	**473**	**499**	**93**	**126**	**2 687**	**2 254**

[1)] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

(20) Financial assets at fair value through profit or loss

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	2 932	3 551	– 17
Shares and other non fixed-interest securities	49	46	7
Positive fair values from derivatives	8 723	6 603	32
Trading portfolio claims	1 946	2 320	– 16
	13 650	**12 520**	**9**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	251	246	2
Debt securities and other fixed-interest securities	1 544	765	> 100
Shares and other non fixed-interest securities	–	10	– 100
	1 795	**1 021**	**76**
Total	**15 445**	**13 541**	**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 variable-yield 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). Silent participations and participatory capital with loss sharing are allocated to the category AfS.

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Financial assets classified as LaR	**3 148**	**3 117**	**1**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	41 453	42 917	– 3
Shares and other non fixed-interest securities	160	536	– 70
Shares in companies (not consolidated)	354	348	2
Other financial assets classified as AfS	127	125	2
	42 094	**43 926**	**– 4**
Total	**45 242**	**47 043**	**– 4**

(22) Shares in companies accounted for using the equity method

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Joint ventures	21	26	– 19
Associated companies	323	280	15
Total	**344**	**306**	**12**

(23) Property and equipment

	30 Sep. 2014 (in € million)	31 Dec. 2013 [1] (in € million)	Change (in %)
Land and buildings	303	343	– 12
Operating and office equipment	55	59	– 7
Ships	198	209	– 5
Other property and equipment	20	12	67
Total	**576**	**623**	**– 8**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

(24) Intangible assets

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Software			
Purchased	17	20	– 15
Internally developed	47	64	– 27
	64	**84**	**– 24**
Intangible assets under development	53	39	36
Other intangible assets	15	13	15
Total	**132**	**136**	**– 3**

(25) Liabilities to banks

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Deposits from other banks			
German banks	1 360	2 046	– 34
Foreign banks	657	183	> 100
	2 017	**2 229**	**– 10**
Liabilities resulting from money market transactions			
German banks	19 129	18 128	6
Foreign banks	8 999	7 809	15
	28 128	**25 937**	**8**
Other liabilities			
German banks			
Due on demand	2 292	2 671	– 14
With a fixed term or period of notice	21 751	22 374	– 3
Foreign banks			
Due on demand	1 538	2 037	– 24
With a fixed term or period of notice	2 964	3 933	– 25
	28 545	**31 015**	**– 8**
Total	**58 690**	**59 181**	**– 1**

(26) Liabilities to customers

	30 Sep. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 653	1 558	6
Customers abroad	16	18	– 11
With an agreed notice period of more than three months			
Domestic customers	108	343	– 69
Customers abroad	1	2	– 50
	1 778	**1 921**	**– 7**
Liabilities resulting from money market transactions			
Domestic customers	10 781	8 164	32
Customers abroad	1 371	2 172	– 37
	12 152	**10 336**	**18**
Other liabilities			
Domestic costumers			
Due on demand	13 653	11 738	16
With a fixed term or period of notice	28 022	29 309	– 4
Customers abroad			
Due on demand	675	692	– 2
With a fixed term or period of notice	1 384	863	60
	43 734	**42 602**	**3**
Total	**57 664**	**54 859**	**5**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

(27) Securitised liabilities

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Issued debt securities			
Pfandbriefe	9 922	8 947	11
Municipal debentures	10 696	13 417	– 20
Other debt securities	19 682	25 730	– 24
	40 300	**48 094**	**– 16**
Money market instruments			
Commercial paper	1 686	1 790	– 6
Certificates of deposit	315	344	– 8
	2 001	**2 134**	**– 6**
Total	**42 301**	**50 228**	**– 16**

Repurchased debt securities issued by the Bank itself have been directly deducted from securitised liabilities in the amount of € 4,695 million (€ 6,984 million).

(28) Financial liabilities at fair value through profit or loss

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	8 657	6 178	40
Delivery obligations from short-sales	177	110	61
	8 834	**6 288**	**40**
Financial liabilities designated at fair value			
Liabilities to banks and customers	6 080	5 680	7
Securitised liabilities	2 549	3 138	– 19
Subordinated capital	25	25	–
	8 654	**8 843**	**– 2**
Total	**17 488**	**15 131**	**16**

(29) Provisions

	30 Sep. 2014 (in € million)	31 Dec. 2013 [1] (in € million)	Change (in %)
Provisions for pensions and other obligations	2 383	1 955	22
Other provisions	349	2 349	– 85
Total	**2 732**	**4 304**	**– 37**

[1] Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

Other provisions include provisions for reorganisation measures in the amount of € 8 million (€ 11 million) and provisions for insurance contracts in the amount of € 0 million (€ 1,943 million).

(30) Subordinated capital

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Subordinated liabilities	3 689	3 540	4
Participatory capital	185	209	– 11
Silent participations	990	964	3
Total	**4 864**	**4 713**	**3**

Other Disclosures

(31) Fair values of financial instruments

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.

Market data which forms the basis of risk controlling is generally applied for these Level 2 measurements.

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 with a mark-to-matrix method that is based on discounted cash flows. For discounted-cashflow-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 consistently 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.

Level 2 financial instruments include trading assets and liabilities, hedge accounting derivatives, financial assets and liabilities designated at fair value and financial assets recognised at fair value.

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, this method employs models specific to the bank or 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 asset-backed securities (ABS)/mortgage-backed securities (MBS) for which the market has been classified as being inactive. 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.

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). In addition, the option to calculate the counterparty risk (CVA/DVA) on the basis of the net risk position in accordance with IFRS 13.48 is exercised.

All measurement models applied in the Group are reviewed periodically. 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.

The fair values of financial instruments are compared with their carrying amounts in the following table.

(in € million)	Fair Value 30 Sep. 2014	Carrying amount 30 Sep. 2014	Difference 30 Sep. 2014	Fair Value 31 Dec. 2013	Carrying amount 31 Dec. 2013	Difference 31 Dec. 2013
Assets						
Cash reserve	368	368	–	1 311	1 311	–
Loans and advances to banks	25 467	25 104	363	28 216	27 481	735
Loans and advances to customers	109 047	107 545	1 502	106 399	107 604	– 1 205
Risk provisioning	– [1]	– 2 594	–	– [1]	– 2 246	–
Sub-total of loans and advances to banks / customers (net after loan loss provisions)	**134 514**	**130 055**	**4 459**	**134 615**	**132 839**	**1 776**
Balancing items for financial instruments hedged in the fair value hedge portfolio	– [2]	17	–	– [2]	– 171	–
Financial assets at fair value through profit or loss	16 526	16 526	–	13 541	13 541	–
Positive fair values from hedge accounting derivatives	4 615	4 615	–	3 872	3 872	–
Financial assets not reported at fair value	2 943	3 148	– 205	2 864	3 164	– 300
Financial assets reported at fair value	42 094	42 094	–	43 879	43 879	–
Other assets not reported at fair value	42	42	–	17	17	–
Other assets reported at fair value	26	26	–	25	25	–
Total	**201 128**	**196 891**	**4 237**	**200 124**	**198 477**	**1 647**
Liabilities						
Liabilities to banks	59 972	58 891	1 081	59 836	59 181	655
Liabilities to customers	60 503	57 664	2 839	57 177	54 859	2 318
Securitised liabilities	43 309	42 301	1 008	51 116	50 228	888
Balancing items for financial instruments hedged in the fair value hedge portfolio	– [2]	972	–	– [2]	351	–
Financial liabilities at fair value through profit or loss	18 429	18 429	–	15 131	15 131	–
Negative fair values from hedge accounting derivatives	4 636	4 636	–	3 344	3 344	–
Other liabilities not reported at fair value	82	82	–	44	44	–
Other liabilities reported at fair value	1	1	–	–	–	–
Subordinated capital	5 376	4 864	512	5 037	4 713	324
Total	**192 308**	**187 840**	**5 440**	**191 685**	**187 851**	**4 185**

[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.

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 balances reported in the notes are gross, while in the balance sheet balances are offset in accordance with IAS 32.40. The total reported netting volume of € 1,840 million includes the market values of derivatives and associated equalisation payments in loans and advances to banks / liabilities to banks. While the netting on the assets side relates to positive market values in the amount of € 1,835 million and receivables from equalisation payments in the amount of € 5 million, the netting on the liabilities side relates to negative market values in the amount of € 1,639 million and liabilities from equalisation payments in the amount of € 201 million.

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

(in € million)	Level 1 30 Sep. 2014	Level 1 31 Dec. 2013	Level 2 30 Sep. 2014	Level 2 31 Dec. 2013	Level 3 30 Sep. 2014	Level 3 31 Dec. 2013	Summe 30 Sep. 2014	Summe 31 Dec. 2013
Assets								
Assets held for trading	1 749	1 569	12 875	10 935	107	16	14 731	12 520
Debt securities and other fixed-interest securities	1 700	1 519	1 232	2 032	–	–	2 932	3 551
Shares and other non fixed-interest securities	49	46	–	–	–	–	49	46
Positive fair values from derivatives	–	4	9 803	6 599	1	–	9 804	6 603
– Interest-rate risks	–	1	8 886	5 697	–	–	8 886	5 698
– Currency risks	–	3	735	720	–	–	735	723
– Share-price and other price risks	–	–	165	169	–	–	165	169
– Credit derivatives	–	–	17	13	1	–	18	13
Trading portfolio claims	–	–	1 840	2 304	106	16	1 946	2 320
Financial assets as at fair value through profit or loss	773	111	1 022	910	–	–	1 795	1 021
Loans and advances to banks and customers	–	–	251	246	–	–	251	246
Financial assets	773	111	771	664	–	–	1 544	775
Debt securities and other fixed-interest securities	773	101	771	664	–	–	1 544	765
Shares and other non fixed-interest securities	–	10	–	–	–	–	–	10
Positive fair values from hedge accounting derivatives	–	–	4 615	3 872	–	–	4 615	3 872
Positive fair values from employed micro fair value hedge derivatives	–	–	2 449	2 116	–	–	2 449	2 116
– Interest-rate risks	–	–	2 292	1 948	–	–	2 292	1 948
– Currency risks	–	–	157	168	–	–	157	168
Positive fair values from employed micro fair value hedge derivatives	–	–	2 166	1 756	–	–	2 166	1 756
– Interest-rate risks	–	–	2 166	1 756	–	–	2 166	1 756
Financial assets at fair value	13 196	9 259	28 487	34 213	411	407	42 094	43 879
Debt securities and other fixed-interest securities	13 015	8 681	28 433	34 147	5	57	41 453	42 885
Shares and other non fixed-interest securities	126	527	34	9	–	–	160	536
Shares in companies (not consolidated)	55	43	20	25	279	227	354	295
Other financial assets classified as AfS	–	8	–	32	127	123	127	163
Other assets recorded at for value	17	17	9	8	–	–	26	25
Total	**15 735**	**10 956**	**47 008**	**49 938**	**518**	**423**	**63 261**	**61 317**

(in € million)	Level 1 30 Sep. 2014	Level 1 31 Dec. 2013	Level 2 30 Sep. 2014	Level 2 31 Dec. 2013	Level 3 30 Sep. 2014	Level 3 31 Dec. 2013	Summe 30 Sep. 2014	Summe 31 Dec. 2013
Liabilities								
Trading liabilities	139	41	9 625	6 242	11	5	9 775	6 288
Negative fair values from derivatives relating to	3	4	9 584	6 169	11	5	9 598	6 178
– Interest-rate risks	–	2	7 950	5 664	11	–	7 961	5 666
– Currency risks	–	–	1 608	442	–	1	1 608	443
– Share-price and other price risks	3	2	2	1	–	–	5	3
– Credit derivatives	–	–	24	62	–	4	24	66
Delivery obligations from short-sales and other trading assets	136	37	41	73	–	–	177	110
Financial liabilities designated at fair value	30	100	8 615	8 735	9	8	8 654	8 843
Liabilities to banks and customers	–	–	6 080	5 680	–	–	6 080	5 680
Securitised liabilities	30	100	2 510	3 030	9	8	2 549	3 138
Subordinated capital	–	–	25	25	–	–	25	25
Negative fair values from hedge accounting derivatives	–	–	4 636	3 344	–	–	4 636	3 344
Negative fair values from employed micro fair value hedge derivatives	–	–	3 250	2 498	–	–	3 250	2 498
– Interest-rate risks	–	–	2 885	2 268	–	–	2 885	2 268
– Currency risks	–	–	365	230	–	–	365	230
Negative fair values from employed portfolio fair value hedge derivatives	–	–	1 386	846	–	–	1 386	846
– Interest-rate risks	–	–	1 386	846	–	–	1 386	846
Other liabilities reported at fair value	1	–	–	–	–	–	1	–
Total	**170**	**141**	**22 876**	**18 321**	**20**	**13**	**23 066**	**18 475**

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

1 Jan. – 30 Sep. 2014 (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						
Debt securities and other fixed-interest securities	1	–	29	–	–	–
Financial assets at fair value						
Debt securities and other fixed-interest securities	160	–	4 842	5	–	–
Shares and other non fixed-interest securities	9	–	–	–	–	–
Liabilities held for trading						
Negative fair values from derivatives relating to	–	–	–	–	–	3
– Credit derivatives	–	–	–	–	–	3
Designated financial liabilities reported at fair value						
Securitised liabilities	64	–	18	–	–	–

For asset-side financial instruments, a level assessment takes place on an individual transaction basis. 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. This is the result of the application of HFA 47, i.e. the examination of market activity on an individual transaction basis. HFA 47 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. In additional an improvement in the liquidity of financial assets has contributed to the transfer from Level 2 to Level 1.

The infrequency of transfers from Level 2 to Level 3 mean that there is insufficient market data for measurement.

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 regularly move between Level 1 and 2 due to a change in trading activity.

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					
	Positive fair values from derivatives Share-price and other price risks		Positive fair values from derivatives Credit derivatives		Loans and advances to trading and other trading assets	
(in € million)	2014	2013	2014	2013	2014	2013
1 January	**–**	**–**	**–**	**–**	**16**	**–**
Effect on the income statement [1]	–	–	–	–	13	–
Addition from purchase or issuance	–	133	1	–	92	–
Repayment/exercise	–	–	–	–	15	–
30 September	**–**	**133**	**1**	**–**	**106**	**–**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–	14	–

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) 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)	2014	2013	2014	2013	2014	2013
1 January	**57**	**60**	**227**	**217**	**123**	**146**
Effect on the income statement [1]	– 4	–	–	– 8	4	– 7
Effect on the equity capital (OCI)	13	– 5	11	– 1	–	– 1
Addition from purchase or issuance	–	–	41	11	–	–
Disposal from sale	65	–	–	4	–	–
Repayment/exercise	1	–	–	1	–	17
Addition from Level 1 and 2	5	1	–	–	–	–
Disposal to Level 1 and 2	–	3	–	–	–	–
30 September	**5**	**53**	**279**	**214**	**127**	**121**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–	4	– 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 (21) Net interest income and (26) Profit/loss from financial assets.

	Trading liabilities					
	Negative fair values from derivatives relating to Interest-rate risks		Negative fair values from derivatives relating to Currency risks		Negative fair values from derivatives relating to Credit derivatives	
(in € million)	2014	2013	2014	2013	2014	2013
1 January	**–**	**–**	**1**	**–**	**4**	**4**
Effect on the income statement [1]	–	–	– 1	–	– 1	– 2
Addition from purchase or issuance	11	–	–	–	–	–
Addition from Level 1 and 2	–	–	–	–	–	–
Disposal to Level 1 and 2	–	–	–	–	3	–
30 September	**11**	**–**	**–**	**–**	**–**	**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 (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

(in € million)	Designated financial liabilities reported at fair value Securitised liabilities 2014	2013
1 January	**8**	**–**
Effect on the income statement [1]	–	34
Addition from purchase or issuance	1	5
Addition from Level 1 and 2	–	253
Disposal to Level 1 and 2	–	–
30 September	**9**	**292**

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

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

Product	Fair value on balance sheet (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bonds	5	Intensity-Spread	14–58 basis points	33 basis points
Silent participations	112	Credit Spread	+/– 100 basis points	+/– 100 basis points
Participations	63	Adjusted Beta	+/– 60 basis points	+/– 600 basis points
Derivatives	– 10	Rating	Rating Class (25er DSGV-Skala) 8–12	averaged Rating 9.12
Loans	106	Rating	Rating Class (25er DSGV-Skala) 8–10	averaged Rating 8.84
Securitised liabilities	9	Historic volatility	–	–

Significant unobservable data in the fair value measurement of interest-bearing securities is the intensity spread, which is derived from the rating and associated probability of default. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the intensity spread was stressed in the measurement, with the rating being moved up and down a class. Accordingly an imputed change in the parameter would result in a change in the fair value of the interest-bearing securities in Level 3.

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 € 5 million (€ 6 million).

Significant unobservable data in the fair value measurement of silent participations is the adjusted beta. Significant changes in this input parameter result in a higher or lower fair value. As part of the sensitivity analysis, the adjusted beta was stressed in the measurement by increasing or reducing it by 0.1. Accordingly an imputed change in the parameter would result in a change in the fair value of investments in Level 3 of € 4 million (€ 4 million).

No credit default swaps have been measured on a mark-to-model basis. However, there are derivatives that have been measured as part of syndicated loans and allocated to Level 3. These involve futures transactions and interest and credit derivatives. There are also derivatives that have been allocated to Level 3 based on historic volatility.

Significant unobservable input data in the fair value measurement of these derivatives are the rating of the loan 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 € 1 million (€ 0 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 € 1 million (€ 0 million).

The sensitivity of the loans and derivatives of in each case approx. € 1 million (€ 0 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 (at individual transaction level). 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 that is not material.

The ABS securities, interest-bearing securities 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.

Regarding the offsetting of financial assets and liabilities, Note (33) is referred to.

(32) Derivative financial instruments

	Nominal values		Fair value positive		Fair value negative	
(in € million)	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Interest-rate risk	252 194	252 913	13 344	9 402	12 232	8 780
Currency risk	53 537	57 139	892	891	1 973	673
Share-price and other price risks	379	435	165	169	5	3
Credit risk	4 395	4 816	18	13	24	66
Total	**310 505**	**315 303**	**14 419**	**10 475**	**14 234**	**9 522**

Regarding the offsetting of financial assets and liabilities, Note (33) is referred to.

(33) Offsetting of financial assets and financial liabilities

Shown in the table below are both the gross amounts of the financial assets and liabilities offset in the balance sheet and the financial assets and liabilities that are not offset in the balance sheet and are the object of netting agreements.

	Gross amount before balancing	Amount of the financially balancing	Net amount after balancing	Master netting arrangements and other without financially balancing			Net amount
				Financial instru-ments	Collaterals		
					Securities collateral	Cash collateral	
Assets							
Offsetting of current accounts	4 435	2 913	**1 522**				**1 522**
Derivatives	14 044	1 835	**12 209**	7 966	–	1 917	**2 326**
Securities lending and repos	2 186	–	**2 186**	830	1 079	–	**277**
Liabilities							
Offsetting of current accounts	12 536	2 913	**9 623**				**9 623**
Derivatives	14 100	1 639	**12 461**	7 966	–	3 684	**811**
Securities lending and repos	17 602	–	**17 602**	830	12 918	3 765	**89**

The offsetting effects shown are mainly due to legally enforceable netting and collateral agreements. Under certain conditions, for example in the event of the default of the counterparties, all of the outstanding transactions which are the object of these agreements will become due and settled in one amount.

(34) Disclosures concerning selected countries

The tables below show, in contrast to the exposure in the risk report (see the interim management report), the reported values of transactions relating to selected European 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)	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Ireland						
Country	– 1	– 5	–	95	22	27
Financing institutes/insurance companies	10	– 14	–	5	169	238
Companies/other	30	11	–	–	–	2
	39	**– 8**	**–**	**100**	**191**	**267**
Italy						
Country	24	–	261	221	1 422	1 274
Finanzierungsinstitutionen/Versicherungen	– 3	– 5	–	–	469	832
Companies/other	4	2	–	–	83	43
	25	**– 3**	**261**	**221**	**1 974**	**2 149**
Portugal						
Country	– 6	– 19	–	–	168	164
Financing institutes/insurance companies	– 4	9	–	–	21	126
Companies/other	–	–	–	–	22	21
	– 10	**– 10**	**–**	**–**	**211**	**311**
Slowenia						
Country	–	–	–	–	31	32
	–	**–**	**–**	**–**	**31**	**32**
Spain						
Country	14	–	–	–	238	329
Financing institutes/insurance companies	28	33	–	–	1 395	1 586
Companies/other	11	7	–	–	41	30
	53	**40**	**–**	**–**	**1 674**	**1 945**
Hungary						
Country	–	– 1	–	–	164	189
Financing institutes/insurance companies	–	–	–	–	43	41
	–	**– 1**	**–**	**–**	**207**	**230**
Cyprys						
Companies/other	13	13	–	–	–	–
	13	**13**	**–**	**–**	**–**	**–**
Total	**120**	**31**	**261**	**321**	**4 288**	**4 934**

For financial instruments categorised as available for sale with acquisition costs totalling € 4,028 million (€ 4,947 million), the cumulative valuation of the selected countries reported in equity totals € 160 million (€ 82 million). In addition to this, depreciation of € 0 million (€ 1 million) was recognised in the income statement for the period.

(in € million)	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Greece								
Companies / other	197	229	33	21	1	5	167	188
	197	**229**	**33**	**21**	**1**	**5**	**167**	**188**
Ireland								
Financing institutes / insurance companies	238	270	–	–	2	3	240	263
Companies / other	2 046	1 862	–	–	1	3	2 079	1 873
	2 284	**2 132**	**–**	**–**	**3**	**6**	**2 319**	**2 136**
Italy								
Financing institutes / insurance companies	83	111	–	–	–	–	67	86
Companies / other	47	46	–	–	–	–	50	46
	130	**157**	**–**	**–**	**–**	**–**	**117**	**132**
Portugal								
Financing institutes / insurance companies	10	12	–	–	1	1	10	12
Companies / other	32	35	–	–	–	–	32	35
	42	**47**	**–**	**–**	**1**	**1**	**42**	**47**
Slowenia								
Financing institutes / insurance companies	25	25	–	–	–	–	25	25
	25	**25**	**–**	**–**	**–**	**–**	**25**	**25**
Spain								
Country	51	52	–	–	1	1	54	53
Financing institutes / insurance companies	140	125	–	–	–	1	140	123
Companies / other	334	442	41	44	1	1	374	425
	525	**619**	**41**	**44**	**2**	**3**	**568**	**601**
Hungary								
Financing institutes / insurance companies	1	3	–	–	–	–	1	3
Companies / other	37	47	–	–	–	–	37	47
	38	**50**	**–**	**–**	**–**	**–**	**38**	**50**
Cyprys								
Companies / other	1 189	1 156	30	16	33	20	957	928
	1 189	**1 156**	**30**	**16**	**33**	**20**	**957**	**928**
Russia								
Financing institutes / insurance companies	164	130	–	–	–	–	163	129
Companies / other	47	50	–	–	–	–	47	50
	211	**180**	**–**	**–**	**–**	**–**	**210**	**179**
Total	**4 641**	**4 595**	**104**	**81**	**40**	**35**	**4 443**	**4 286**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 823 million (€ 1,446 million). Of this, states account for € 423 million (€ 495 million), financing institutions / insurance companies for € 400 million (€ 950 million) and companies / others for € 0 million (€ 1 million). This includes both nominal values where the Group acts as the provider of security and nominal values where the Group acts as the recipient of security. The netted fair value of these credit derivatives is € –13 million (€ –41 million).

Business with Egypt is of minor significance.

(35) Regulatory data

The consolidated 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.

(in € million)	30 Sep. 2014	31 Dec. 2013
Risk-weighted assets	**68 313**	**68 500**
Capital requirements for credit risk	4 741	4 933
Capital requirements for operational risks	382	392
Capital requirements for market risks	231	155
Eigenmittelanforderungen for adjustments on principals	111	–
Capital requirements	**5 465**	**5 480**

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

(in € million)	30 Sep. 2014	31 Dec. 2013
Subscribed capital including premium	4 963	4 980
Reserves	2 164	2 063
Eligible components of core tier 1 capital at subsidiaries	767	–
Other components of core tier 1 capital	77	1 517
Deductible items	– 2 288	–
Adjustments due to transition rules	1 767	–
Balancing item to prevent negative additional core capital	– 179	– 448
Common equity tier 1	**7 271**	**8 112**
Paid-in instruments of additional core capital	–	813
Components of additional core capital for portfolio protection	709	–
Deductible items	–	– 1 261
Adjustments due to transition rules	– 888	–
Balancing item to prevent negative additional core capital	179	448
Tier 1 capital (going-concern)	**7 271**	**8 112**
Paid-in instruments of supplementary capital	2 821	2 846
Eligible components of supplementary capital at subsidiaries	725	–
Other components of supplementary capital	–	3
Deductible items	– 9	– 1 150
Adjustments due to transition rules	– 1 468	–
Tier 2 capital (Supplementary capital)	**2 069**	**1 699**
Total regulatory capital (gone-concern)	**9 340**	**9 811**

(in %)	30 Sep. 2014	31 Dec. 2013
Common equity tier 1 ratio	10.64 %	11.84 %
Tier 1 capital ratio	10.64 %	11.84 %
Total regulatory capital ratio	13.67 %	14.32 %

(36) Contingent liabilities and other obligations

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	5 175	6 779	– 24
Other obligations			
Irrevocable credit commitments	8 573	10 566	– 19
Total	**13 748**	**17 345**	**– 21**

(37) Related parties

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

30 Sep. 2014 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**423**	**–**	**230**
of which: money market transcations	–	–	–	94	–	–
of which: loans	–	–	–	329	–	230
public-sector loans	–	–	–	–	–	13
other loans	–	–	–	329	–	217
Loans and advances to customers	**2 990**	**11**	**14**	**327**	**1**	**903**
of which: money market transcations	–	–	–	–	–	32
of which: loans	2 990	11	14	324	1	871
public-sector loans	2 934	–	–	16	–	803
mortage-backed loans	–	10	11	100	1	26
other loans	56	1	3	208	–	42
Financial assets at fair value through profit or loss	**144**	**–**	**–**	**60**	**–**	**103**
of which: Debt securities and other fixed-interest securities	69	–	–	–	–	–
of which: Positive fair values from derivatives	39	–	–	60	–	3
of which: Trading portfolio claims	36	–	–	–	–	100
Positive fair values from hedge accounting derivatives	**155**	**–**	**–**	**–**	**–**	**–**
Financial assets	**1 955**	**–**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	1 955	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	17	–	–
Total	**5 244**	**11**	**14**	**827**	**1**	**1 236**

30 Sep. 2014 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**–**	**–**	**394**	**–**	**113**
of which: money market transcations	–	–	–	–	–	50
Liabilities to customers	**739**	**48**	**69**	**288**	**2**	**551**
of which: money market transcations	–	–	–	–	1	–
of which: savings deposits	364	31	–	21	–	345
Securitised liabilities	**–**	**–**	**–**	**–**	**–**	**1**
Financial liabilities at fair value through profit or loss	**60**	**–**	**–**	**–**	**–**	**148**
of which: negative fair values from derivatives	15	–	–	–	–	22
Subordinated capital	**1**	**524**	**2**	**–**	**–**	**16**
Total	**800**	**572**	**71**	**682**	**2**	**829**
Guarantees / sureties received	525	–	–	–	–	–
Guarantees / sureties granted	–	–	1	23	–	8

1 Jan. – 30 Sep. 2014 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	35	40	–	27	–	7
Interest income	114	–	–	20	–	34
Commission expenses	1	–	–	–	–	–
Other income and expenses	146	–	–	13	– 6	– 15
Total	**224**	**– 40**	**–**	**6**	**– 6**	**12**

31 Dec. 2013 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**602**	**–**	**228**
of which: money market transcations	–	–	–	205	–	–
of which: loans	–	–	–	397	–	228
public-sector loans	–	–	–	–	–	13
other loans	–	–	–	397	–	215
Loans and advances to customers	**3 010**	**40**	**8**	**326**	**1**	**917**
of which: money market transcations	39	–	–	–	–	36
of which: loans	2 971	39	8	326	1	881
public-sector loans	2 915	–	–	16	–	820
mortage-backed loans	–	15	–	106	–	27
other loans	56	24	8	204	1	34
Financial assets at fair value through profit or loss	**270**	**–**	**–**	**48**	**–**	**91**
of which: Debt securities and other fixed-interest securities	215	–	–	–	–	–
of which: Positive fair values from derivatives	30	–	–	48	–	3
of which: Trading portfolio claims	24	–	–	–	–	88
Positive fair values from hedge accounting derivatives	**47**	**–**	**–**	**–**	**–**	**–**
Financial assets	**2 250**	**–**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	2 250	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	17	–	–
Total	**5 577**	**40**	**8**	**993**	**1**	**1 236**

31 Dec. 2013 (in Tsd €)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**–**	**–**	**452**	**–**	**118**
of which: money market transcations	–	–	–	–	–	53
of which: deposits from other banks	–	–	–	134	–	13
Liabilities to customers	**347**	**33**	**85**	**282**	**3**	**288**
of which: money market transcations	26	16	–	21	–	152
Securitised liabilities	**–**	**–**	**–**	**–**	**–**	**1**
Financial liabilities at fair value through profit or loss	**39**	**–**	**–**	**–**	**–**	**134**
of which: negative fair values from derivatives	15	–	–	–	–	11
Negative fair values from hedge accounting derivatives	**9**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**496**	**3**	**–**	**–**	**15**
Total	**396**	**529**	**88**	**734**	**3**	**556**
Guarantees / sureties received	2 541	–	–	–	–	–
Guarantees / sureties granted	3 000	1	1	11	–	8

1 Jan. – 30 Sep. 2013 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	25	38	–	33	–	15
Interest income	114	1	–	30	–	33
Commission expenses	14	–	–	–	–	–
Other income and expenses	– 100	–	–	– 10	– 3	11
Total	**– 25**	**– 37**	**–**	**– 13**	**– 3**	**29**

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).

The issue programme (G-MTN programme) guaranteed by the states of Lower Saxony and Saxony-Anhalt for the refinancing of the NORD/LB Group expired as scheduled in the first quarter of 2014.

(38) Members of governing bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Dr. Johannes-Jörg Riegler
(Deputy Chairman until 28 February 2014)

Ulrike Brouzi

Thomas Bürkle
(since 1 January 2014)

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

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

Thomas Mang (First Deputy Chairman)
President, Association of Savings Bank in Lower Saxony

Jens Bullerjahn (Second Deputy Chairman)
Minister of Finance, State 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 Hannover

Ralf Dörries
Senior Vice President,
NORD/LB Hannover

Elke Eller
Member of the Board,
Volkswagen Commercial Vehicles,
(since 1 July 2014)

Hans-Heinrich Hahne
Chairman of the Managing Board,
Sparkasse Schaumburg

Frank Hildebrandt
Bank employee,
NORD/LB Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG
(until 30 June 2014)

Frank Klingebiel
Mayor, City of Salzgitter

Prof. Dr. Susanne Knorre
Management consultant

Ulrich Mädge
Mayor, City of Hansestadt Lüneburg

Antje Niewisch-Lennartz
Minister of Justice, State of Lower Saxony

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Jörg Reinbrecht
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut Mecklenburg-Western Pomerania

(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
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel / Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover	–	100.00
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB Asset Management AG, Hanover	100.00	–
NORD/LB COVERED FINANCE BANK 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“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC COMMODORE“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SCORPIUS“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SOLAR“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC STAR“ Tankschiffahrtsgesellschaft 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 / Niederlande	–	–
Olympiaweg 4 BV, Rotterdam / Niederlande	–	–
Rochussen CV, Amstelveen / Niederlande	–	–
Rochussenstraat 125 BV, Badehoevedorp / Niederlande	–	–
Zender CV, Amstelveen / Niederlande	–	–
Zenderstraat 27 BV, Amstelveen / Niederlande	–	–
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–
Investment funds included in the consolidated financial statements		
NORD/LB AM 65	–	100.00
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		
LHI Leasing GmbH, Pullach im Isartal [1]	43.00	6.00
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]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Öffentliche Lebensversicherung Braunschweig, Braunschweig [3]	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig [3]	–	75.00
Investment funds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–

[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 associated company.
[3] Due to its social structure, this company is classified as an associated company.

The management report is neither included nor incorporated by reference into this Prospectus.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, taking into account generally accepted accounting principles and in accordance with the applicable accounting framework for interim reporting, the interim consolidated financial statements provide a true and fair view of the net assets, financial position and results of operations of the group and that the interim group management report gives a true and fair view of the development of business including the operating result and the state of the group, and also describes the principal opportunities and risks relating to the expected future development of the Group in the remainder of the financial year.

Hannover / Braunschweig / Magdeburg, 18 November 2014

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

Consolidated Financial Statements for the 2013 Reporting Period of NORD/LB Group

INCOME STATEMENT

	Notes	1 Jan. – 31 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012[1] (in € million)	Change (in %)
Interest income		9 787	12 280	– 20
Interest expenses		7 856	10 321	– 24
Net interest income	**21**	**1 931**	**1 959**	**– 1**
Loan loss provisions	22	846	598	41
Commission income		270	277	– 3
Commission expenses		107	109	– 2
Net commission income	**23**	**163**	**168**	**– 3**
Trading profit/loss		– 136	517	> 100
Profit/loss from the fair value option		219	– 640	> 100
Profit/loss from financial instruments at fair value through profit or loss	**24**	**83**	**– 123**	**> 100**
Profit/loss from hedge accounting	25	– 10	1	> 100
Profit/loss from financial assets	26	11	– 5	> 100
Profit/loss from investments accounted for using the equity method	27	33	– 14	> 100
Administrative expenses	28	1 166	1 158	1
Other operating profit/loss	29	69	– 99	> 100
Earnings before reorganisation and taxes		**268**	**131**	**> 100**
Reorganisation expenses	30	– 38	– 34	12
Expenses for public guarantees related to reorganisation	31	69	19	> 100
Earnings before taxes		**161**	**78**	**> 100**
Income taxes	32	– 84	– 4	> 100
Consolidated profit		**245**	**82**	**> 100**
of which: attributable to the owners of NORD/LB		185	83	
of which: attributable to non-controlling interests		60	– 1	

[1] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

STATEMENT OF COMPREHENSIVE INCOME

The comprehensive income of the NORD/LB Group comprises the earnings and expenses recognised in the income statement and in other comprehensive income. The layout of the statement of comprehensive income has been changed due to the amendment to IAS 1; for further information see Note (3) Adopted IFRS. The previous year's figures were adjusted accordingly.

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012[1)] (in € million)	Change (in %)
Consolidated profit	**245**	**82**	**> 100**
Other comprehensive income which is not recycled in the income statement in subsequent periods			
Revaluation of the net liability from defined benefit pension plans	73	– 500	> 100
Changes in value for investments accounted for using the equity method recognised directly in equity	–	– 14	– 100
Deferred taxes	– 23	174	> 100
	50	**– 340**	**> 100**
Other comprehensive income which is not recycled in the income statement in subsequent periods			
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit/losses	322	877	– 63
Transfer due to realisation profit/loss	23	– 31	> 100
Translation differences of foreign business units			
Unrealised profit/losses	– 36	– 2	> 100
Changes in value investments accounted for using the equity method recognised directly in equity	– 27	54	> 100
Deferred taxes	– 82	– 305	– 73
	200	**593**	**– 66**
Other profit/loss	**250**	**253**	**– 1**
Comprehensive income for the period under review	**495**	**335**	**48**
of which: attributable to the owners of NORD/LB	423	308	
of which: attributable to non-controlling interests	72	27	

1) Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

For the breakdown of deferred taxes into their individual components the notes to the statement of comprehensive income are referred to.

BALANCE SHEET

Assets	Notes	31 Dec. 2013 (in € million)	31 Dec. 2012[1)] (in € million)	Change (in %)
Cash reserve	33	1 311	665	97
Loans and advances to banks	34	27 481	34 378	– 20
Loans and advances to customers	35	107 661	114 577	– 6
Risk provisioning	36	– 2 248	– 1 949	15
Balancing items for financial instruments hedged in the fair value hedge portfolio	37	– 171	– 3	> 100
Financial assets at fair value through profit or loss	38	13 541	17 920	– 24
Positive fair values from hedge accounting derivatives	39	3 872	4 924	– 21
Financial assets	40	47 043	52 423	– 10
Investments accounted for using the equity method	41	306	318	– 4
Property and equipment	42	601	635	– 5
Investment property	43	101	94	7
Intangible assets	44	136	142	– 4
Current income tax assets	45	69	50	38
Deferred income taxes	45	741	727	2
Other assets	46	401	649	– 38
Total assets		**200 845**	**225 550**	**– 11**

[1)] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

Liabilities	Notes	31 Dec. 2013 (in € million)	31 Dec. 2012[1)] (in € million)	Change (in %)
Liabilities to banks	47	59 181	65 079	– 9
Liabilities to customers	48	54 861	55 951	– 2
Securitised liabilities	49	50 228	60 619	– 17
Balancing items for financial instruments	50	351	895	– 61
Financial liabilities at fair value through profit or loss	51	15 131	20 724	– 27
Negative fair values from hedge accounting derivatives	52	3 344	4 908	– 32
Provisions	53	4 303	4 137	4
Current income tax liabilities	54	116	162	– 28
Deferred income taxes	54	48	34	41
Other liabilities	55	379	508	– 25
Subordinated capital	56	4 713	4 833	– 2
Equity	57			
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		2 220	2 011	10
Revaluation reserve		122	– 95	> 100
Currency translation reserve		– 6	– 3	100
Equity capital attributable to the owners of NORD/LB		**7 275**	**6 852**	**6**
Equity capital attributable to non-controlling interests		915	848	8
		8 190	**7 700**	**6**
Total liabilities and equity		**200 845**	**225 550**	**– 11**

[1)] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

STATEMENT OF CHANGES IN EQUITY

The individual components of equity and their development in 2012 and 2013 are shown in the following 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. 2012	**1 494**	**3 175**	**2 480**	**– 543**	**– 3**	**6 603**	**– 57**	**6 546**
Adjustments according to IAS 8	–	–	– 206	– 28	–	– 234	234	–
Adjusted equity as at 1 Jan. 2012	**1 494**	**3 175**	**2 274**	**– 571**	**– 3**	**6 369**	**177**	**6 546**
Consolidated profit	–	–	83	–	–	83	– 1	82
Increase / decrease from available for sale (AfS) financial instruments	–	–	–	769	–	769	77	846
Changes in the value of investments for using the equity method	–	–	40	–	–	40	–	40
Translation differences of foreign business units	–	–	–	–	–	–	– 2	– 2
Revaluation of the net liability from defined benefit pension plans	–	–	– 438	–	–	– 438	– 62	– 500
Deferred taxes	–	–	145	– 291	–	– 146	15	– 131
Adjusted comprehensive income for the period under preview	**–**	**–**	**– 170**	**478**	**–**	**308**	**27**	**335**
Distribution	–	–	– 53	–	–	– 53	– 6	– 59
Capital increases / decreases	113	157	–	–	–	270	654	924
Changes in the basis of consolidation	–	–	59	– 2	–	57	– 8	49
Consolidation effects and other changes in capital	–	–	– 99	–	–	– 99	4	– 95
Adjusted equity as at 31 Dec. 2012	**1 607**	**3 332**	**2 011**	**– 95**	**– 3**	**6 852**	**848**	**7 700**

(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. 2013	**1 607**	**3 332**	**2 011**	**– 95**	**– 3**	**6 852**	**848**	**7 700**
Consolidated profit	–	–	185	–	–	185	60	245
Increase / decrease from available for sale (AfS) financial instruments	–	–	–	315	21	336	9	345
Changes in the value of investments for using the equity method	–	–	– 27	–	–	– 27	–	– 27
Translation differences of foreign business units	–	–	–	–	– 24	– 24	– 12	– 36
Revaluation of the net liability from defined benefit pension plans	–	–	72	–	–	72	1	73
Deferred taxes	–	–	– 23	– 96	–	– 119	14	– 105
Comprehensive income for the period under preview	**–**	**–**	**207**	**219**	**– 3**	**423**	**72**	**495**
Distribution	–	–	1	–	–	1	– 5	– 4
Capital increases / decreases	–	–	–	–	–	–	–	–
Changes in the basis of consolidation	–	–	4	– 2	–	2	–	2
Consolidation effects and other changes in capital	–	–	– 3	–	–	– 3	–	– 3
Equity as at 31 Dec. 2013	**1 607**	**3 332**	**2 220**	**122**	**– 6**	**7 275**	**915**	**8 190**

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, Note (57) Equity is referred to.

CASH FLOW STATEMENT

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 [1] (in € million)	Change (in %)
Consolidated profit for the period	**245**	**82**	**> 100**
Adjustment for non-cash items			
Depreciation, impairment and write-ups of property and equipment and financial assets	156	583	– 73
Increase / decrease in provisions	171	199	– 14
Gains / losses from the disposal of property and equipment and financial assets	– 8	– 32	– 75
Increase / decrease in other non-cash items	817	589	39
Other adjustments net	– 2 056	– 1 931	6
Sub-total	**– 675**	**– 510**	**32**
Increase / decrease in assets and liabilities from operating activities after adjustment for non-cash item			
Loans and advances to banks and customers	13 711	359	> 100
Trading assets	4 298	567	> 100
Other assets from operating activities	7 923	272	> 100
Liabilities to banks and customers	– 7 144	1 278	> 100
Securitised liabilities	– 10 825	– 5 393	> 100
Other liabilities from operating activities	– 7 939	1 960	> 100
Interest received	7 238	8 207	– 12
Dividends received	21	49	– 57
Interest paid	– 5 616	– 6 630	– 15
Income taxes paid	– 38	– 44	– 14
Cash flow from operating activities	**954**	**115**	**> 100**

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012[1] (in € million)	Change (in %)
Cash receipts from the disposal of			
financial assets	54	22	> 100
property and equipment	1	31	– 97
Payments for acquisition of			
financial assets	– 20	– 8	> 100
property and equipment	– 67	– 85	– 21
Cash receipts from the disposal of consolidated companies and other business units	–	25	– 100
Cash flow from investing activities	**– 32**	**– 15**	**> 100**
Cash receipts from equity contributions	–	893	– 100
Payments to owners and non-controlling interests	–	– 131	– 100
Increase in funds from other capital	51	40	28
Decrease in funds from other capital	– 103	– 728	– 86
Interest expenses on subordinated capital	– 217	– 245	– 11
Dividends paid	– 4	– 57	– 93
Cash flow from financing activities	**– 273**	**– 228**	**20**
Cash and cash equivalents as at 1 January	**665**	**796**	**– 16**
Cash flow from operating activities	954	115	> 100
Cash flow from investing activities	– 32	– 15	> 100
Cash flow from financing activities	– 273	– 228	20
Total cash flow	**649**	**– 128**	**> 100**
Effects of changes in exchange rates	– 3	– 3	–
Cash and cash equivalents as at 31 December	**1 311**	**665**	**88**

[1] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

With regard to cash and cash equivalents as at 31 December, Note (33) Cash Reserve is referred to.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

General Disclosures

(1) Principles for the preparation of the consolidated financial statements

The consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 31 December 2013 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). Standards published at the end of the financial year and adopted by the European Union were relevant. National regulations contained in the German Commercial Code (Handelsgesetzbuch, HGB) under § 315a of the HGB were also observed. NORD/LB as a group in terms of commercial law is referred to in the following as the NORD/LB Group.

The consolidated financial statements as at 31 December 2013 comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes. The segment reporting is shown in the notes (Note (19) Segment Reporting by Business Segment and Note (20) Segment reporting by geographical segment). The reporting on the nature and scope of risks relating to financial instruments in accordance with IFRS 7 is provided mainly in a risk report within the Group Management Report.

Assets are always measured at amortised cost, apart from the financial instruments in accordance with IAS 39, which are measured at fair value. In the accounting it was assumed that the company was a going concern. Earnings and expenses are recognised pro rata temporis. They are recognised and reported in the period to which they relate. Significant accounting policies are described below.

Estimations and assessments required in accordance with IFRS are made on the basis of assumptions and parameters which in turn are made by management duly exercising its discretionary powers. The estimations and assessments are reviewed on an ongoing basis and are based on experience and other factors, including expectations as to future events which appear reasonable under prevailing circumstances. In the process global developments and the industry-specific environment are taken into account.

Estimations and assessments are made relating in particular to the calculation of the fair value of financial assets and liabilities of Level 2 and Level 3 calculation of the fair value of financial assets and liabilities of Level 2 and Level 3 including the estimation of the existence of an active or inactive market, the valuation of pension provisions in terms of determining the underlying parameters (Note (14) in conjunction with Note (53)), the assessment of risk provisions with regard to future cash flows (Note (8) in conjunction with Note (36)), the calculation of deferred tax assets relating to the recoverability of tax losses not yet utilised. If significant estimations were required, the assumptions made are presented. Regarding the effect of the assumptions on the valuation of financial instruments allocated to Level 3, the relevant disclosures concerning sensitivity in Note (58) Fair Value Hierarchy are referred to.

Estimations and assessments and the underlying assessment factors and methods of estimation are reviewed regularly and compared with actual events. Provided that an amendment only refers to a single period, amendments to estimations are only taken into account for this period. If an amendment refers to the current and following reporting periods it is duly observed in this period and in the following periods.

Apart from estimates, the following significant discretionary management decisions in respect of the accounting policies of the NORD/LB Group need to be mentioned: The use of the fair value option for financial instruments, the non-use of the categorisation of financial instruments as Held to Maturity (HtM) and the non-use of the reclassification provisions of IAS 39.

The reporting currency for the 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 consolidated financial statements were signed by the Managing Board on 18 March 2014 and approved for submission to the Supervisory Board.

(2) Adjustment of figures for the previous year

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

In the financial year 2013 there was a change in the reporting of the equity components of the sub-group Öffentliche Versicherung Braunschweig (ÖVBS).

Part of the portfolio, which was reported in the past as equity attributable to the owners of NORD/LB, is now reported under non-controlling interests. The figures for 2012 have been adjusted with retrospective effect.

In addition, since the financial year 2013 the income from ÖVBS, which was eliminated in the past from the consolidated financial statements, is shown under net interest income. An adjustment has been made for 2012 with retrospective effect.

As a result, the elimination of the transfer of income from ÖVBS to NORD/LB has been reversed.

31 Dec. 2012 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Liabilities			
Retained earnings	2 192	– 181	2 011
Revaluation reserve	– 13	– 82	– 95
Equity capital attributable to the owners of NORD/LB	7 115	– 263	6 852
Equity capital attributable to non-controlling interests	585	263	848

1 Jan.–31 Dec. 2012 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Interest income	12 278	2	12 280
Earnings before taxes	**76**	**2**	**78**
Income taxes	– 4	–	– 4
Consolidated profit	**80**	**2**	**82**
Of which: attributable to the owners of NORD/LB	82	1	83
Of which: capital attributable to non-controlling interests	– 2	1	– 1

The respective adjustments were also taken into account in the following notes: (19) Segment reporting by business segment, (20) Breakdown by geographical segments (21) Net interest income, (32) Income taxes and (57) Equity.

(3) Adopted IFRS

In these consolidated financial statements all standards, interpretations and their respective amendments which have been endorsed by the EU and were relevant for the NORD/LB Group in the financial year 2013 were adopted.

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 2013 for the NORD/LB Group:

- **IAS 19 (rev. 2011) – employee benefits**

In June 2011 the IASB published the amended IAS 19 – Employee Benefits. Actuarial gains and losses are to be reported accordingly directly under other comprehensive income, i. e. the previously applicable option of using the so-called corridor method has been abolished. In addition to this, the interest of plan assets may no longer be estimated on the basis of the underlying assets, instead interest is to be recognised in the amount of the discount rate. Extended disclosures are also to be made in the notes. The resulting changes to the accounting policies for the NORD/LB Group compared to the balance sheet date 31 December 2012 primarily concern the reporting of costs and taxes relating to benefit plans. The expected income from plan assets has been calculated since 2013 with a standard interest rate which is the same as the discount rate for the obligation. In addition, the top-up amounts promised in partial retirement agreements are reported and measured for the first time in accordance with the regulations for other long-term employee benefits.

Due to the minor significance of the effects of IAS 19 (rev. 2011) for the Group, the previous year's figures have not been adjusted. As the NORD/LB Group already reported actuarial gains and losses under other comprehensive income in accordance with the previous regulations of IAS 19, this change has not had any effect.

- **IFRS 13 – fair value measurement**

In IFRS 13 – Fair Value Measurement, which was published in May 2011 and is to be applied prospectively, the different regulations for establishing fair value in the individual standards were consolidated for the first time in a single framework and at the same time modified and expanded in some areas; only IAS 17 and IFRS 2 will continue to have separate regulations.

The specifications of the new standard concern among other things the definition of fair value, the implementation of the change in approach particularly in the context of determining relevant markets (main market or most beneficial market), the allocation of levels, the reporting of a day one profit / loss and the use of a bid-ask spread in the measurement of assets and liabilities.

The implementation of IFRS 13 does not have a significant effect on the measurement of the NORD/LB Group's assets and liabilities. In accordance with the standard's extended disclosure requirements, a description of the process for measuring fair value has been included in the notes. Furthermore, a detailed risk-related presentation of the Level disclosures for financial instruments which are measured in the balance sheet at fair value and a first-time presentation of the Level disclosures for financial instruments whose fair value is calculated solely for disclosure purposes is made.

- **Amendments to IAS 1 – Presentation of other comprehensive income**

The amendments to IAS 1 published in June 2011 by the IASB within the scope of the Financial Statement Presentation Project have changed the breakdown of the statement of comprehensive income. The items of other comprehensive income (OCI) are to be broken down by whether they can be recycled in the income statement or not. If OCI is reported before tax, deferred taxes are to be treated similarly and broken down into recyclable and non-recyclable items.

The amendments to IAS 1 result in a change in presentation in the NORD/LB Group's statement of comprehensive income.

- **Amendments to IAS 12 – deferred taxes: recovery of underlying assets**

The amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets make clear that the deferred tax for investment property, which is measured using the fair value model in IAS 40, is measured on the basis of the rebuttable presumption that the carrying amount will be recovered through sale.

The application of this new rule had no effect on NORD/LB's consolidated financial statements.

- **Amendments to IFRS 7 – offsetting of financial assets and financial liabilities**

In association with the amendments to IAS 32 – Financial instruments: Presentation published in December 2011, an amendment was made to the disclosure requirements of IFRS 7 relating to offsetting in order to make it easier for the readers of financial statements to assess the potential effects of existing netting agreements, including the rights to offset recognised financial instruments and their effect on the financial position of an entity. The amendments will be applied for the NORD/LB Group for financial years commencing on or after 1 January 2013 with retrospective effect.

The amendments will result in extended disclosure requirements which are to be disclosed for the first time as at 31 December 2013 in the NORD/LB Group's consolidated financial statements.

- **Improvements to IFRS (2009–2011 Cycle) within the scope of the IASB's annual improvements process**

The amendments published in May 2012 within the scope of the improvement project for the cycle 2009–2011 comprise clarifications concerning IFRS 1 First-time Adoption of International Financial Reporting Standards, IAS 1 Presentation of Financial Statements, IAS 16 Property, Plant and Equipment, IAS 32 Financial Instruments: Presentation and IAS 34 Interim Financial Reporting.

The annual improvements to IFRSs (cycle 2009–2011) do not have a significant effect on the interim consolidated financial statements of NORD/LB.

As is allowed, we have not yet applied the following standards and amendments to standards which have been adopted in European law and which did not have to be implemented for NORD/LB Group's consolidated financial statements prior to 31 December 2013:

- **IFRS 10 – consolidated financial statements**

  With this standard the term "control" is comprehensively redefined. If a company controls another company, the parent company has to consolidate the subsidiary. According to the new concept, control is given if the potential parent company has decision-making power over relevant activities of the potential subsidiary due to voting rights or other rights, if it participates in positive or negative variable flows from the subsidiary and these flows can be influenced by its decision-making power. The new standard will be mandatory in the EU for users of IFRSs for the first time for financial years commencing on or after 1 January 2014. IFRS 10 is to be applied, with some exceptions, with retrospective effect.

  The NORD/LB Group prepared for the first application of IFRS 10 starting in August 2011 within the scope of a project. However, the importance of traditional credit collateralisation rights in relation to the borrower under the new definition of control of IFRS 10 is the subject of international debate. For example, in Germany issues are being looked at by a work group of the Institute of Public Auditors in Germany (IDW). At the time these consolidated financial statements were prepared, a common view had not yet been established in key areas.

Notwithstanding this, the NORD/LB Group is expecting that the number of entities that will need to be included in its consolidated financial statements will increase with the first application of IFRS 10. Subject to the ongoing debate concerning traditional credit collateralisation rights referred to in the above paragraph, we make the following statements on our assessment of the possible effects: A few entities will need to be fully consolidated for the first time in the consolidated financial statements, because the economic and legal relationship with these entities as at 1 January 2014 establish a control relationship under IFRS 10. It is expected that there will be no entities that will no longer be fully consolidated due to the first application of IFRS 10. Based on the situation in 2013, its application would only have a minor impact on total consolidated assets and consolidated profit. We also expect that it will only have a minor impact on total consolidated assets and consolidated profit in 2014.

The NORD/LB Group is following the debate on the possible control of borrowers in the context of credit collateralisation very closely. It is not currently possible to state reliably whether there will be any further impact in addition to the expectations outlined in the above paragraph.

- **IFRS 11 – joint arrangements**

  IAS 31 – Interests in joint ventures will be replaced by IFRS 11, which was published in May 2011 and is applicable from 1 January 2014. This regulates the recognition of facts when an entity has joint control over a joint venture or runs a joint operation. Compared to the current standard, there are two significant changes. Firstly, for the consolidation of joint ventures the option of proportionate consolidation has been abolished, i. e. consolidation is only allowed based on the equity method as in IAS 28. Secondly, the new category of joint operations has been introduced, in which the assets and liabilities allocatable to the Group will be recognised.

  The initial application of IFRS 11 is unlikely to result in any need for adjustments to NORD/LB's consolidated financial statements both for 2013 and 2014.

- **IFRS 12 – disclosure of interests in other entities**

  The new IFRS 12 condenses the disclosure requirements related to subsidiaries, joint ventures, associated companies and unconsolidated structured entities in one standard. The objective is the disclosure of information on the nature of control over the aforementioned companies and the associated risks and the effects resulting from the control on the balance sheet, income statement and cash flow. IFRS 12 must be applied for the first time for financial years commencing on or after 1 January 2014.

  IFRS 12 will result in extended disclosure requirements for NORD/LB's consolidated financial statements. These concern in particular the disclosures relating to unconsolidated structured entities (special purpose entities).

- **Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)**

  In June 2012 the IASB published amendments which substantiate and clarify the transition regulations in IFRS 10 – Consolidated financial statements. In addition, some relief is granted with only the reference figures for the immediately preceding reference period having to be adjusted and the disclosure requirement of comparative information on non-consolidated special purpose entities upon initial application of IFRS 12 being struck. The amendments come into effect following their adoption into European law for reporting periods commencing on or after 1 January 2014.

  It is expected that the transition guidance will simplify matters for the NORD/LB Group with the initial application of the new consolidation regulations.

- **Amendments to IAS 32 – offsetting of financial assets and financial liabilities**
  In December 2011 the IASB clarified its requirements for the offsetting of financial instruments with the publication of amendments to IAS 32 – Financial instruments: Presentation. The amendments essentially put guidelines regarding application into more specific terms and should eliminate the current inconsistencies regarding the application of the offsetting criteria. In particular the meaning of "currently has a legally enforceable right of set-off'" and the conditions for systems with gross settlement as an equivalent to net settlement are explained. The amendments are mandatory for financial years commencing on or after 1 January 2014 with retrospective effect.

  The amendments to IAS 32 are not expected to have any significant effect on the NORD/LB Group's consolidated financial statements.

- **Amendments to IAS 39 – novation of derivatives and continuation of hedge accounting**
  The IASB published an amendment to IAS 39 in June 2013. The amendment provides an exception to the requirement for the discontinuation of hedge accounting. This applies if due to regulatory requirements a hedging instrument is required to be novated to a central counterparty. The amendments are mandatory for financial years commencing on or after 1 January 2014 with retrospective effect.

For the NORD/LB Group it is not expected that this will have any effect on its existing business in hedge accounting even with the mandatory application of the clearing obligation introduced by the European Market Infrastructure Regulation (EMIR). A final statement can only be made after the mandatory application of EMIR.

The following amended or new standards have also not been applied early:
- IAS 27 (amended 2011) – Separate Financial Statements
- IAS 28 (amended 2011) – Investments in Associates and Joint Ventures
- Amendments to IAS 36 – Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets

These amendments must be applied in the Group for financial years commencing on or after 1 January 2014.

The amendments to IAS 27, IAS 28 and IAS 36 are not expected to have a significant impact on NORD/LB's consolidated financial statements.

The following standards, amendments to standards and interpretations have not yet been adopted into European Law by the EU Commission:

- **IFRS 9 – financial instruments**
  As part of the project to replace IAS 39, a revised version of IFRS 9 was published in October 2010 (revising the version published in November 2009). The first phase of the three phases includes regulations for the categorisation and measurement of financial assets and financial liabilities. IFRS 9 initially only provided two options for the categorisation of financial assets: measurement at amortised cost and measurement at fair value through profit or loss. In November 2012 a draft amendment of the categorisation and valuation rules of IFRS 9 was published. The draft includes in particular the proposal of introducing a third valuation model for financial assets in the form of debt instruments and envisages these instruments being valued at fair value with the changes in valuation being reported directly in equity under other comprehensive income.

The categorisation will in future be based on the reporting entity's business model and the contractually agreed cash flows of the asset. Furthermore the regulations for embedded derivatives and reclassification have also been modified. The regulations relating to financial liabilities are largely unaltered compared to IAS 39. The main difference with the previous regulation concerns the fair value option. The rating-induced changes in the valuation of financial liabilities will in future be shown under other comprehensive income; the remaining changes in valuation will continue to be reported in the income statement.

In the first half of 2013 the second phase of IFRS 9 concerning impairment was published. The second phase covers financial instruments, loan commitments and financial guarantees. The new impairment model moves away from the concept of incurred loss towards the concept of expected loss. Based on the new impairment model, financial instruments, loan commitments and financial guarantees will, depending on the change in their credit quality, be divided into three stages. The calculation of the expected loan loss will depend on the stage to which a financial instrument, loan commitment or financial guarantee has been allocated. In Stage 1 the expected loan losses will be calculated in the amount of the expected loss with a time horizon of one year. In Stage 2 and 3 the expected loan loss will be calculated over the whole residual term to maturity (lifetime expected loss).

For Phase 3 concerning Hedge Accounting, the IASB had decided to divide this issue into two sections, General Hedge Accounting (Phase 3a) and Macro Hedge Accounting (Phase 3b). In the fourth quarter of 2013 a standard for General Hedge Accounting was published. A draft for Macro Hedge Accounting is now not expected to be published before 2018. Until then the provisions of IAS 39 concerning the fair value hedge accounting for a portfolio hedge of interest rate risk will remain and will not be transferred into IFRS 9. The standard for General Hedge Accounting pursues the goal of reflecting operational risk management in the financial reporting of hedging relationships in closed portfolios more strongly than before. In this connection, compared to the provisions in IAS 39, the role of qualitative application criteria were strengthened compared to quantitative application criteria. In addition, the group of underlying and hedging transactions which are eligible for hedge accounting was extended significantly and additional designation options were created. Regarding the effectiveness of hedging relationships, in future this should no longer be based on a strict effectiveness threshold on a percentage basis.

The amendments to IFRS 9 and IFRS 7 published in December 2011 – Mandatory effective date for IFRS 9 and transition disclosures – allow the previous year's figures not to be reported when IFRS 9 is first applied and introduce additional disclosure requirements at the time of transition.

The IASB decided in the fourth quarter of 2013 to cancel the previously applicable first application date of 1 January 2015 and to set a new date when an outcome for the discussions concerning in particular the phases for categorisation and measurement and for impairment can be foreseen.

It is expected that IFRS 9 will have a significant impact on the accounting, valuation and reporting in future consolidated financial statements. The potential impact can only be quantified in the NORD/LB Group when the final regulations for all phases of IFRS 9 have been passed by the IASB.

- **IFRIC 21 – levies**

  In May 2013 the IASB published IFRIC 21 as an interpretation of IAS 37 concerning levies, which essentially regulates which government-imposed levies need to be recognised and when a present liability needs to be recognised. IFRIC 21 is, subject to its endorsement by the EU, mandatory for financial years commencing on or after 1 January 2014 with retrospective effect.

  This is not expected to have a significant impact on the reporting of the bank level in NORD/LB's consolidated financial statements.

The following amendments to standards have not yet been adopted in European law:
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Improvements to IFRS (2010 – 2012 Cycle) Within the Scope of the IASB's Annual Improvements Process
- Improvements to IFRS (2011 – 2013 Cycle) Within the Scope of the IASB's Annual Improvements Process

These amendments must be applied in the Group for financial years commencing on or after 1 July 2014.

The amendments to IAS 19 and the annual improvements to IFRSs (2010–2012 and 2011–2013 cycles) are not expected to have a significant impact on NORD/LB's consolidated financial statements.

The amendments to standards described above are expected to be implemented on the dates when their application first becomes mandatory.

(4) Consolidation principles

NORD/LB's consolidated financial statements, prepared in accordance with uniform accounting policies throughout the Group, comprise the financial statements of the parent company (NORD/LB) and of the companies controlled by the parent company, including controlled special purpose entities (subsidiaries). Control exists as soon as a Group company has the power to determine the financial and business policies of a company so as to obtain benefits from its activities.

The purchase method of accounting is applied, i.e. assets and liabilities relating to subsidiaries were recognised at fair value on consideration of deferred taxes on the date on which a controlling interest was gained. Goodwill resulting from initial consolidation is reported under intangible assets. The value of goodwill is reviewed at least once a year and is the subject of unscheduled depreciation if necessary. Shares in the equity of subsidiaries which are not held by the parent company are reported as non-controlling interests in consolidated equity and measured with their appropriate share in the identifiable net assets of the acquired company.

Receivables and liabilities and expenses and earnings generated within the Group are eliminated in the consolidation of intercompany balances and earnings and expenses. Intragroup profits and losses are consolidated in the elimination of intercompany profits and losses.

Results of subsidiaries included or disposed of during the course of the year are recognised in the income statement as at the effective date of acquisition or up to the effective date of disposal, respectively.

Joint ventures and associated companies are accounted for using the equity method and are reported as investments accounted for using the equity method. The cost of acquisition of investments accounted for using the equity method and the differences are determined as at the date on which significant influence is obtained. In this case the rules applied are the same as those applied for subsidiaries. Adjustments to the at equity value are recognised in profit or loss or in other comprehensive income (OCI) on the basis of uniform accounting policies for the Group. Losses exceeding the at equity value are not reported unless the Group has entered into legal or factual obligations or makes payments on behalf of the investment accounted for using the equity method.

For transactions between a Group company and a joint venture or an associated company, profits and losses are eliminated in proportion with the shareholding of the Group in the respective company.

Deconsolidation is carried out from the date on which control or significant influence ceases to exist.

(5) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 50 (49) subsidiaries (including special purpose entities in accordance with SIC-12) 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 control in another manner. 1 (1) joint venture and 10 (10) associated companies are accounted for using the equity method.

Compared to 31 December 2012 the basis of consolidation has changed as follows:

The subsidiaries established in September 2013, BLB Grundbesitz KG and BLBI Investment GmbH & Co.KG, both based in Bremen, have been fully consolidated since 30 September 2013.

In December 2013 the previously fully consolidated fund NORD/LB AM 56 was dissolved and deconsolidated. At the same time the liquidity was transferred to the master fund ds NORD/LB AM ALCO, which is wholly owned by the NORD/LB Group.

The effects resulting from the changes to the basis of consolidation have no significant impact on the NORD/LB Group's assets, financial and earnings position.

Subsidiaries, joint ventures and associated companies included in the consolidated financial statements are shown in Note (83) Equity holdings.

(6) Currency translation

Monetary assets and liabilities in foreign currencies and non-monetary items recognised at fair value were translated using the reference exchange rates of the European Central Bank (ECB reference exchange rates) as at the measurement date. Non-monetary items carried at cost are recognised at historical rates. Expenses and earnings in foreign currencies are translated at market exchange rates. Currency differences relating to monetary items are always shown in the income statement; non-monetary items are recognised through the profit or loss of such items under other comprehensive income or in the income statement.

The assets and liabilities of foreign subsidiaries were translated using ECB reference exchange rates as at the measurement date; with the exception of the revaluation reserve (closing rate method) and the profit for the year, equity is translated using historical currency rates. Earnings and expenses are translated into the Group currency at period-average exchange rates; resulting translations are reported as a separate item under other comprehensive income. On disposal, the cumulative amount of exchange differences is included in the gain or loss on disposal.

(7) Financial instruments

A financial instrument is defined as a contract which results in a financial asset for one company and a financial liability or an equity instrument for another. Financial instruments are reported accordingly in the NORD/LB Group. They are allocated to valuation categories and measured according to this classification in accordance with IAS 39 requirements.

The financial instruments contain financial guarantees in accordance with the definition of IAS 39.

a) Addition to and disposal of financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Group becomes a party to a contract in accordance with the contractual provisions of the financial instrument. In the case of the regular cash purchases or cash sales of financial assets, the date of trade and the date of settlement generally do not fall on the same date. These regular cash purchases or cash sales bear the option of recognition as at the date of trade (trade date accounting) or as at the date of settlement (settlement date accounting). Trade date accounting applies for the recognition and disposal of all financial assets transacted by the NORD/LB Group.

IAS 39 disposal regulations comply with both the concept of risk and reward and of control; measuring risks and rewards should be given priority over measuring the transfer of control on verifying derecognition entries.

The continuing involvement approach is employed when opportunities and risks are only partly transferred and control is retained. In this case a financial asset is recognised to the extent equivalent to its continuing involvement on consideration of certain accounting policies. The extent of continuing involvement is determined by the scope in which the Group continues to bear the opportunities and risks of changes in the values of the assets transferred.

A financial liability (or part of a financial liability) is derecognised when the liability has been eliminated, i. e. when the liabilities specified in the contract have been settled or eliminated or if they have expired. The reacquisition of the banks own debt instruments is also included in the derecognition of financial liabilities. Differences between the carrying amount of a liability (including premiums and discounts) and the purchase price are recognised through profit or loss; a new financial liability whose cost of acquisition is equivalent to the sales proceeds will arise in the case of resale at a later date. Differences between these new costs of acquisition and the amount repaid are spread over the remaining term of the debt instrument in accordance with the effective interest method.

b) Categorisation and measurement

Fair value is applied when financial assets and financial liabilities are recognised for the first time. The net method is applied for financial guarantees reported in the NORD/LB Group. For financial instruments in the categories Loans and Receivables (LaR), Held to Maturity (HtM), Available for Sale (AfS) and Other Liabilities (OL), transaction costs are included in the cost of acquisition if they are directly apportionable. They are accounted for in the nominal value or the repayment amount on distribution of premiums and discounts in compliance with the effective rate of interest component. Transaction costs for financial instruments in the categories financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement of financial assets and financial liabilities is contingent on the IAS 39 category under which the assets or liabilities had been classified on the date of acquisition:

ba) Loans and receivables (LaR)

Non-derivative financial assets involving fixed or determinable payments which are not listed in an active market are allocated to this category provided that they have not been classified as financial assets at fair value through profit or loss or available for sale. The loans and receivables category is the largest in the Group since this category essentially comprises all traditional credit and loan transactions. Subsequent measurement is at amortised cost applying the effective interest method. The recoverability of loans and receivables (LaR) is verified and they are written down if necessary on each balance sheet reporting date and in the event of indications of potential impairment losses (cf. Notes (8) Risk Provisioning, (22) Loan loss provisions and (26) Profit / loss from Financial Assets). Appreciations in value are recognised through profit or loss. The upper limit for appreciations in value is the amortised cost which would have resulted at the date of measurement without impairment losses.

bb) Held to maturity (HtM)

Non-derivative financial assets involving fixed or determinable payments and a fixed term are classified in this category if they are intended to be held until maturity. They may be allocated if the financial instruments are not classified as financial assets at fair value through profit or loss (AFV), as available for sale (AfS) or as loans and receivables (LaR). Subsequent measurement is at amortised cost applying the effective interest method. The held to maturity category is currently not employed in the NORD/LB Group.

bc) Financial assets or financial liabilities at fair value through profit or loss (AFV)

This category is divided into two sub-categories:

i) Held for trading (HfT)

This sub-category comprises financial instruments (trading assets and trading liabilities) acquired with the intention of selling or buying these back in the short term and contains all the derivatives which do not constitute collateral instruments within the scope of hedge accounting. Trading assets essentially comprise money market instruments, bonds and debt securities and derivatives with a positive fair value. Trading liabilities mainly comprise derivatives with a negative fair value and delivery obligations resulting from futures sales. Trading assets and trading liabilities are recognised at fair value through profit or loss upon subsequent measurement. There is no amortisation at constant effective interest rates of premiums and discounts.

ii) Designated at fair value through profit or loss (DFV)

Any financial instrument can be allocated to this sub-category, known as a fair value option, provided that certain requirements are met. Exercising the fair value option means that recognition and measurement mismatches resulting from different measurement methods for financial assets and liabilities is avoided or significantly reduced (for example, by presenting economic hedges of structured bond issues and corresponding derivatives without having to fulfil the restrictive requirements of hedge accounting). Allocation to this category also meant that embedded derivatives in structured products do not need to be separated. The category was used in some cases because the management and measurement of the performance of a portfolio is at fair value. More information on the type and the scope of application of the fair value option in the Group is presented in Note (38) Financial Assets at Fair Value through Profit or Loss and in Note (51) Financial Liabilities at Fair Value through Profit or Loss. Financial instruments measured using the fair value option are measured at fair value through profit or loss upon subsequent measurement. There is no amortisation at constant effective interest rates of premiums and discounts.

bd) Available for sale (AfS)

Any non-derivative financial assets which have not been assigned to any of the aforementioned categories are allocated to this category. These assets are primarily bonds, debt securities, shares and investments which are not measured in accordance with IAS 27, IAS 28 or IAS 31. Subsequent measurement was at fair value. Measurement is at cost if the fair value of financial investments in equity instruments such as certain shares or investments for which no price is available on an active market (and the relating derivatives which can only be settled by way of offer) cannot be determined with sufficient reliability. The result of the measurement at fair value is reported under other comprehensive income. In the event of the sale of the financial asset, the accumulated estimated profit/loss reported in the valuation result is written back and reported in the income statement.

With equity instruments differences between the cost of acquisition and repayment amounts are amortised in recognition of profit or loss on application of the effective interest method.

Impairment is only carried out in the case of rating-induced impairment. The occurrence of rating-induced impairment is examined on the basis of specific objective factors. Objective factors in this context are the trigger events listed in IAS 39, for example significant financial difficulty of the issuer or the obligor or a breach of contract or default or delay in interest or principal payments. In addition to the criteria of permanence, a measurable decrease in the fair value of equity securities to below the acquisition cost is an objective indication of impairment.

In the case of rating-induced impairments, the difference between the book value and current fair value must be recognised in the income statement. Appreciations in the value of debt capital instruments are recognised in the amount of the appreciation through profit or loss in the income statement as well as in other comprehensive income. Appreciations in the value of equity instruments are recognised in other comprehensive income unless they are measured at acquisition cost.

be) Other Liabilities (OL)

This category includes in particular liabilities to banks and customers, securitised liabilities and subordinated capital provided that these liabilities have not been designated at fair value under the fair value option. Subsequent measurement is at amortised cost applying the effective interest method.

The carrying amounts and gains/losses for each measurement category are presented in Notes (59) and (60).

c) Reclassification

In accordance with the regulations of IAS 39, financial instruments are allowed to be reclassified from the HfT (trading assets) category to the LaR, HtM and AfS categories and from the AfS category to the LaR and HtM categories under certain circumstances. The NORD/LB Group did not make use of this right to reclassify.

d) Establishing fair value

The unit of account upon which the value of financial instruments is based is determined by IAS 39. In the NORD/LB Group the single financial instrument is the measurement unit, so long as IFRS 13 does not allow an exception.

The fair value of financial instruments according to IAS 39 in conjunction with IFRS 13 reflects the price at which an asset can be sold or a liability transferred in an ordinary transaction between market participants on the measurement date, i. e. the fair value is a market-related and not a company-specific value. According to IFRS 13, the fair value is the price that can either be observed directly or a price established by a measurement method which, in an ordinary transaction, i. e. a sale or a transfer, could be achieved on the main market or the most advantageous market on the measurement date. It is therefore an exit price, i. e. the measurement as at the measurement date is always based on a fictitious, possible market transaction. If there is a main market, the price on this market represents the fair value, independently of whether the price can be observed directly or will be calculated on the basis of a valuation method, and even if the price is potentially more advantageous on another market.

da) Financial instruments which are reported at fair value in the balance sheet

In the NORD/LB Group the three-tier fair value hierarchy is applied with Level 1 (Mark to Market), Level 2 (Mark to Matrix) and Level 3 (Mark to Model) terminology provided for in IFRS 13.

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

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 and other assets.

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.

Market data which forms the basis of risk controlling is generally applied for these Level 2 measurements.

For securities on the assets side for which there was no active market on 31 December 2013 and for which measurement could no longer be based on market prices, fair value was determined for measurement purposes in accordance with a mark-to-matrix method that was based on 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 consistently 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 and financial assets recognised at fair value.

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, this method employs models specific to the bank or 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 the Group's credit default swaps (CDS) and asset-backed securities (ABS)/mortgage-backed securities (MBS) for which the market has been classified as being inactive. Further interest-bearing securities are also 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, hedge accounting derivatives, financial assets and liabilities designated at fair value and financial assets recognised at fair value.

Establishing fair values

All measurement models applied in the Group are reviewed periodically. 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 the measurement appropriate consideration is given to all relevant factors such as the bid-ask spread, counterparty risk and typical discounting factors. In the context of the bid-ask spread, measurement is always based on the average price. The financial instruments concerned are in particular securities or liabilities whose fair values are based on prices listed on active markets and financial instruments such as OTC derivatives whose fair values are established using a measurement method and for which the average price is an observable input parameter in the measurement method.

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.

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.

For the measurement of secured OTC derivatives the NORD/LB Group has switched primarily to the current market standard of overnight index swap discounting (OIS discounting). This means that secured derivatives are no longer discounted with the tenor-specific interest rate, but with the OIS interest rate curve. Unsecured derivatives will continue to be discounted with the tenor-specific interest rate to establish their fair value.

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.

db) Financial instruments which are reported at fair value for disclosure purposes

Basically the same rules apply for financial instruments whose fair value is established solely for disclosure purposes as for financial instruments whose fair value is reported in the balance sheet. The financial instruments include for example the cash reserve, loans and advances to and liabilities to banks and customers, certain debt securities and company shares, securitised liabilities and subordinated capital.

For the cash reserve and short-term loans and advances to and liabilities to banks and customers (sight deposits), the nominal value is considered to be the fair value due to their short-term nature.

For securities and liabilities, in practice, like with financial instruments recognised at fair value in the balance sheet, a range of measurement methods (e.g. market or reference prices or measurement models), but as a general rule one measurement method (discounted cash low model) are used. In order to establish the value in this measurement model a risk-free yield curve is often used and adjusted with risk premiums and where applicable other components. For liabilities NORD/LB's own credit default risk is used as the risk premium. An appropriate level allocation in the existing fair value hierarchy is made according to the significance of the input data.

For long-term loans and advances to and liabilities to banks and customers and for investments no observable market prices are available, as no observable primary or secondary markets exist. The fair value for these financial instruments is established using recognised measurement methods (discounted cash flow model). The input data for this model are the risk-free interest rate, a risk premium and where applicable further premiums to cover administrative and equity costs.

Financial instruments are allocated to Level 3 if the method uses the NORD/LB Group's internal ratings based on the Internal Ratings-Based Approach (in accordance with BASEL II). This is the case regardless of whether the internal data for the regulatory eligibility check was gauged using data from publicly available ratings which form the basis of pricing decisions by market participants.

Further information on the fair value hierarchy and the fair values of financial instruments can be found in Note (58) Fair value hierarchy.

e) Measurement of Investments which do not fall under IAS 27, IAS 28 or IAS 31

Investments which do not fall under IAS 27, IAS 28 or IAS 31 are measured at fair value. If the fair value of financial investments in equity instruments which do not have a listed price on an active market cannot be reliably established, they are measured at acquisition cost (cf. Note (58) Fair Value Hierarchy).

If investments are traded on an active market, the market/stock exchange price is used to determine the fair value. If it is not possible to use prices listed on active markets, the fair value is established using recognised measurement methods. In addition to the peer-group method, the NORD/LB Group also uses the income-value method. This method is allocated in the fair value hierarchy in accordance with IFRS 13 to Level 3 (cf. Note (58) Fair Value Hierarchy).

The fair value is calculated in the earnings-value method from the present value of the shareholders future net earnings associated with the ownership of the company.

The net earnings of shareholders, which are discounted to calculate the income value, relate primarily to the distributions of financial profits generated by the company. The starting point for calculating the fair value of the participating interest is a forecast for earnings performance for 2013, a detailed plan for 2014 and where applicable the medium-term plan for the following four years (planning phase I). For the following years beyond the planning horizon in general perpetuity of the undertaking is assumed. For this purpose a perpetual annuity is calculated which should reflect the long-term situation of the affiliated company (planning phase II). These anticipated future profits are discounted taking into account the anticipated distributions on the balance sheet date.

The discount rate used represents the yield from an adequate alternative investment in respect of maturity and risk to the investment in the affiliated company and is derived on the basis of a capital market model. The discount rate comprises the components of risk-free interest and the risk premium for future financial profits. The risk premium is the product of an average market risk premium and the beta factor which expresses the specific risk structure of the company to be valued. The beta factor describes as a relative measure to what extent the yield of the respective share in the affiliated company follows changes in the yield of the market portfolio.

In order to value investments in companies which are not listed on the stock exchange, comparison groups of similar titles traded on the stock exchange are formed and for each individual value the beta is calculated in relation to the respective broadest national index. In brief, the beta factor of the comparison group calculated in this way is a significant multiplier used when calculating the capitalisation interest.

f) Structured products

Structured products comprise two components – a basic contract (host contract, e. g. security) and one or several embedded derivative financial instruments (embedded derivatives, e. g. swaps, futures or caps). The two components are the subject matter of a single contract relating to the structured product, i. e. these products constitute a legal unit and may not be negotiated separately due to the circumstance of a contractual unit.

In accordance with IAS 39 an embedded derivative is to be separated from the host contract and accounted for as a separate derivative provided that all of the following criteria are fulfilled:

- The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.
- A separate instrument with the same terms as the embedded derivative financial instrument would meet the definition of a derivative financial instrument.
- The structured product is not measured at fair value through profit or loss.

If separation of financial instruments is obligatory, these financial instruments are measured and recognised separately in the NORD/LB Group, provided they have not been classified as AFV. The host contract is accounted for in compliance with the regulations of the category to which a financial instrument is allocated and embedded derivatives are accounted for at fair value through profit or loss as part of the trading assets or trading liabilities.

g) Hedge accounting

Hedge accounting is the balance sheet presentation of hedging relationships. In this framework, hedging relationships are established between underlying items and hedging transactions. The aim is to avoid or reduce fluctuations in profits and equity resulting from differing measurements of underlying and hedging transactions.

A distinction is made between three basic forms of hedges, each needing to be handled differently in hedge accounting. The fair value hedge involves the hedging of (parts of) assets and liabilities against changes in fair value. In particular investment and lending transactions in the Group as well as the security portfolios under liquidity control, provided that the securities bear interest, are subject to this type of risk in changes to value. Both individual transactions and portfolios are hedged by fair value hedges. Currently the fair value is only hedged against interest rate risk. Changes in the fair values of assets and liabilities are hedged in single-currency portfolios in euros and US dollars. Interest rate swaps and currency swaps are mainly used to hedge these risks.

The two other basic forms, the cash flow hedge and the hedge of a net investment in a foreign operation, are currently not used in the NORD/LB Group.

Only hedging relationships which have fulfilled the restrictive requirements of IAS 39 may be reported in accordance with the regulations of hedge accounting. Hedge accounting requirements, in particular evidence of the effectiveness of the hedge transaction, must be met for each hedging relationship on each balance sheet reporting date. The critical term match method, the market data shift method and the regression method are applied in the Group for the prospective conducting of effectiveness tests. The modified dollar offset method is primarily used in the Group for retrospective effectiveness tests. This method takes account of the problem of small numbers in the case of minor changes in the value of underlying transactions and hedges by means of an additional tolerance limit. Deutsche Hypo uses the regression method for the retrospective effectiveness test.

In the fair value hedge portfolio, for the retrospective effectiveness test disposals from the hedged portfolio of underlying transactions were previously dealt with using the bottom layer method.

In accordance with the fair value hedge accounting rules, derivative financial instruments used for hedging purposes are reported at fair value as positive or negative fair values from hedge accounting (Note (39) or Note (52) Positive or negative fair values from hedge accounting derivatives. The changes in valuation are recognised in the income statement (Note (25) Profit/loss from Hedge Accounting). Changes in fair value resulting from the hedged risk of hedged assets or hedged liabilities are also recognised through profit or loss in the profit/loss from hedge accounting item.

When employing hedge accounting for financial instruments in the annual financial statements category, the portion of any change in fair value relating to hedged risks is recognised in profit or loss as profit/loss from hedge accounting, while the portion of a change in fair value which is not related to the hedged risk is accounted for in the revaluation reserve.

In micro hedge accounting, financial instruments measured at amortised cost are adjusted in the balance sheet item by the change in fair value resulting from the hedge risk (hedge adjustment).

Changes in the fair value of underlying asset and liability-side transactions related to the hedged risk are reported under the adjustment item for hedged financial instruments in the fair value hedge portfolio on the assets side or liabilities side of the balance sheet. Underlying transactions relating to AfS items carried as assets continue to be reported at their full fair value under financial assets. There are currently asset and liability items in the fair value hedge portfolio.

A hedge relationship is terminated when the basic transaction or the hedging transaction expires, is sold or exercised or when hedge accounting requirements are no longer fulfilled; for underlying transactions in effective hedges (cf. Note (66)).

h) Repos and securities lending

In the case of genuine repos, transferring the securities sold under repurchase agreements does not lead to derecognition, as the transferring entity essentially retains all the risks and rewards associated with the ownership of the repurchased securities. The asset transferred must therefore still be reported by the transferor and measured according to its respective category. Payment received is carried as a financial liability (in liabilities to banks or liabilities to customers, depending on the counterparty). Interest payments agreed are reported as interest expenses over the respective terms.

Reverse repo transactions are reported accordingly as loans and advances to banks and customers and are allocated to the loans and receivables (LaR) category. Securities for sale and repurchase which constitute the basis of the financial transaction are not reported in the balance sheet. Interest resulting from such transactions is reported as interest income over the respective term.

Security sale agreements with a repurchase option were not concluded in the NORD/LB Group.

Principles which apply for reporting genuine repurchase transactions also apply for securities lending transactions. Securities lent are reported as security portfolios and measured in accordance with IAS 39, while borrowed securities are not reported. Cash collateral pledged for security lending transactions is reported as a claim and cash collateral received is reported as a liability.

With regard to the scope and the volume of security sale and repurchase agreements and securities lending transactions, Note (62) Offsetting of Financial Liabilities is referred to.

i) Securitisations

Various financial assets relating to lending business are securitised either in synthetic securitisation using credit derivatives or by non-recourse factoring to special purpose entities (SPEs), which in turn issue securities to investors (true sale securitisation). Interest and capital repayments resulting from such securities are directly linked to the performance of the underlying claim, and not to that of the issuer.

The accounting of such transactions depends on the method of securitisation. Assets relating to synthetic securitisation remain in the balance sheet and are reported with the credit derivatives concluded in accordance with IAS 39 regulations. In the case of true sale securitisation, the assets are written off if the opportunities and risks relating to these assets have been (virtually) fully transferred to the SPE. With securitisation transactions normally (virtually) all of the opportunities and risks are transferred to the SPE or the buyer. Assets of consolidated SPEs remain in the NORD/LB Groups consolidated balance sheet.

(8) Risk provisioning

Risks relating to lending business are accounted for by forming specific valuation allowances, specific loan loss provisons and general loan loss provisions.

Recoverability is reviewed for all significant claims at individual transaction level. Risk provisions cover all recognisable credit risks in the form of specific valuation allowances. A valuation allowance is required when observable criteria indicate that it is likely that not all the interest and capital repayments or other obligations will be met on time. The essential criteria for a valuation allowance are for example the default on interest and capital payments or a delay in such payments of more than 90 days, considerable financial difficulties on the part of the debtor such as arithmetic and actual insolvency or the long-term negative consequences of a restructuring. These criteria also include concessions made by lenders such as interest exemption, write-off of debt or deferred repayment, impending insolvency and impending restructuring proceedings.

With ship financing the essential criteria for a valuation allowance are interest deferrals and / or deferred repayment, concessions such as the granting of restructuring loans to support the liquidity of borrowers or individual ships, and threatened insolvency.

The amount of the specific valuation allowance is calculated as the difference between the carrying amount and the recoverable amount as the present value of the anticipated future cash flows.

If the criteria for a valuation allowance have been met for claims which are not significant, these claims are concentrated in narrowly defined portfolios with similar risk structures, measured by a standard method and are the subject of an appropriate flat-rate specific valuation allowance. The calculation is made on the basis of historical probabilities of default and loss rates.

To cover impairments which have occurred but have not yet been identified, general loan loss provisions are made. These are calculated on the basis of historical probabilities of default and loss rates, with the portfolio-specific loss identification period factor (LIP factor) also being considered.

Since the first quarter of 2013 general loan loss provisions have been made at specific customer level. As a result the reporting is adjusted to reflect the actual circumstances and developments in the specific industry. Using the old calculation method, general loan loss provisions would have totalled € 552 million as at 31 December 2013. The calculation at specific customer level produces a figure of € 478 million (cf. Note (36) Risk Provisioning).

The parameters employed in the lumpsum specific loan loss provisions and the general loan loss provisions derived from the Basel II system.

The total amount of loan loss provisions resulting from balance sheet business is recognised as a separate item under assets in the balance sheet.

Risks relating to off-balance sheet transactions (guarantees, endorsement liabilities and loan commitments) are accounted for by a loan loss provision.

Irrecoverable loans for which no specific valuation allowances are written off immediately. Payments received for written-off loans and advances are recognised in profit or loss.

Financial assets classified as LaR are only written off directly.

(9) Property and equipment

Property and equipment are recognised at cost on the date of addition. Subsequent costs are capitalised if they result in a significant improvement in the asset and therefore increase the future economic benefit of the asset. Property and equipment subject to wear are reported upon subsequent measurement less scheduled straight-line depreciation charged over the useful life. Impairments are charged at the amount at which the carrying amount exceeds the higher amount of fair value less the cost of disposal and value in use of the asset. If reasons for impairment no longer exist, write-ups (appreciations in value) are carried out, but not in excess of the amount of amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit/loss.

Property and equipment is depreciated over the following periods:

	Property and equipment
Land and buildings	10–50
Operating and office equipment	3–25
Ships	25
Other property and equipment	3–25

(10) Leases

In accordance with IAS 17, leases must be classified as finance or operating leases at the inception of a lease. If essentially all of the opportunities and risks associated with ownership are transferred to the lessee, the lease is classified as a finance lease and the leased asset is accounted for by the lessee. If essentially all of the opportunities and risks associated with ownership are not transferred to the lessee, the lease is classified as an operating lease and the leased asset is accounted for by the lessor.

Finance lease

If the NORD/LB Group is considered to be the lessor, a receivable to the amount of the lessee's payment obligations resulting from the lease is reported at the inception of the lease. The receivable is reported at the net investment value (difference between the gross investment in the lease and finance income not yet realised) and is shown in other loans and advances to banks or loans and advances to customers. Any additional costs incurred are spread over the term of the contract.

Lease payments relating to a finance lease are split into a capital and an interest amount. The capital amount is deducted from loans and advances directly in equity. The interest amount is accounted for as interest income through profit or loss.

Operating lease

If the Group is considered to be the lessee in operating leases, lease payments made are reported as an expense in other administrative expenses. Initial direct costs (for example costs for appraisers) are immediately recognised through profit or loss.

(11) Investment property

Investment property is considered to be land and buildings or parts of buildings held to generate rental income and / or for the purpose of capital appreciation. Properties where more than 20 per cent of the leased floor space is utilised by third parties are examined to determine whether the part used by third parties can be separated. If this is not the case then the whole property is reported in property and equipment.

Investment property is reported at cost on the date of acquisition; transaction costs are included in initial measurement. Subsequent costs are capitalised if they result in a significant improvement in the asset and therefore increase the future economic benefit of the asset.

Upon subsequent measurement of investment properties scheduled straight-line depreciation is charged. Impairments are charged at the amount at which the carrying amount exceeds the higher amount of fair value less the cost of disposal and value in use of the asset. If the reasons for impairment cease to exist, impairment losses are reversed, but not above the amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit / loss.

Investment property is depreciated over a period of 2 to 50 years.

The income value method is used, based on market data, to calculate the fair value of investment property. The valuation is carried out in part by independent experts who are appropriately qualified and relevant experience.

(12) Intangible assets

Intangible assets which are acquired by the NORD/LB Group are reported at cost of acquisition and internally developed intangible assets are reported at cost of production provided that the criteria for recognition required under IAS 38 are met. Subsequent costs are capitalised if they result in a significant improvement in the asset and therefore increase the future economic benefit of the asset.

Scheduled straight-line amortisation over the useful life is charged for intangible assets with a finite useful life. Impairments are charged at the amount at which the carrying amount exceeds the higher of fair value less cost of disposal and value in use of the asset for intangible assets with a finite useful life. If the reasons for the impairment no longer exist, write-ups are carried out, but not in excess of the amortised cost. Scheduled depreciation is recognised under administrative expenses and impairments and write-ups in other operating profit / loss.

Intangible assets with a finite useful life are amortised over a period of 3 to 15 years.

Intangible assets with an indefinite useful life are tested at least once a year in the fourth quarter for their recoverability. The value of goodwill is reviewed on the basis of cash generating units (CGUs).

(13) Assets held for sale

Longer-term assets or disposal groups held for sale whose carrying amounts are realised through a sale and not through operational use are recognised in separate balance sheet items. Such assets are measured at fair value less costs of disposal provided that these costs do not exceed the carrying amount. Longer-term assets held for sale are no longer amortised as at the date of reclassification. Impairment losses resulting from longer-term assets and disposal groups held for sale are, however, taken into account.

No entire business divisions were discontinued in 2013 or in 2012.

(14) Provisions for pensions and similar obligations

Pension obligations from defined benefit plans are calculated in accordance with IAS 19 by independent actuaries as at the balance sheet date in accordance with the projected unit credit method. Plan assets which are invested in order to cover defined benefit pension obligations and similar benefits are measured at their fair value and offset against the corresponding liabilities.

Differences between the assumptions made and developments that have actually taken place and changes in the assumptions for the measurement of defined benefit plans and similar liabilities result in actuarial gains and losses which are recognised in the year that they occur under other comprehensive income.

Interest is added to the balance of defined benefit pension obligations, similar benefits and plan assets (net pension obligation) using the discount rate used in the measurement of the gross pension obligation. The resulting net interest expense is recognised in the income statement under interest expenses. The other expenses related to the granting of pension obligations and similar benefits, which primarily relate to entitlements earned in the financial year, are considered in the income statement under administrative expenses.

In order to establish the present value of defined benefit obligations, in addition to biometric assumptions, the discount rate calculated using the Mercer Yield Curve Approach (MYC) for first-class industrial securities and anticipated future salary and pension increase rates are taken into account. For the projection of mortality and invalidity, Klaus Heubeck's "Richttafeln 2005 G" mortality tables were used. Gains or losses from the reduction or payment of a defined benefit plan are recognised at the time of the reduction or payment through profit or loss.

The defined benefit obligation is calculated based on the following actuarial assumptions:

(in %)	31 Dec. 2013	31 Dec. 2012
Domestic		
Actuarial interest rate	3.70	3.60
Increase in salaries	2.00	2.30
Increase in pensions (contingent on the occupational pension scheme)	2.75 / 2.87 / 1.00 / 2.0 / 2.25 / 3.25	2.86
Cost increase rate for allowance payments	–	–
Mortality, invalidity, etc.	Based on Heubeck 2005G mortality tables	Based on Heubeck 2005G mortality tables
Abroad (weighted parameters)		
Actuarial interest rate	4.49	4.49
Increase in salaries	4.43	4.08
Increase in pensions	2.81	2.82
Mortality, invalidity, etc.	USA RP-2000, GB S1PMA Light / S1PFA light base tables with CMI 2013 projections basis LUX DAV 2004 R	
Inflation	3.48	3.10

(15) Other provisions

Other provisions are established in accordance with IAS 37 and IAS 19 for uncertain liabilities to third parties and anticipated losses on pending transactions if utilisation is likely and if its amount can be reliably determined. Provisions are measured as the best estimate. This is based on the assessment of management taking into account empirical values and, if necessary, experts reports or opinions. Risks and uncertainties are taken into account. Future events which may influence the amount required to meet an obligation are only included if there are objective indications of their occurrence. Provisions are discounted if the effect is material.

(16) Insurance business

Insurance business is recognised in current balance sheet and income statement items. Where these significant components of a balance sheet and income statement item refer to sector-specific insurance business, information is presented in the corresponding notes. Reference is made in particular to information in Notes (23), (29), (46), (53), and (55). Insurance company investments that fall within the scope of application of IAS 39 are recognised in accordance with accounting policies which apply for the entire Group. Investments for the account and risk of holders of life insurance policies are reported at fair value through profit or loss.

In accordance with IFRS 4.13, insurers may temporarily report insurance items in accordance with the previously applied accounting regulations. Provisions relating to insurance are therefore reported and measured in accordance with commercial law in keeping with IFRS 4.25. For consolidated insurers this law is German commercial law, and in particular §§ 341 to § 341p of the German Commercial Code (Handelsgesetzbuch, HGB), the German Law Regulating Insurance Companies (Versicherungsaufsichtsgesetz, VAG) and the German Insurance Accounting Ordinance (Versicherungsunternehmens-Rechnungslegungsverordnung, RechVersV). Unlike under the German Commercial Code, an equalisation provision or similar provision is not allowed to be made under IFRSs.

The application of German accounting principles to measure insurance obligations in accordance with IFRS 4 also involves the principle of prudence. In this case, in the event of uncertainty concerning the amount of a value, the tendency is to include a conservative value instead of the most probable value. This ensures that when values are determined in accordance with German commercial law, liability adequacy tests in accordance with IFRS 4.14 (b) will already have been performed.

Premium surpluses for insurance business concluded directly have been calculated in accordance with the 360th system in accordance with the coordinate Ländererlass (state decree) of 9 March 1973. Reinsurer shares are taken from their calculation. Premium surpluses for insurance business taken over as reinsurance are assumed in accordance with the functions of the previous insurance company.

Actuarial reserves for insurance business concluded directly, including the relevant share in surpluses and the corresponding claims on policy holders, are calculated on an individual contract basis with implicitly calculated costs for each insurance contract. With the exception of unit-linked life insurance and annuity insurance policies, prospective methods are applied here. Calculations of bonus and administrative cost provisions for existing and new contracts are based on the same accounting principles as for the relevant primary insurance policy. The biometric accounting principles employed have been derived from Deutsche Aktuarvereinigung e.V. (German Association of Actuaries) and comply with requirements of the General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz, AGG).

In insurance business concluded directly, individual provisions for outstanding insurance claims are created for each reported insurance claim and adjusted if necessary if new findings are made. Long-tail claims are reported globally on the basis of statistical measurement methods. Reinsurer shares were taken over from their calculation. A corresponding provision is established for redemptions in the case of paid-up and cancelled insurance policies. The provision for business assumed as reinsurance is reported in accordance with the functions of the previous insurance company. Some of the values stated are estimates due to the late submission of final accounts.

The provision for the reimbursement of premiums contains amounts which have been provided for future distribution to policy holders in accordance with the law or the statutes. Calculations for final surplus share funds contained in provisions for the reimbursement of insurance contributions are prospective and have all been calculated on an individual contract basis. Amounts resulting from temporary differences between conclusions according to IAS / IFRSs and those according to German commercial law are proportionately allocated to a deferred provision for the reimbursement of insurance contributions.

Insofar as the investment risk is borne by policy holders, the retrospective method is applied for calculating the value of insurance provisions in life insurance from the current investment units of the individual insurers in the corresponding item on “Investments for the account and risk of holders of life insurance policies”.

Financial assets and liabilities specific to insurance held in the NORD/LB Group are accounted for in accordance with IFRS 4. These are net deposit receivables and payables from lending and deposit reinsurance business, amounts receivable and amounts payable from reinsurance business and amounts receivable and amounts payable under direct insurance contracts. These items are recognised at their settlement value. Any allowances required for receivables from insurance business concluded directly are reported in risk provisioning.

(17) Income taxes

Current income tax assets and tax liabilities were calculated at currently valid tax rates to the amount expected to be received from/paid to the respective tax authority or to the amount of tax refunds expected to be received from the respective tax authority.

Deferred tax assets and tax liabilities are calculated on the basis of the difference between the carrying amount of an asset or a liability in the balance sheet and the corresponding tax value. In this case, deferred tax assets and tax liabilities will probably result in effects which increase or reduce income tax in future periods due to temporary differences. They were measured on the basis of tax rates expected to be valid in the period in which an asset is realised or an obligation is met. In this case tax rates (and tax regulations) which are valid for individual companies on the balance sheet date or which have been resolved by the reporting date are applied.

Deferred tax income for carrying forward tax losses not yet utilised and tax credits not yet utilised is only reported to the extent that it is probable that taxable future income will be available for applying tax losses not yet utilised and tax credits not yet utilised.

Current income tax assets and tax liabilities as well as deferred tax assets and tax liabilities are offset when requirements for offsetting are met. They are not discounted. Depending on the treatment of the underlying circumstances, deferred tax assets and tax liabilities are reported either in the income statement or in other comprehensive income.

Income tax assets and income tax liabilities are shown separately in the balance sheet and separated into actual and deferred assets and liabilities for the year under review. The carrying amount of deferred tax asset is reviewed for recoverability as at every balance sheet date.

Taxes on earnings or income tax proceeds are recognised in the income tax item in the consolidated income statement.

(18) Subordinated capital

The subordinated capital item comprises secured and unsecured subordinated liabilities, participatory capital and silent participations. The NORD/LB Group's silent participations are mostly classified as debt in accordance with regulations specified in IAS 32 due to contractual cancellation rights; under the German Commercial Code silent participations always qualify as equity. For regulatory purposes in accordance with the German Banking Act (Kreditwesengesetz, KWG), they are primarily recognised as liable equity.

Subordinated capital is reported at amortised cost. Premiums and discounts are distributed over the term in accordance with the effective interest method and recognised in the income statement under net interest income. Deferred interest not yet due is allocated directly to the corresponding items in subordinated capital.

Segment Reporting

The segment reporting provides information on the operational business segments 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 (2) Adjustment of figures for the previous year). In addition to this, previous year’s figures have been reallocated due to overhead costs and the income from financing from tied-up equity being distributed to the business segments from 2013 (see below). The allocation of overheads and the income from financing from tied-up equity increases the focus on the actual income and cost performance of the business model, as the earnings from the business segments is compared with the operational costs of the bank. At the same time the burden on Group Controlling / Others segment is eased and results transparency is improved.

Segment reporting by business segment

The 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 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 offered 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. From 2013 the income from financing from tied-up equity is allocated to the market segments (the previous year’s figures were adjusted).

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 earnings are not included in the internal reporting.

Segment expenses comprise primary expenses, expenses allocated on the basis of cost and service allocations and the overhead costs allocated from 2013 (previous year adjusted). Risk provisioning are allocated to segments on the basis of actual costs incurred. Overall bank revenue, such as general loan loss provisions and profit / loss from hedge accounting and overhead costs, is not allocated to the operational profit centres 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 the regulatory provisions of Basel II 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 earnings 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 provisions and valuation on committed capital (here 8 per cent of the higher value of the RWA limits and the amount called on).

In order to consider the increased equity requirements, since 2013 a capital securitisation level of 8 per cent (7 per cent) of risk-weighted assets applies for calculating committed capital in the segments. These are based on the provisions of the German Solvency Regulation (Solvabilitätsverordnung, SolvV). 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 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 segments are reported by business segment in the segment reporting:

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. This segment also includes the business conducted by Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig.

The product range for the business segment Private and Commercial Customers is based on the savings bank 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 & markets

The business segment includes, for the Corporate Customers Division, all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and in neighbouring regions, and in particular Agricultural Banking and Residential Housing. The Markets Division 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.

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. This Division also provides its customers with a professional, conceptual liquidity and risk management, measures for the structuring of equity and innovative financing instruments.

Alternative products which are detached from retail banking including derivatives are also 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 with assets in German or foreign real estate, ships or 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 and 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 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 and aircraft customers

In this segment the national and international activities of NORD/LB and Bremer Landesbank in ship and aircraft financing are reported. The customers of the Ship and Aircraft 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 or aircraft 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.

Real estate banking customers

Here NORD/LB 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 are offered.

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 business segments, components of comprehensive income at Group level which are not allocated to the business segments, general loan loss provisions, 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 € –179 million in 2013.

Positive contributions were made by net interest income in the amount of € 198 million, and in particular approx. € 214 million from Financial Markets activities recorded here, € 71 million from interest income not allocated to the business segments, € –29 million from other Group companies and € –59 million from consolidations. Also recognised in this business segment under loan loss provisions are allocations to general loan loss provisions in the amount of approx. € 59 million.

Net commission income, in particular from other Group companies and consolidation effects, had a negative effect in the amount of € –23 million. The profit / loss from hedge accounting also had a negative effect in the amount of € –10 million. The profit / loss from financial instruments at fair value is negative in the amount of € 13 million due in particular to the central valuation effects reported here; positive factors such as interest-rate and credit-rating-induced valuation effects valuation effects with derivatives almost compensated for the negative impact of the narrowing of the USD / EUR base spread for currency derivatives and valuation losses in the fair value option following the improvement in NORD/LB's own credit spread.

Also reported in this business segment are the effects from the profit / loss from financial assets (€ 16 million, in particular from the sale of AfS items) and the profit / loss from investments accounted for using the equity method (€ 33 million). Regarding other operating profit / loss (€ 61 million), the contributions from other Group companies (€ 76 million) and the proceeds from sales in the Treasury Division (€ 59 million) cannot compensate for the consolidation items and the bank levy (total of € –73 million).

Administrative expenses in this business segment total € 271 million. Administrative expenses in this segment result in the amount of € 102 million from the Financial Markets activities reported here and € 46 million from other Group companies. Further administrative expenses (€ 214 million) in this business segment are for projects covering the entire bank and non-allocated service centre costs. This was offset in part by consolidations in the amount of approx. € –91 million.

Furthermore, in 2013 reorganisation expenses (€ 38 million) and expenses related to public guarantees for reorganisation (€ 69 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.

(19) Segment reporting by business segment

1 Jan.–31 Dec. 2013 / 31 Dec. 2013 (in € million)	Private and Commercial Customers	Corporate Customers & Markets	Energy and Infrastructure Customers	Ship and Aircraft Customers	Real Estate Banking Customers	Group Management/Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	286	495	159	489	258	198	45	1 931
Loan loss provisions	– 2	45	8	678	79	64	– 26	846
Net interest income after loan loss provisions	**288**	**450**	**151**	**– 188**	**180**	**134**	**71**	**1 085**
Net commission income	31	103	56	34	4	– 23	– 43	163
Profit/loss from financial instruments at fair value through profit or loss	3	55	12	23	17	– 13	– 14	83
Profit/loss from hedge accounting	–	–	–	–	–	– 10	–	– 10
Profit/loss from financial assets	13	–	–	–	–	16	– 18	11
Profit/loss from investments accounted for using equity method	–	–	–	–	–	33	–	33
Administrative expenses	329	285	79	115	74	271	13	1 166
Other operating profit/loss	32	8	4	5	–	61	– 41	69
Profit/Loss before reorganisation and taxes	**38**	**332**	**144**	**– 242**	**128**	**– 72**	**– 59**	**268**
Reorganisation expenses	–	–	–	–	–	– 38	–	– 38
Expenses for public guarantees related to reorganisation	–	–	–	–	–	69	–	69
Earnings before taxes (EBT)	**38**	**332**	**144**	**– 242**	**128**	**– 179**	**– 59**	**161**
Taxes	–	–	–	–	–	–	– 85	– 85
Consolidated profit	**38**	**332**	**144**	**– 242**	**128**	**– 179**	**25**	**245**
Segment assets	10 801	65 457	14 047	26 335	16 374	67 605	226	200 845
of which: investments at equity	–	–	–	–	–	306	–	306
Segment liabilities	11 145	43 364	2 952	4 974	733	136 330	1 346	200 845
Risk-weighted assets	5 489	15 422	7 231	43 287	13 018	14 156	– 30 109	68 494
Capital employed [1)]	462	1 237	578	3 463	1 041	1 106	– 66	7 822
CIR	93,6 %	43,0 %	34,4 %	20,9 %	26,3 %			51,4 %
RoRaC/RoE [2)]	8,2 %	19,8 %	19,1 %	– 7,0 %	10,1 %			2,1 %

1 Jan.–31 Dec. 2012 / 31 Dec. 2012 (in € million)	Private and Commer-cial Customers	Corporate Customers & Markets	Energy and Infra-structure Customers	Ship and Aircraft Customers	Real Estate Banking Customers	Group Manage-ment / Others	Recon-ciliations	NORD/LB Group
Net interest income before loan loss provisions	283	500	167	510	268	143	88	1 959
Loan loss provisions	1	87	30	500	132	– 153	1	598
Net interest income after loan loss provisions	**282**	**413**	**137**	**9**	**136**	**295**	**88**	**1 360**
Net commission income	25	94	51	57	13	– 25	– 48	168
Profit / loss from financial instruments at fair value through profit or loss	12	112	3	11	4	– 284	20	– 123
Profit / loss from hedge accounting	–	–	–	–	–	10	– 9	1
Profit / loss from financial assets	10	–	–	–	–	– 16	–	– 5
Profit / loss from investments accounted for using equity method	–	–	–	–	–	– 14	–	– 14
Administrative expenses	324	274	77	103	76	295	9	1 158
Other operating profit / loss	9	7	4	– 2	1	– 65	– 53	– 99
Profit / Loss before reorganisation and taxes	**15**	**353**	**119**	**– 29**	**77**	**– 393**	**– 11**	**131**
Reorganisation expenses	–	–	–	–	–	– 34	–	– 34
Expenses for public guarantees related to reorganisation	–	–	–	–	–	19	–	19
Earnings before taxes (EBT)	**15**	**353**	**119**	**– 29**	**77**	**– 446**	**– 11**	**79**
Taxes	–	–	–	–	–	–	– 4	– 4
Consolidated profit	**15**	**353**	**119**	**– 29**	**77**	**– 446**	**– 7**	**82**
Segment assets	11 798	65 459	14 745	27 780	18 308	84 838	2 622	225 550
of which: investments at equity	–	–	–	–	–	318	–	318
Segment liabilities	10 917	48 175	3 098	4 261	905	155 114	3 080	225 550
Risk-weighted assets	5 641	15 686	8 062	37 736	16 768	14 101	– 20 133	77 863
Capital employed [1]	411	1 100	564	2 642	1 174	969	853	7 712
CIR	98,3 %	38,4 %	34,0 %	18,0 %	26,7 %			61,2 %
RoRaC / RoE [2]	3,6 %	25,9 %	18,3 %	– 1,1 %	6,3 %			1,0 %

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

(in € million)	31 Dec. 2013	31 Dec. 2012
Long-term equity under commercial law	7 822	7 712
Revaluation reserve	122	– 95
Silent participations in reported equity	245	82
Reported equity	**8 190**	**7 700**

[2] Business segment RoRaC:
earnings before taxes / committed core capital;
(8 per cent (7 per cent) of the higher value
of the RWA limit and the amount called on)

Group RoE:
earnings before taxes / long-term equity under commercial law
(= reported equity – revaluation reserve – earnings after taxes)

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

(20) Breakdown by geographical regions

1 Jan.–31 Dec. 2013 / 31 Dec. 2013 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolida-tion	NORD/LB Group
Earnings before taxes (EBT)	– 28	88	68	49	– 17	161
Segment assets	200 116	27 729	4 547	4 223	– 35 771	200 845
Segment liabilities	202 135	26 704	4 547	4 223	– 36 765	200 845
Risk-weighted assets	61 533	7 343	2 130	1 517	– 4 029	68 494
Capital employed	7 380	587	170	121	– 437	7 822
CIR	55.1 %	43.3 %	34.0 %	23.0 %		51.4 %
RoRaC / RoE [1]	– 0.4 %	15.1 %	39.9 %	40.6 %		2.1 %

1 Jan.–31 Dec. 2012 / 31 Dec. 2012 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolida-tion	NORD/LB Group
Earnings before taxes (EBT)	– 128	119	111	53	– 77	79
Segment assets	230 608	29 920	5 526	4 133	– 44 637	225 550
Segment liabilities	230 608	29 920	5 526	4 133	– 44 637	225 550
Risk-weighted assets	69 643	7 312	3 298	1 735	– 4 125	77 863
Capital employed	7 249	512	231	121	– 401	7 712
CIR	64.5 %	28.5 %	28.6 %	20.4 %		61.2 %
RoRaC / RoE [1]	– 1.8 %	23.3 %	47.9 %	43.7 %		1.0 %

[1] By business segment RoRaC:
earnings before taxes / core capital employed
(8 per cent (7 per cent) of the higher value coming from RWA-Limit or usage amount)

For the Group RoE:
(earnings before taxes – interest expenses for silent participations in reported equity) / long-term equity under commercial law
(= share capital + capital reserves + retained earnings + non-controlling interests – silent participations in reported equity)

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

Notes to the Income Statement

(21) Net interest income

The items interest income and interest expense comprise interest received and paid, deferred interest and pro rata reductions in 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 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 [1] (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	4 190	4 798	– 13
Interest income from debt securities and other fixed-interest securities	973	1 271	– 23
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	4 067	5 730	– 29
Interest income from fair value option	50	64	– 22
Current income			
from shares and other non fixed-interest securities	12	9	33
from investments	11	40	– 73
Interest income from other amortisations	482	355	36
Other interest income and similar income	2	13	– 85
	9 787	**12 280**	**– 20**
Interest expense			
Interest expenses from lending and money market transactions	2 127	2 527	– 16
Interest expenses from securitised liabilities	1 107	1 605	– 31
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit/loss and hedge accounting derivatives	3 646	5 274	– 31
Interest expenses from fair value option	323	324	–
Interest expenses from subordinated capital	229	245	– 7
Interest expenses from other amortisations	346	261	33
Interest expenses from provisions and liabilities	71	79	– 10
Other interest expenses and similar expenses	7	6	17
	7 856	**10 321**	**– 24**
Total	**1 931**	**1 959**	**– 1**

[1] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

Interest income from lending and money market transactions includes interest income relating to impaired loans (unwinding) of € 77 million (€ 61 million).

The interest income includes € 5,646 million (€ 6,424 million) relating to income from financial instruments which are not measured at fair value through profit or loss. The interest expenses include € 3,809 million (€ 4,638 million) relating to expenses from financial instruments which are not measured at fair value through profit or loss.

(22) Loan loss provisions

	1 Jan. – 31 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowances	336	299	12
Reversal of lumpsum specific loan loss provisions	10	13	– 23
Reversal of general loan loss provisions	25	175	– 86
Reversal of loan loss provisions	65	69	– 6
Additions to receivables written off	21	25	– 16
	457	**581**	**– 21**
Expenses for provisions for lending business			
Allocation to specific valuation allowances	1 030	939	10
Allocation to lumpsum specific loan loss provisions	5	5	–
Allocation to general loan loss provisions	80	44	82
Allocation to loan loss provisions	54	98	– 45
Direct write-offs of bad debts	134	92	46
Premium payments for credit insurance	–	1	– 100
	1 303	**1 179**	**11**
Total	**846**	**598**	**41**

(23) Net commission income

	1 Jan. – 31 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	106	127	– 17
Account management and payment transactions	41	41	–
Trust activities	5	10	– 50
Security transactions and custody service	36	29	24
Brokerage business	31	30	3
Insurance business	8	8	–
Other commission income	43	32	34
	270	**277**	**– 3**
Commission expense			
Lending and guarantee business	19	17	12
Account management and payment transactions	2	2	–
Trust activities	–	4	– 100
Security transactions and custody service	23	21	10
Brokerage business	9	5	80
Insurance business	32	31	3
Other commission expenses	22	29	– 24
	107	**109**	**– 2**
Total	**163**	**168**	**– 3**

Commission income includes earnings from financial instruments which are not measured at fair value in the amount of € 183 million (€ 197 million). Commission expenses include expenses from financial instruments which are not measured at fair value in the amount of € 45 million (€ 40 million).

(24) Profit / loss from financial instruments at fair value through profit or loss

	1 Jan. – 31 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012 (in € million)	Change (in %)
Trading profit / loss			
Profit / loss from debt securities and other fixed-interest securities	– 66	123	> 100
Profit / loss from shares and other non fixed-interest securities	4	2	100
Profit / loss from derivatives	– 80	304	> 100
Interest-rate risks	– 130	200	> 100
Currency risks	– 108	– 243	– 56
Share-price and other price risks	57	63	– 10
Credit derivatives	101	284	– 64
Profit / loss from receivables held for trading	– 41	78	> 100
Profit / loss from other trading activities	2	–	–
	– 181	**507**	**> 100**
Foreign exchange result	39	8	> 100
Other income	6	2	> 100
	– 136	**517**	**> 100**
Profit / loss from the fair value option			
Profit / loss from receivables to customers and banks	– 13	12	> 100
Profit / loss from debt securities and other fixed-interest securities	– 45	– 29	55
Profit / loss from shares and other non fixed-interest securities	1	1	–
Profit / loss from liabilties to banks and customers	383	– 299	> 100
Profit / loss from securitised liabilties	– 108	– 325	– 67
Profit / loss from subordinated capital	1	–	–
	219	**– 640**	**> 100**
Total	**83**	**– 123**	**> 100**

Commission income from trading activities in the amount of € 6 million (€ 2 million) is reported under other income.

(25) 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 hedge instruments in effective fair value hedge relationships.

	1 Jan. – 31 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012 (in € million)	Change (in %)
Profit / loss from micro fair value hedges			
from hedged underlying transactions	– 395	– 106	> 100
from derivatives employed as hedging instruments	373	70	> 100
	– 22	**– 36**	**– 39**
Profit / loss from portfolio fair value hedges			
from hedged underlying transactions	136	– 385	> 100
from derivatives employed as hedging instruments	– 124	422	> 100
	12	**37**	**– 68**
Total	**– 10**	**1**	**> 100**

(26) 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 Dec. 2013 (in € million)	1 Jan. – 31 Dec. 2012 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**– 12**	**– 2**	**> 100**
Profit / loss from financial assets classified as AfS (excluding investments)			
Profit/ loss from the disposal of			
debt securities and other fixed-interest securities	50	34	47
shares and other non fixed-interest securities	18	13	38
Other financial assets classified as AfS	– 2	– 2	–
Profit / loss from allowances for losses on			
debt securities and other fixed-interest securities	–	– 2	100
shares and other non fixed-interest securities	– 14	– 6	> 100
Other financial assets classified as AfS	– 4	– 16	– 75
	48	**21**	**> 100**
Profit / loss from shares in companies (not consolidated)	**– 25**	**– 24**	**4**
Total	**11**	**– 5**	**> 100**

(27) Profit / loss from investments accounted for using the equity method

The profit / loss from investments accounted for using the equity method is summarised below. It shows the contributions to earnings of joint ventures and associated companies accounted for using the equity method.

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Shares in joint ventures			
Earnings	2	3	– 33
	2	**3**	**– 33**
Shares in associated companies			
Earnings	37	41	– 10
Expenses	6	58	– 90
	31	**– 17**	**> 100**
Total	**33**	**– 14**	**> 100**

(28) Administrative expenses

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Staff expenses			
Wages and salaries	490	492	–
Social insurance contributions	68	68	–
Expenditure on pension schemes and other benefits	52	37	41
Other staff expenses	6	6	–
	616	**603**	**2**
Other administrative expenses			
Costs for IT and communications	237	215	10
Building occupancy costs	48	45	7
Expenses for marketing, communications and entertainment	28	48	– 42
Personnel-related material expenses	22	25	– 12
Costs for legal, auditing, appraisal and consulting services	67	64	5
Levies and contributions	18	20	– 10
Expenses for operating and office equipment	6	6	–
Other services	9	9	–
Other administrative expenses	37	34	9
	472	**466**	**1**
Amortisation and depreciation			
Property and equipment	39	45	– 13
Intangible assets	37	42	– 12
Investment properties	2	2	–
	78	**89**	**– 12**
Total	**1 166**	**1 158**	**1**

Included under staff expenses are expenses for defined contribution plans in the amount of € 52 million (€ 37 million).

(29) Other operating profit/loss

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	327	269	22
from insurance business	540	497	9
from other business	226	183	23
	1 093	**949**	**15**
Other operating expenses			
from allocation to provisions	455	441	3
from insurance business	344	315	9
from other business	225	292	– 23
	1 024	**1 048**	**– 2**
Total	**69**	**– 99**	**> 100**

Earnings from the reversal of provisions and expenses from allocation to provisions primarily concern provisions relating to insurance business.

Other operating income from insurance business is primarily the result of premium income (€ 427 million (€ 417 million)) and earnings from reinsurance contracts (€ 83 million (€ 50 million)).

Earnings from other business includes earnings from the disposal of receivables (€ 84 million (€ 54 million)), earnings from the redemption of debt securities (€ 41 million (€ 2 million)), earnings from the chartering of ships relating to restructuring commitments in lending business (€ 35 million (€ 42 million)), rental income from investment property (€ 11 million (€ 10 million)), reimbursements of costs (€ 10 million (€ 11 million)) and earnings from the disposal of property and equipment (€ 0 million (€ 25 million)).

Other operating expenses from insurance business mainly comprise indemnity expenses (€ 284 million (€ 258 million)) and expenses from reinsurance business (€ 50 million (€ 49 million)).

Expenses from other business essentially comprise expenses from the redemption of debt securities (€ 47 million (€ 38 million)), expenses from the disposal of other liabilities (€ 32 million (€ 0 million)), expenses to generate charter income from ships (€ 27 million (€ 23 million)), expenses from other taxes (€ 14 million (€ 3 million)), expenses from the transfer of losses (€ 8 million (€ 7 million) and expenses from the disposal of receivables (€ 5 million (€ 99 million)). The expenses from other business also include an amount of € 37 million (€ 37 million) provided for the bank levy set by the Restructuring Fund Act (Restrukturierungsfonds-Verordnung).

The expenses from other business also include unscheduled depreciation in the amount of € 0 million (€ 44 million). The previous year’s figure was the result of a fall in the market value of ships due to the crisis in the shipping market.

(30) 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 € 35 million (€ 27 million) expenses from the allocation made to reorganisation provisions for contracted agreements already concluded concerning the termination of contracts of employment. They also include in the amount of € 3 million (€ 5 million) expenses from projects that aim to achieve significant cost synergies.

(31) Expenses for public guarantees related to reorganisation

Expenses for public guarantees related to reorganisation concern the NORD/LB Group's capital-boosting programme. The reported amount of € 69 million (€ 19 million) is mainly attributable to the payment of a premium for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt.

(32) Income taxes

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Current taxes on income and earnings			
Tax expenses / income for the current year	81	112	– 28
Tax expenses / income for previous years	– 61	– 9	> 100
	20	**103**	**– 81**
Deferred taxes			
Deferred taxes due to the accrual / reversal of temporary differences and tax losses / tax credits not previously considered	– 122	– 94	30
Deferred taxes due to changes in tax legislation / tax rates	3	– 4	> 100
Deferred taxes due to temporary differences in previous periods not previously considered	15	– 9	> 100
	– 104	**– 107**	**– 3**
Total	**– 84**	**– 4**	**> 100**

The current tax expenses for the current financial year are reduced by € 25 million (€ 36 million) due to the utilisation of tax losses previously not considered. Deferred taxes include earnings from tax losses previously not considered, tax credits and temporary differences of € 90 million (€ 51 million).

The following tax reconciliation statement shows an analysis of the difference between the expected income taxes which would result from applying the German income tax rate to earnings before tax in accordance with IFRS and the income taxes actually reported.

(in € million)	1 Jan.– 31 Dec. 2013	1 Jan.– 31 Dec. 2012
IFRS earnings before taxes	**161**	**78**
Anticipated income tax expenditure	51	25
Effects of reconciliation:		
Effects of differing tax rates	– 7	– 2
Taxes from previous years reported in the reporting period	– 46	– 18
Effects of changes in tax rates	3	– 2
Non-creditable income taxes	1	2
Non-deductible operational expenditure	22	47
Effects of tax-free earnings	– 37	– 27
Effect of permanent accounting-related effects	– 2	– 6
Effects of write-ups / write-downs / recognition adjustments	– 82	– 44
Other effects	13	21
Reported income tax expenses	**– 84**	**– 4**

Anticipated income tax expenditure in the tax reconciliation statement is calculated on the basis of the corporation tax rate of 15 per cent plus a solidarity surcharge of 5.5 per cent and the average trade tax rate of approximately 15.6 per cent, as valid in Germany in 2013. The income tax rate for Germany is therefore 31.5 per cent (31.5 per cent).

The deferred taxes of the Group entities in Germany are measured using the tax rate applicable as at or the future tax rate applicable as at the balance sheet date of 31.5 per cent (31.5 per cent).

Effects resulting from deviating tax rates are caused by differing tax rates in each country. The effects of write-ups / write-downs / recognition adjustments also include effects from the subsequent increase or decrease in the recognition of losses carried forward.

Notes to the Statement of Comprehensive Income

Income tax effects fall upon the individual components of other comprehensive income as follows:

(in € million)	1 Jan.– 31 Dec. 2013 Amount before taxes	1 Jan.– 31 Dec. 2013 Income tax effect	1 Jan.– 31 Dec. 2013 Amount after taxes	1 Jan.– 31 Dec. 2012 Amount before taxes	1 Jan.– 31 Dec. 2012 Income tax effect	1 Jan.– 31 Dec. 2012 Amount after taxes
Revaluation of the net liability from defined benefit pension plans	73	– 23	50	– 500	174	– 326
Changes in value for investments accounted for using the equity method recognised directly in equity	– 27	–	– 27	40	–	40
Increase/decrease from available for sale (AfS) financial instruments	345	– 82	263	846	– 305	541
Translation differences of foreign business units	– 36	–	– 36	– 2	–	– 2
Other	**355**	**– 105**	**250**	**384**	**– 131**	**253**

Notes to the Balance Sheet

(33) Cash reserve

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Cash on hand	146	214	– 32
Balances with central banks	1 165	451	> 100
Total	**1 311**	**665**	**97**

Of the balances with central banks, € 775 million (€ 103 million) are credit balances with Deutsche Bundesbank.

(34) Loans and advances to banks

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	4 415	5 804	– 24
Foreign banks	2 172	2 606	– 17
	6 587	**8 410**	**– 22**
Other loans and advances			
German banks			
Due on demand	1 253	1 621	– 23
With a fixed term or period of notice	15 803	19 850	– 20
Foreign Banks			
Due on demand	1 823	2 488	– 27
With a fixed term or period of notice	2 015	2 009	–
	20 894	**25 968**	**– 20**
Total	**27 481**	**34 378**	**– 20**

(35) Loans and advances to customers

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1 846	2 822	– 35
Customers abroad	14	28	– 50
	1 860	**2 850**	**– 35**
Other loans and advances			
Domestic customers			
Due on demand	3 296	3 168	4
With a fixed term or period of notice	75 896	79 050	– 4
Customers abroad			
Due on demand	431	359	20
With a fixed term or period of notice	26 178	29 150	– 10
	105 801	**111 727**	**– 5**
Total	**107 661**	**114 577**	**– 6**

(36) Risk provisioning

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Specific valuation allowance			
Domestic customers	1 422	1 163	22
Customers abroad	334	330	1
	1 756	**1 493**	**18**
Lumpsum specific loan loss provisions			
Domestic customers	14	19	– 26
	14	**19**	**– 26**
General loan loss provisions			
German banks	1	2	– 50
Foreign banks	2	1	100
Domestic customers	382	383	–
Customers abroad	93	51	82
	478	**437**	**9**
Total	**2 248**	**1 949**	**15**

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

	Specific valuation allowances		Lumpsum specific loan loss provisions		General loan loss provisions		Loan loss provisions		Total	
(in € million)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1 January	**1 493**	**1 159**	**19**	**28**	**437**	**580**	**136**	**113**	**2 085**	**1 880**
Allocations	1 030	939	5	5	80	44	54	98	1 169	1 086
Reversals	336	299	10	13	25	175	65	69	436	556
Utilisation	343	250	–	1	–	–	–	–	343	251
Unwinding	– 77	– 63	–	–	–	–	–	– 1	– 77	– 64
Effects of changes of foreign exchange rates and other changes	– 11	7	–	–	– 14	– 12	– 1	– 5	– 26	– 10
31 December	**1 756**	**1 493**	**14**	**19**	**478**	**437**	**124**	**136**	**2 372**	**2 085**

(37) Balancing items for hedged financial instruments

This item includes the fair value adjustments to assets attributable to the hedged risk, for which there is a fair value hedge portfolio.

(38) Financial assets at fair value through profit or loss

This item contains the trading assets (HfT) and financial assets designated at fair value (DFV).

The trading activities of the Group comprise trading in debt securities and other fixed-interest securities, shares and other non fixed-interest securities and derivative financial instruments which are not used for hedge accounting.

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Money market instruments			
issued by other borrowers	10	16	– 38
Bonds and debt securities			
issued by public-sector borrowers	918	996	– 8
issued by other borrowers	2 623	1 808	45
	3 541	**2 804**	**26**
Shares and other non fixed-interest securities			
Shares	46	26	77
Investment certificates	–	1	– 100
	46	**27**	**70**
Positive fair values from derivatives			
Interest-rate risks	5 698	10 771	– 47
Currency risks	723	953	– 24
Share-price and other price risks	169	61	> 100
Credit derivatives	13	18	– 28
	6 603	**11 803**	**– 44**
Trading portfolio claims	2 320	1 783	30
Other trading assets	–	– 1	– 100
	12 520	**16 432**	**– 24**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	246	365	– 33
Debt securities and other fixed-interest securities	765	1 112	– 31
Shares and other non fixed-interest securities	10	11	– 9
	1 021	**1 488**	**– 31**
Total	**13 541**	**17 920**	**– 24**

For receivables designated at fair value in the amount of € 246 million (€ 366 million) there is a maximum default risk of € 246 million (€ 366 million).

The change in the fair value, which is attributable to changes in the credit risk of receivables designated at fair value, amounts to € 0 million (€ 2 million) in the period under review; the cumulative change is € 4 million (€ 4 million).

The credit-risk-induced change in fair value is calculated on the basis of considering the difference between two fair values, which are calculated on the basis of market data applicable at the start of the year. This difference is solely the result of the change in the relevant spread curves which takes place during the course of the financial year.

(39) Positive fair values from hedge accounting derivatives

This item includes positive fair values of hedging instruments in effective micro fair value hedges and portfolio fair value hedges.

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Micro fair value hedge derivatives	2 116	3 073	– 31
Portfolio fair value hedge derivatives	1 756	1 851	– 5
Total	**3 872**	**4 924**	**– 21**

(40) 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 27, IAS 28 or IAS 31 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 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Financial assets classified as LaR	**3 117**	**3 830**	**– 19**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	1 450	1 842	– 21
issued by other borrowers	1 667	1 988	– 16
	3 117	**3 830**	**– 19**
Financial assets classified as AfS	**43 926**	**48 593**	**– 10**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	18 024	19 840	– 9
issued by other borrowers	24 893	27 768	– 10
	42 917	**47 608**	**– 10**
Shares and other non fixed-interest securities			
Shares	385	291	32
Investment certificates	138	150	– 8
Participation certificates	13	13	–
	536	**454**	**18**
Shares in companies (not consolidated)	348	384	– 9
Other financial assets classified as AfS	125	147	– 15
	43 926	**48 593**	**– 10**
Total	**47 043**	**52 423**	**– 10**

(41) Investments accounted for using the equity method

The shares in joint ventures in terms of IAS 31 and associated companies in terms of IAS 28 accounted for using the equity method are broken down as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Joint ventures			
Financial institutions	26	27	– 4
Affiliated companies			
Banks	144	161	– 11
Other entities	136	130	5
	280	**291**	**– 4**
Total	**306**	**318**	**– 4**

The development of investments accounted for using the equity method is as follows:

(in € million)	Joint ventures	Affiliated companies	Total
1 January 2012	**26**	**361**	**387**
Additions	3	74	77
Disposals	2	87	89
Depreciations	–	57	57
31 December 2012	**27**	**291**	**318**
Additions	2	38	– 40
Disposals	2	44	46
Depreciations	–	6	6
31 December 2013	**27**	**279**	**306**

The share of profits / losses for joint ventures and associated companies accounted for using the equity method are reported under additions and disposals, while impairments are reported under deprecation. Dividends received are reported under disposals.

Investments accounted for using the equity method amounted to € 306 million (€ 318 million), a fall of € 12 million compared to the previous year. The development in the financial year 2013 is the result of the share of profits / losses in the amount of € 33 million (€ – 14 million), changes in equity in the amount of € 27 million (€ 40 million) and distributions received in the amount of € 18 million (€ 22 million) for joint ventures and associated companies accounted for using the equity method and reported under additions and disposals.

In the financial year unscheduled depreciation was deducted from the equity value of LBS in the amount of € 5 million and NORD KB Beteiligungsgesellschaft mbH in the amount of € 1 million.

The table below summarises the financial information of joint ventures and associated companies accounted for using the equity method. The values shown represent the proportionate share of the capital held by the NORD/LB Group in the respective companies.

(in € million)	Joint ventures 31 Dec. 2013	Joint ventures 31 Dec. 2012	Affiliated companies 31 Dec. 2013	Affiliated companies 31 Dec. 2012
Short-term assets	50	70	832	827
Long-term assets	29	25	3 186	3 320
Short-term liabilities	34	51	694	563
Long-term liabilities	18	18	2 982	3 209
Total income	27	27	568	535
Total expenses	25	25	536	506
Contingent liabilities	53	110	42	53

(42) Property and equipment

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Land and buildings	343	353	– 3
Operating and office equipment	59	74	– 20
Ships	188	200	– 6
Other property and equipment	11	8	38
Total	**601**	**635**	**– 5**

The development of property and equipment is shown under Note (43) Investment Property.

(43) Investment property

The profit / loss from investment property is summarised as follows:

(in € million)	1 Jan. – 31 Dec. 2013	1 Jan. – 31 Dec. 2012
Rental income	11	10
Direct operating expenses	3	3

The development of cost and accumulated depreciation for property and equipment and investment property is shown as follows:

(in € million)	Land and buildings	Operating and office equipment	Ship	Other property and equipment	**Total**	Investment property
Cost as at 1 January 2012	**682**	**303**	**270**	**4**	**1 259**	**110**
Additions	35	16	–	5	**56**	22
Disposals	4	17	–	–	**21**	22
Transfers	–	–	–	–	**–**	– 2
Changes from foreign exchange rates	–	–	– 2	–	**– 2**	–
Totals 31 December 2012	**713**	**302**	**268**	**9**	**1 292**	**108**
Accumulated depreciation as at 1 January 2012	**337**	**221**	**12**	**1**	**571**	**17**
Depreciations	13	20	12	–	**45**	2
Impairments (non-scheduled)	–	–	44	–	**44**	–
Additions	10	–	–	–	**10**	–
Disposals	–	13	–	–	**13**	5
Totals 31 December 2012	**360**	**228**	**68**	**1**	**657**	**14**
Closing balance as at 31 December 2012	**353**	**74**	**200**	**8**	**635**	**94**
Cost as at 1 January 2013	**713**	**302**	**268**	**9**	**1 292**	**108**
Additions	35	11	–	3	**49**	24
Disposals	63	47	–	–	**110**	18
Changes from foreign exchange rates	–	– 1	– 4	–	**– 5**	–
Totals 31 December 2013	**685**	**265**	**264**	**12**	**1 226**	**114**
Accumulated depreciation as at 1 January 2013	**360**	**228**	**68**	**1**	**657**	**14**
Depreciations	13	17	9	–	**39**	2
Impairments (non-scheduled)	–	6	–	–	**6**	–
Disposals	31	45	–	–	**76**	3
Changes from foreign exchange rates	–	–	– 1	–	– 1	–
Totals 31 December 2013	**342**	**206**	**76**	**1**	**625**	**13**
Closing balance as at 31 December 2013	**343**	**59**	**188**	**11**	**601**	**101**

The additions to investment property are all acquisitions.

(44) Intangible assets

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Software			
Purchased	20	21	– 5
Internally developed	64	91	– 30
	84	**112**	**– 25**
Intangible assets under development	39	18	> 100
Other intangible assets	13	12	8
Total	**136**	**142**	**– 4**

Intangible assets under development refer primarily to internally developed software. Fully amortised software is still in use.

Expenses for research and development in the amount of € 83 million (€ 93 million) have been incurred. The research expenditure on internally developed software which is not eligible for capitalisation totals € 76 million (€ 83 million).

The NORD/LB Group has intangible assets with an indefinite useful life in the amount of € 7 million (€ 7 million). These are accounted for entirely in other intangible assets acquired by payment.

The NORD/LB Group's significant intangible assets are shown in the table below:

	Carrying amount (in € million)		Remaining depreciation period (in years)	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Migration of IT applications	38	52	3	4
Internally developed software	11	12	13	14
Brand name	5	5	Unlimited	Unlimited

The development of intangible assets is as follows:

(in € million)	Software Purchased	Software Internally generated	Other Purchased	Other Internally generated	Total
Cost as at 1 January 2012	**121**	**231**	**17**	**18**	**387**
Additions	7	6	–	21	34
Disposals	1	–	–	–	1
Transfers	11	–	–	– 11	–
Total 31 December 2012	**138**	**237**	**17**	**28**	**420**
Accumulated depreciation as at 1 January 2012	**106**	**113**	**5**	**10**	**234**
Depreciations	9	33	–	–	42
Impairments (non-scheduled)	3	–	–	–	3
Disposals	1	–	–	–	1
Total 31 December 2012	**117**	**146**	**5**	**10**	**278**
Closing balance as at 31 December 2012	**21**	**91**	**12**	**18**	**142**
Cost as at 1 January 2013	**138**	**237**	**17**	**28**	**420**
Additions	5	2	1	23	31
Disposals	11	–	10	–	21
Transfers	2	–	10	– 12	–
Total 31 December 2013	**134**	**239**	**18**	**39**	**430**
Accumulated depreciation as at 1 January 2013	**117**	**146**	**5**	**10**	**278**
Depreciations	8	29	–	–	37
Transfers	–	–	10	– 10	–
Disposals	11	–	10	–	21
Total 31 December 2013	**114**	**175**	**5**	**–**	**294**
Closing balance as at 31 December 2013	**20**	**64**	**13**	**39**	**136**

(45) Income tax assets

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Current income tax assets	69	50	38
Deferred tax assets	741	727	2
Total	**810**	**777**	**4**

Deferred tax assets reflect potential relief on income taxes from temporary differences in the values of assets and liabilities between the IFRS consolidated balance sheet and tax values in accordance with the tax regulations of the Group companies. Deferred tax assets which were recognised in other comprehensive income totalled € 217 million as at 31 December 2013 (€ 372 million).

Deferred income tax assets were established in respect of the following balance sheet items and with tax losses not yet utilised:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Loans and advances to banks	13	19	– 32
Risk provisioning	132	128	3
Financial assets at fair value through profit or loss	328	514	– 36
Financial assets	277	535	– 48
Property and equipment	64	42	52
Other assets	221	73	> 100
Liabilities			
Liabilities to customers	375	652	– 42
Securitsed liabilities	109	180	– 39
Financial liabilities at fair value through profit or loss	282	455	– 38
Negative fair values from hedge accounting derivatives	864	1 407	– 39
Provisions	368	377	– 2
Other liabilities	77	113	– 32
Tax losses carried forward	69	18	> 100
Total	**3 179**	**4 513**	**– 30**
Net	2 438	3 786	– 36
Total	**741**	**727**	**2**

In addition to deferred taxes recognised in the income statement, deferred income tax assets also comprise financial assets of € 198 million (€ 332 million) and provisions of € 19 million (€ 40 million) recognised in other comprehensive income.

No deferred taxes were recognised on losses carried forward to the amount of € 1 million (€ 7 million) for corporation tax and trade tax in the amount of € 1 million (€ 7 million) due to a limited planning horizon and the resulting insufficient likelihood of their utilisation by 31 December 2013. There is no time limit on the utilisation of existing tax losses carried forward.

(46) Other assets

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Loans and advances on interim accounts	20	142	– 86
Collection items	5	1	> 100
Assets from insurance business	193	157	23
Rights to reimbursement from defined benefit plans	17	19	– 11
Other assets including prepaid expenses	166	330	– 50
Total	**401**	**649**	**– 38**

The receivables in interim accounts primarily relate to receivables in lending business and transactions in payment accounts. Receivables related to the trading of securities are still included.

Assets relating to insurance business are assets from outwards reinsurance (€ 1 million (€ 1 million)) and direct insurance and reinsurance business (€ 192 million (€ 156 million)).

Reimbursement claims from defined benefit plans include allocated provisions for pensions to the benefit of parties outside the Group.

Of the other assets, an initial margin accounts for a total of € 82 million (€ 0 million).

(47) Liabilities to banks

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Deposits from other banks			
German banks	2 046	737	> 100
Foreign banks	183	38	> 100
	2 229	**775**	**> 100**
Liabilities resulting from money market transactions			
German banks	18 128	20 739	– 13
Foreign banks	7 809	9 715	– 20
	25 937	**30 454**	**– 15**
Other liabilities			
German banks			
Due on demand	2 671	5 084	– 47
With a fixed term or period of notice	22 374	22 938	– 2
Foreign banks			
Due on demand	2 037	1 200	70
With a fixed term or period of notice	3 933	4 628	– 15
	31 015	**33 850**	**– 8**
Total	**59 181**	**65 079**	**– 9**

(48) Liabilities to customers

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 558	911	71
Customers abroad	18	16	13
With an agreed notice period of more than three months			
Domestic customers	343	407	– 16
Customers abroad	2	2	–
	1 921	**1 336**	**44**
Liabilities resulting from money market transactions			
Domestic customers	8 164	7 275	12
Customers abroad	2 172	1 860	17
	10 336	**9 135**	**13**
Other liabilities			
Domestic costumers			
Due on demand	11 738	11 708	–
With a fixed term or period of notice	29 311	31 844	– 8
Customers abroad			
Due on demand	692	1 018	– 32
With a fixed term or period of notice	863	910	– 5
	42 604	**45 480**	**– 6**
Total	**54 861**	**55 951**	**– 2**

(49) Securitised liabilities

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Issued debt securities			
Pfandbriefe	8 947	9 732	– 8
Municipal debentures	13 417	13 345	1
Other debt securities	25 730	35 249	– 27
	48 094	**58 326**	**– 18**
Money market instruments			
Commercial paper	1 790	1 651	8
Certificates of deposit	344	240	43
Other money market instruments	–	402	– 100
	2 134	**2 293**	**– 7**
Total	**50 228**	**60 619**	**– 17**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities in the amount of € 6,984 million (€ 7,962 million).

(50) Balancing items for hedged financial instruments

This item includes the fair value adjustments to financial liabilities in portfolio fair value hedges for transactions classified as other liabilities (OL); these fair value adjustments are attributable to the hedged risk.

(51) Financial liabilities at fair value through profit or loss

This item shows trading liabilities (HfT) and financial liabilities designated at fair value (DFV).

Trading liabilities comprise negative fair values resulting from derivative financial instruments which are not used in hedge accounting and delivery obligations resulting from short sales of securities.

The category financial liabilities designated at fair value includes liabilities to banks and customers, securitised liabilities and subordinated capital.

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives relating to			
interest-rate risks	5 666	10 105	– 44
currency risks	443	820	– 46
share-price and other price risks	3	27	– 89
credit derivatives	66	169	– 61
	6 178	**11 121**	**– 44**
Delivery obligations from short-sales	110	214	– 49
	6 288	**11 335**	**– 45**
Financial liabilities designated at fair value			
Liabilities to banks and customers	5 680	5 920	– 4
Securitised liabilities	3 138	3 443	– 9
Subordinated capital	25	26	– 4
	8 843	**9 389**	**– 6**
Total	**15 131**	**20 724**	**– 27**

The change in the fair value of liabilities designated at fair value is the result of changes in the credit risk and amounts to € –24 million (€ –200 million) in the period under review; the cumulative change is € –73 million (€ –52 million).

The credit risk induced change in fair value is calculated on the basis of difference consideration. The amount stated is the result of the difference between the fair value determined on the balance sheet date on the basis of current market data as well as the current NORD/LB spread curves and the fair values calculated with the help of current market data and the NORD/LB spread curves used in previous reporting periods.

The book value of liabilities designated at fair value as at 31 December 2013 is € 466 million higher (€ 883 million higher) than the corresponding repayment amount. The difference essentially comprises compounding effects from zero bond issues and is the difference between the discounted payment typical for zero bonds and their repayment at nominal value.

(52) Negative fair values from hedge accounting derivatives

This item includes negative fair values of hedge instruments in effective micro fair value hedge relationships and portfolio fair value hedges.

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Micro fair value hedge derivatives	2 498	3 829	– 35
Portfolio fair value hedge derivatives	846	1 079	– 22
Total	**3 344**	**4 908**	**– 32**

(53) Provisions

Provisions are broken down as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Provisions for pensions and other obligations	**1 955**	**1 975**	**– 1**
Other provisions			
Provisions in lending business	124	136	– 9
Provisions for reorganisation measures	11	18	– 39
Provisions for contingent losses	26	4	> 100
Provisions for uncertain liabilities	244	182	34
Provisions for insurance business	1 943	1 822	7
	2 348	**2 162**	**9**
Total	**4 303**	**4 137**	**4**

For risks from insurance business, provisions were made on the basis of the best possible estimates of future expenses. Due to the low level of insurance business in the NORD/LB Group, the uncertainty concerning the amount or due date of these outflows does not have a significant impact on the consolidated financial statements of NORD/LB.

Pensions and similar obligations

The net liability from a defined benefit plan is broken down as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Present value of defined benefit obligations	2 021	2 040	– 1
Less fair value of plan assets	– 66	– 65	2
Negative balance (net indebtness)	**1 955**	**1 975**	**– 1**

In the NORD/LB Group there are both defined benefit pension obligations and on a small scale defined contribution pension obligations.

Description of the pension plans

The NORD/LB Groups company pensions are based on several retirement benefit systems. On the one hand employees acquire an entitlement to a pension through a defined contribution made by the Group to an external pension fund (defined contribution plan). The pension entitlements are based on annual benefit components, the amount of which depend on the individual pensionable annual salary. In this case contributions are reported as current expenses on application of IAS 19 financial reporting regulations for defined contribution plans. No pension provisions need to be made.

Employees also acquire entitlements to pensions with defined benefits, dependent on factors such as anticipated wage and salary increases, age, length of service and a forecast pension trend (defined benefit plan). These mainly concern various pension modules, with benefits for reduction in earnings capacity and dependent's pensions also being granted in addition to a retirement pension, depending on the occurrence of the insured event. There are also entitlements to allowance payments.

Different occupational pension schemes are in place in the NORD/LB Group, with commitments based on collective bargaining employment agreements or on individual contractual commitments. Significant occupational pension schemes in this case are the total benefit commitment according, the benefit ordinance from 1973 and the benefit ordinance from 2000. The accounting regulations according to IAS 19 for defined benefit plans are applied for these retirement benefit schemes.

The defined contribution pension commitment has also applied for members of the Managing Board since 1 January 2000. In addition, depending on the role of the member of the Managing Board and the number of reappointments to the Managing Board, in addition to the benefit components acquired in instalments, further initial components are awarded here. Members of the Managing Board who joined the company before 1 January 2000 received an individual total benefit commitment which was in accordance with the regulations as at 31 December 1999.

Risks from defined benefit pension plans

The NORD/LB Group is exposed to various risks from defined benefit pension plans.

As a registered public institute (Anstalt öffentlichen Rechts), NORD/LB was the subject of a guarantor liability up to and including 17 July 2001. This means that creditors, and therefore also employees, are entitled in respect of their pension entitlements to have the amounts owed to them paid by the respective guarantors of the registered public institute. On 17 July 2001 the guarantor liability for savings banks and landesbanks was abolished by the European Commission. Therefore pension commitments agreed at this time are covered indefinitely by the guarantor liability. Also covered by the guarantor liability are all pension commitments made up to 18 July 2005, provided the pension benefit can be claimed before 31 December 2015. All pension commitments agreed since 18 July 2001 and all commitments not covered by the transition rules are protected against insolvency by NORD/LB paying contributions to a pension guarantee association.

Both the liabilities from defined benefit obligations and the plan assets may fluctuate over time. This might have a negative or positive impact on the financing status. The fluctuations of defined benefit obligations result in particular from changes in financial assumptions such as interest rates as well as changes in demographic assumptions such as a change in life expectancy. Due to the arrangement of existing pension commitments, the amount of the benefits depends on the development of pensionable income, the earnings ceiling in the statutory pension insurance and the social security benefit. If these parameters do not develop as assumed when the provisions were calculated, additional finance might be necessary.

The NORD/LB Group reviews the pension payments schedule regularly (liquidity control), as well as the investment strategy and the level of investment. The level of investment and pension payments is calculated on each due date based on actuarial reports. Most of the amount invested is invested long term in government bonds which have at least an AA rating are listed in an active market. An investment is also made in the same amount of the pension payments in short-term, highly fungible other assets. The interest rate risk is largely reduced by the even rolling nature of the investment debt instruments (government bonds). The control of liquidity risk which is due among other things to the pension payments is described in the risk report.

The net liability of defined benefit obligations can be reconciled from the opening to the closing balance of the period taking into account the effects of the items shown below:

	Defined benefit obligation		Fair value of plan assets		Negative balance (net indebtness)		Change (in %)
(in € million)	2013	2012	2013	2012	2013	2012	
Opening balance	**2 040**	**1 498**	**65**	**61**	**1 975**	**1 437**	**37**
Current service cost	42	27	–	–	42	27	56
Interest expense	73	75	– 2	– 3	71	72	– 1
Additional accounting current service costs	1	–	–	–	1	–	–
Effects from settlements / assignments (compensation payments)	1	–	–	–	1	–	–
Increase / decrease resulting from changes in foreign exchanges rates	– 1	2	– 1	–	–	2	– 100
Benefits paid	– 63	– 62	– 15	– 15	– 48	– 47	2
Employer contributions	–	–	14	13	– 14	– 13	8
	2 093	**1 540**	**65**	**62**	**2 028**	**1 478**	**37**
Revaluation							
Adjustments made on the basis of experience	– 11	–	–	–	– 11	–	–
Profit / losses from the change in demographic assumptions	1	–	–	–	1	–	–
Profit / losses from the change in financial assumptions	– 62	500	–	3	– 62	497	> 100
Without interest income	–	–	1	–	– 1	–	–
Closing balance	**2 021**	**2 040**	**66**	**65**	**1 955**	**1 975**	**– 1**

In addition to pension obligations, the present value of defined benefit obligations includes allowance payments in the amount of € 147 million (€ 178 million).

The defined benefit obligation is broken down as at the balance sheet date into amounts for defined benefit plans in the amount of € 1,581 million (€ 1,609 million) which are not financed through a fund and into amounts from defined benefit obligations in the amount of € 440 million (€ 432 million) which are either fully or partially financed through a fund.

The fair value of plan assets is broken down as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Equity instruments			
active market	18	17	6
Debt instruments			
active market	35	39	– 10
Other assets			
active market	10	6	67
inactive market	3	3	–
	13	**9**	**44**
Total	**66**	**65**	**2**

The fair value of plan assets includes the bank's own debt instruments in the amount of € 2 million (€ 4 million).

The table below shows the expected undiscounted defined benefit obligations broken down by time to maturity:

(in € million)	Pensions expenses
Less than 1 year	– 61
between 1 and 2 years	– 64
between 2 and 3 years	– 67
between 3 and 4 years	– 70
between 4 and 5 years	– 73
Total	**– 335**

The duration of the defined benefit pension obligation is 15 years and is reviewed every year by an actuarial expert.

The contribution payments for plans are expected to be € 11 million (€ 10 million) in the next reporting period.

Due to the actuarial assumptions, the defined benefit obligation is subject to change. The following sensitivity analysis shows the impact of the change in the respective assumption on the amount of the defined benefit obligation under the premise that there are no correlations and there is no change in the other assumptions.

(in € million)	Increase	Decline
Actuarial interest rate	311	319
Wages	180	175
Pensions	205	196
Cost increase rate for allowance payments	31	24
Mortality, invalidity, etc.	59	212

A sensitivity of –/+ 0.50 per cent was applied to the interest rate, –/+ 0.25 per cent for both the salary and pension trend and 1 per cent for allowances. To calculate the impact on the obligation of an increase in life expectancy, the probability of death was reduced to 90 per cent. This results in an increase in life expectancy of 0.8 to 1.2 years in the 20 to approx. 70 age range, an increase of 0.4 to 0.8 years in the approx. 70 to 90 age range and less than 0.4 years in the above approx. 80 age range. Due to reasons of materiality, a sensitivity analysis was only conducted for Germany.

Other provisions developed as follows in the year under review:

(in € million)	Provisions in lending business	Provisions for reorgani-sation	Provisions for contingent losses	Provisions for uncertain liabilities		Insurance business provisions	Total
				Provisions for liabilities to personnel	Other provisions for uncertain liabilities		
1 January	**136**	**18**	**4**	**78**	**104**	**1 822**	**2 162**
Utilisation	–	8	–	16	12	46	82
Reversals	65	–	–	3	33	288	389
Allocations	54	1	22	104	20	455	656
Changes from foreign exchange rates	– 1	–	–	2	–	–	1
31 December	**124**	**11**	**26**	**165**	**79**	**1 943**	**2 348**

Provisions for reorganisation relate to the implementation of the business model initiated in 2005.

Reported under provisions for liabilities to personnel are provisions for reorganisation measures in the amount of € 56 million (€ 27 million) which are a result of the efficiency improvement programmed launched in 2011 (cf. Note (30) Restructuring expenses). Of the provisions for liabilities to personnel, provisions due to early retirement schemes account for € 31 million (€ 27 million) and provisions for long-service awards account for € 8 million (€ 10 million).

Insurance provisions mainly contain actuarial reserves in the amount of € 1,496 million (€ 1,398 million), provisions for known losses in the amount of € 263 million (€ 222 million) and provisions for the reimbursement of premiums in the amount of € 121 million (€ 127 million).

The remaining provisions are mainly due in the long term.

(54) Income tax liabilities

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Current Income tax liabilities	116	162	– 28
Deferred tax liabilities	48	34	41
Total	**164**	**196**	**– 16**

Current income tax liabilities comprise payment obligations from current income tax to domestic and foreign tax authorities.

Deferred tax liabilities reflect potential income tax liabilities from temporary differences between the values of assets and liabilities in the IFRS consolidated balance sheet and tax values in accordance with the tax regulations of the Group companies. Deferred tax liabilities which were recognised in other comprehensive income totalled € 183 million as at 31 December 2013 (€ 234 million).

Deferred tax liabilities relate to the following balance sheet items:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Loans and advances to banks	31	40	– 23
Loans and advances to customers	162	269	– 40
Financial assets at fair value through profit or loss	114	158	– 28
Fair values from hedge accounting derivatives	992	1 333	– 26
Financial assets	543	898	– 40
Intangible assets	26	32	– 19
Property and equipment	29	10	> 100
Other assets	37	41	– 10
Liabilities			
Securitised liabilities	5	21	– 76
Financial liabilities at fair value through profit or loss	484	936	– 48
Provisions	5	5	–
Other liabilities	58	77	– 25
Total	**2 486**	**3 820**	**– 35**
Net	2 438	3 786	– 36
Total	**48**	**34**	**41**

In addition to deferred taxes recognised in the income statement, deferred tax liabilities also comprise financial assets of € 181 million (€ 233 million) and provisions of € 2 million (€ 1 million) recognised in other comprehensive income.

(55) Other liabilities

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Liabilities resulting from outstanding invoices	35	32	9
Liabilities from premiums	1	1	–
Liabilities from short-term employee remuneration	60	56	7
Deferred income	26	39	– 33
Liabilities from payable taxes and social insurance contributions	21	22	– 5
Liabilities from interim accounts	49	152	– 68
Liabilities from insurance contracts	44	46	– 4
Other liabilities	143	160	– 11
Total	**379**	**508**	**– 25**

Liabilities from short-term employee remuneration comprise residual leave entitlements as well as compensation payments and bonuses; the latter are to be paid to employees in the Group in the first half of 2014.

The liabilities in interim accounts primarily relate to liabilities in lending business, trading of securities and transactions in payment accounts.

Liabilities from insurance business relate to liabilities from direct insurance and reinsurance contracts in the amount of € 4 million (€ 8 million).

(56) Subordinated capital

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Subordinated liabilities	3 540	3 452	3
Participatory capital	209	224	– 7
Silent participations	964	1 157	– 17
Total	**4 713**	**4 833**	**– 2**

Subordinated liabilities are not paid back until the claims of all senior creditors have been satisfied. It meets the requirements of §§10 para. 5a of the German Banking Act in the amount of € 2,786 million (€ 3,051 million) for attribution to supplementary capital in accordance with §10 para. 2b of the German Banking Act. Interest expenses for subordinated liabilities amount to € 149 million (€ 145 million).

Participatory capital comprises solely registered participatory capital. The participatory capital meets the requirements of § 10 para. 5 of the German Banking Act in the amount of € 60 million (€ 193 million) for attribution to supplementary capital in accordance with § 10 para. 2b of the German Banking Act. Interest expenses for participatory capital amount to € 13 million (€ 14 million).

Due to their contractual structure and their substance, silent participations constitute debt in accordance with IAS 32; they do, however, meet requirements for recognition as core capital in the amount of € 813 million (€ 955 million) in accordance with § 10 para. 2a clause 1 no. 10 of the German Banking Act. Interest expenses relating to silent participations amount to € 68 million (€ 86 million).

(57) Equity

The equity is made up as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012[1)] (in € million)	Change (in %)
Issued capital	1 607	1 607	–
Capital reserves	3 332	3 332	–
Retained earnings	2 220	2 011	10
Revaluation reserve	122	– 95	> 100
Reserve for the change on foreign exchanges rates	– 6	– 3	100
Equity capital attributable to the owners of NORD/LB	7 275	6 852	6
Equity capital attributable to non-controlling interests	915	848	8
Total	**8 190**	**7 700**	**6**

[1)] Some previous year's figures were adjusted as you can see at note (2) adjustment of figures for the previous year.

As at 31 December 2013 the following shareholdings were held in the subscribed capital of NORD/LB: the federal state of Lower Saxony 59.13 per cent (59.13 per cent), the federal state of Saxony-Anhalt 5.57 per cent (5.57 per cent), the Association of the Savings Banks of Lower Saxony (SVN) 26.36 per cent (26.36 per cent), the Holding Association of the Savings Banks of Saxony-Anhalt (SBV) 5.28 per cent (5.28 per cent) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (SZV) 3.66 per cent (3.66 per cent).

Retained earnings include retained earnings from previous reporting periods, allocations from profit less the share of other shareholders in profit / loss, the effects of the revaluation of the net liability from defined benefit pension plans as well as the changes in equity relating to the shares in associated companies and joint ventures accounted for using the equity method.

The revaluation reserve item reports the effects of the measurement of available for sale (AfS) financial instruments.

The reserve for the change in foreign exchange rates includes the effects of the translation of annual reports of foreign business units with a currency other than the euro relating to the application of the closing rate method.

In addition to the owners of the parent company NORD/LB, other shareholders have an interest in the equity of the NORD/LB Group. These hold shares in the equity of subsidiaries and are reported as non-controlling interests in consolidated equity.

For 2012 the dividend rate is 4.9 per cent (11.0 per cent). The dividend rate expresses ratio of dividends to owners and non-controlling interest in the period under review to the previous year's consolidated profit.

For 2013 there will be no dividend payment owing to the commitments made to the EU Commission. Instead it is proposed that a portion of the profit will be allocated to retained earnings and the remainder will be carried forward to new account.

Notes to the Cash Flow Statement

The cash flow statement shows the change in cash and cash equivalents for the reporting period as a result of cash flows from operating, investment and financing activities.

Cash and cash equivalents are defined as the cash reserve (cash on hand and balances with central banks).

The cash from operating activities is calculated based on the consolidated profit using the indirect method. Prior to this calculation, expenses which have no effect on cash in the accounting period are added and earnings which have no effect on cash in the year under review is deducted. Furthermore, all cash expenses and earnings which are not allocated to operating activities are eliminated. These payments are taken into account in cash flows from investment or financing activities.

In accordance with IASB recommendations, payments from loans and advances to banks and customers, trading securities, liabilities to banks and customers and from securitised liabilities are reported under cash flow from operating activities.

Cash flow from investment activities includes payments relating to investment and security portfolios classified as financial assets as well as cash receipts and payments relating to property and equipment and to the acquisition of subsidiaries.

Cash flow from financing activities includes cash flows from changes in capital, interest payments on subordinated capital and dividend payments to the guarantors of the parent company NORD/LB.

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

Other disclosures

Notes to Financial Instruments

(58) Fair value hierarchy

The fair values of financial instruments are compared with their carrying amounts in the following table.

(in € million)		31 Dec. 2013			31 Dec. 2012	
	Fair Value	Carrying amount	Difference	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	1 311	1 311	–	665	665	–
Loans and advances to banks	28 216	27 481	735	35 744	34 378	1 366
Loans and advances to customers	106 454	107 661	– 1 207	115 611	114 577	1 034
Risk provisioning	[1]	– 2 248	–	[1]	– 1 949	–
Sub-total of loans and advances to banks/customers (net after loan loss provisions)	**134 670**	**132 894**	**1 776**	**151 355**	**147 006**	**4 349**
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	– 171	–	[2]	– 3	–
Financial assets at fair value through profit or loss	13 541	13 541	–	17 920	17 920	–
Positive fair values from hedge accounting derivatives	3 872	3 872	–	4 924	4 924	–
Financial assets not reported at fair value	2 864	3 164	– 300	3 496	3 910	– 414
Financial assets reported at fair value	43 879	43 879	–	48 513	48 513	–
Other assets not reported at fair value	17	17	–	–	–	–
Other assets reported at fair value	25	25	–	16	16	–
Total	**200 179**	**198 532**	**1 476**	**226 889**	**222 951**	**3 935**
Liabilities						
Liabilities to banks	59 836	59 181	655	66 429	65 079	1 350
Liabilities to customers	57 179	54 861	2 318	59 355	55 951	3 404
Securitised liabilities	51 116	50 228	888	61 476	60 619	857
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	351	–	[2]	895	–
Financial liabilities at fair value through profit or loss	15 131	15 131	–	20 724	20 724	–
Negative fair values from hedge accounting derivatives	3 344	3 344	–	4 908	4 908	–
Other liabilities not reported at fair value	44	44	–	1	1	–
Subordinated capital	5 037	4 713	324	5 043	4 833	210
Total	**191 687**	**187 853**	**4 185**	**217 936**	**213 010**	**5 821**

[1] Amounts relating to risk provisioning 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 items 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 € 47 million (€ 80 million) of financial instruments. These are mainly investments.

The extended disclosure requirements of IFRS 13 concerning the fair value hierarchy have already been voluntarily considered for the reference figures. In the tables below the previous year's figures were therefore extended retrospectively in accordance with the requirements of IFRS 13.

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		Total	
(in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Assets								
Assets held for trading	1 569	2 852	10 935	13 580	16	–	12 520	16 432
Debt securities and other fixed-interest securities	1 519	2 705	2 032	115	–	–	3 551	2 820
Shares and other non fixed-interest securities	46	27	–	–	–	–	46	27
Positive fair values from derivatives	4	4	6 599	11 799	–	–	6 603	11 803
Interest-rate risks	1	1	5 697	10 770	–	–	5 698	10 771
Currency risks	3	2	720	951	–	–	723	953
Share-price and other price risks	–	1	169	60	–	–	169	61
Credit derivatives	–	–	13	18	–	–	13	18
Trading portfolio claims	–	116	2 304	1 666	16	–	2 320	1 782
Financial assets as at fair value through profit or loss	111	871	910	617	–	–	1 021	1 488
Loans and advances to banks	–	–	6	16	–	–	6	16
Loans and advances to customers	–	–	240	349	–	–	240	349
Financial assets	111	871	664	252	–	–	775	1 123
Debt securities and other fixed-interest securities	101	860	664	252	–	–	765	1 112
Shares and other non fixed-interest securities	10	11	–	–	–	–	10	11
Positive fair values from hedge accounting derivatives	–	–	3 872	4 924	–	–	3 872	4 924
Positive fair values from employed micro fair value hedge derivatives	–	–	2 116	3 073	–	–	2 116	3 073
Interest-rate risks	–	–	1 948	2 824	–	–	1 948	2 824
Currency risks	–	–	168	249	–	–	168	249
Positive fair values from employed portfolio fair value hedge derivatives	–	–	1 756	1 851	–	–	1 756	1 851
Interest-rate risks	–	–	1 756	1 851	–	–	1 756	1 851
Financial assets at fair value	9 259	43 183	34 213	4 907	407	423	43 879	48 513
Debt securities and other fixed-interest securities	8 681	42 575	34 147	4 871	57	60	42 885	47 506
Shares and other non fixed-interest securities	527	443	9	10	–	–	536	453
Shares in companies (not consolidated)	43	55	25	26	227	217	295	298
Other financial assets classified as AfS	8	110	32	–	123	146	163	256
Other assets recorded at for value	17	–	8	16	–	–	25	16
Total	**10 956**	**46 906**	**49 938**	**24 044**	**423**	**423**	**61 317**	**71 373**

(in € million)	Level 1 31 Dec. 2013	31 Dec. 2012	Level 2 31 Dec. 2013	31 Dec. 2012	Level 3 31 Dec. 2013	31 Dec. 2012	Total 31 Dec. 2013	31 Dec. 2012
Liabilities								
Trading liabilities	41	215	6 242	11 116	5	4	6 288	11 335
Negative fair values from derivatives relating to	4	1	6 169	11 116	5	4	6 178	11 121
– interest-rate risks	2	–	5 664	10 105	–	–	5 666	10 105
– currency risks	–	–	442	820	1	–	443	820
– share-price and other price risks	2	1	1	26	–	–	3	27
– credit derivatives	–	–	62	165	4	4	66	169
Delivery obligations from short-sales and other trading assets	37	214	73	–	–	–	110	214
Financial liabilities reported at fair value	100	222	8 735	9 167	8	–	8 843	9 389
Liabilities to banks	–	–	590	593	–	–	590	593
Liabilities to customers	–	–	5 090	5 327	–	–	5 090	5 327
Securitised liabilities	100	222	3 030	3 221	8	–	3 138	3 443
Subordinated capital	–	–	25	26	–	–	25	26
Negative Fair Values aus Hedge-Accounting-Derivaten	–	–	3 344	4 908	–	–	3 344	4 908
Negative fair values from employed micro fair value hedge derivatives	–	–	2 498	3 829	–	–	2 498	3 829
– Interest-rate risks	–	–	2 268	3 351	–	–	2 268	3 351
– Currency risks	–	–	230	478	–	–	230	478
Negative fair values from employed portfolio fair value hedge derivatives	–	–	846	1 079	–	–	846	1 079
Interest-rate risks	–	–	846	1 079	–	–	846	1 079
Total	**141**	**437**	**18 321**	**25 191**	**13**	**4**	**18 475**	**25 632**

The trading assets and liabilities of Level 3 include among other things CDS for illiquid basic risks and CDS which were concluded on the basis of old International Swaps and Derivatives Association (ISDA) framework agreements. The fair value of the latter is calculated based on the indicative spreads quoted for similar CDS in accordance with the new ISDA framework agreements. In the process security spreads of liquid bonds of reference entities are included. As a result when establishing the fair value it is considered that, in accordance with the old ISDA agreements, settlement is made physically in the event of a credit event, i. e. with the delivery of a bond.

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

2013 (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	239	–	–	16	–	–
Debt securities and other fixed-interest securities	239	–	–	–	–	–
Loans and advances to trading and other trading assets	–	–	–	16	–	–
Designated financial assets reported at fair value	444	–	12	–	–	–
Financial assets	444	–	12	–	–	–
– Debt securities and other fixed-interest securities	444	–	12	–	–	–
Financial assets at fair value	27 516	5	53	6	–	3
Debt securities and other fixed-interest securities	27 484	–	53	–	–	2
Shares in companies (not consolidated)	–	5	–	6	–	1
Other financial assets classified as AfS	32	–	–	–	–	–
Trading liabilities	–	–	–	– 3	–	–
Negative fair values from derivatives relating to	–	–	–	– 3	–	–
– currency risks	–	–	–	– 1	–	–
– interest-rate risks	–	–	–	– 2	–	–
Designated financial liabilities reported at fair value	– 160	–	– 53	– 5	–	–
Securitised liabilities	– 160	–	– 53	– 5	–	–

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

2012 (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	279	–	–	–	37	7
Debt securities and other fixed-interest securities	–	–	–	–	37	–
Positive fair values from derivatives	–	–	–	–	–	7
– credit derivatives	–	–	–	–	–	7
Delivery obligations from short-sales and other trading liabilities	279	–	–	–	–	–
Designated financial assets reported at fair value	–	–	187	–	151	257
Loans and advances to banks	–	–	–	–	–	6
Financial assets	–	–	187	–	151	251
– Debt securities and other fixed-interest securities	–	–	187	–	151	251
Financial assets at fair value	300	2	1 560	–	771	1 805
Debt securities and other fixed-interest securities	300	2	1 560	–	729	1 778
Shares and other non fixed-interest securities	–	–	–	–	12	–
Shares in companies (not consolidated)	–	–	–	–	–	27
Other financial assets classified as AfS	–	–	–	–	30	–
Trading liabilities	–	–	–	–	–	97
Negative fair values from derivatives relating to	–	–	–	–	–	97
– credit derivatives	–	–	–	–	–	97
Designated financial liabilities reported at fair value	– 1 350	–	–	–	–	–
Securitised liabilities	– 1 350	–	–	–	–	–

For asset-side financial instruments, a level assessment takes place on an individual transaction basis. As at the balance sheet date the transfers have been mostly from Level 1 to Level 2 compared to the previous end-of-year reporting date. This is the result of the application with retrospective effect of 31 December 2013 of HFA 47, which was published at the start of 2014. 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.

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. The transfer from Level 2 to Level 3 is based on a revised assessment of historical volatility following the first-time application of IFRS 13 with effect of 1 January 2013.

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					
	Debt securities and other fixed-interest securities		Positive fair values from derivatives Credit derivatives		Loans and advances to trading and other trading assets	
(in € million)	2013	2012	2013	2012	2013	2012
1 January	**–**	**52**	**–**	**7**	**–**	**–**
Effect on the income statement [1]	–	– 1	–	–	–	–
Effect on the equity capital	–	–	–	–	–	–
Addition from purchase or issuance	–	9	–	–	–	–
Disposal from sale	–	9	–	–	–	–
Repayment/ exercise	–	14	–	–	–	–
Addition from Level 1 and 2	–	–	–	–	16	–
Disposal to Level 1 and 2	–	37	–	7	–	–
Changes due to mergers	–	–	–	–	–	–
Changes in foreign exchange rates	–	–	–	–	–	–
31 December	**–**	**–**	**–**	**–**	**16**	**–**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–	– 1	–

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

(in € million)	Designated financial assets reported at fair value Loans and advances to banks 2013	2012	Financial assets Debt instruments and other fixed-interest securities 2013	2012
1 January	**–**	**11**	**–**	**455**
Effect on the income statement [1]	–	–	–	– 39
Effect on the equity capital	–	–	–	–
Addition from purchase or issuance	–	–	–	15
Disposal from sale	–	–	–	27
Repayment/exercise	–	–	–	2
Addition from Level 1 and 2	–	–	–	–
Disposal to Level 1 and 2	–	11	–	397
Changes due to mergers	–	–	–	–
Changes in foreign exchange rates	–	–	–	– 5
31 December	**–**	**–**	**–**	**–**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

(in € million)	Financial assets at fair value Fixed-income and book entry securities 2013	2012	Shares and other non fixed-interest securities 2013	2012	Shares in companies (not consolidated) 2013	2012	Other financial assets classified as AfS 2013	2012
1 January	**60**	**2 994**	**–**	**15**	**217**	**327**	**146**	**230**
Effect on the income statement [1]	–	–		–	– 18	– 14	– 5	– 17
Effect on the equity capital	– 1	– 107	–	– 1	3	– 71	– 1	– 1
Addition from purchase or issuance	–	– 2	–	–	16	8	–	–
Disposal from sale	–	34	–	2	–	–	–	34
Repayment/exercise	–	283	–	–	1	7	17	–
Addition from Level 1 and 2	–	2	–	–	11	–	–	–
Disposal to Level 1 and 2	2	2 507	–	12	1	26	–	31
Changes due to mergers	–	–	–	–	–	–	–	–
Changes in foreign exchange rates	–	– 3	–	–	–	–	–	– 1
31 December	**57**	**60**	**–**	**–**	**227**	**217**	**123**	**146**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–	– 18	–	– 5	– 20

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

(in € million)	Trading liabilities Negative fair values from derivatives relating to Currency risks 2013	2012	Negative fair values from derivatives relating to Credit derivatives 2013	2012
1 January	**–**	**–**	**4**	**105**
Effect on the income statement [1]	–	–	– 3	– 2
Addition from purchase or issuance	–	–	–	–
Disposal from sale	–	–	–	–
Repayment / exercise	–	–	–	2
Addition from Level 1 and 2	1	–	2	–
Disposal to Level 1 and 2	–	–	–	97
Changes due to mergers	–	–	–	–
Changes in foreign exchange rates	1	–	–	–
31 December	**1**	**–**	**3**	**4**
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 (21) Net interest income and (24) Profit / loss from financial instruments at fair value through profit or loss.

(in € million)	Designated financial liabilities reported at fair value Securitsed liabilities 2013	2012
1 January	**–**	**–**
Effect on the income statement [1]	–	–
Addition from purchase or issuance	4	–
Disposal from sale	–	–
Repayment / exercise	–	–
Addition from Level 1 and 2	5	–
Disposal to Level 1 and 2	–	–
Changes due to mergers	–	–
Changes in foreign exchange rates	–	–
31 December	**9**	**–**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–

[1] The effects reported include valuation gains / losses, realised profit / loss and deferred interest; these are reported in the income statement under the items (21) Net interest income and (24) Profit / loss from financial instruments at fair value through profit or loss.

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

Product	Fair value 31 Dec. 2013 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Asset Backed Securities	8	ABS-Intensity-Spread	500–2500 Basispoints	1 340 Basispoints
	–	Weighted-Average-Life (WAL)	0,04 – 20,08 years	8,89 years
Interest-bearing bonds	1	Intensity-Spread	+/– 212 Basispoints	212 Basispoints
Silent participations	107	Credit Spread	+/– 100 Basispoints	+/– 100 Basispoints
Derivatives	– 2	CDS-Ratingshift Factor	0–5 Rating Class	2,05 Rating Class

Significant unobservable data in the fair value measurement of ABS securities are the ABS intensity spread, which is derived from the rating and associated probability of default, and the weighted average life (WAL). Significant changes in the input data result in a significantly higher or lower fair value. As part of the sensitivity analysis, the ABS intensity spread and the WAL shift factor were stressed, with the rating being moved up and down a class and the WAL increased or reduced by one year. Accordingly an imputed change in the ABS intensity spread would result in a change in the fair values of ABS securities in Level 3 of € 1.6 million. The imputed change in the WAL shift factor would result in a change in the fair values of ABS securities in Level 3 of € 1.6 million.

Significant unobservable data in the fair value measurement of interest-bearing securities is the intensity spread, which is derived from the rating and associated probability of default. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the intensity spread was stressed in the measurement, with the rating being moved up and down a class. Accordingly an imputed change in the parameter would result in a change in the fair value of the interest-bearing securities in Level 3 of € 0.02 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 € 6 million.

Significant unobservable input data in the fair value measurement of derivatives are the CDS rating shift factor 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 CDS rating shift factor result in a significantly higher or lower fair value. As part of the sensitivity analysis, the CDS rating shift factor was stressed by being moved up and down a level. Accordingly an imputed change in the CDS rating shift factor would result in a change in the fair values of CDS in Level 3 of € 1.5 million.

The ABS securities, interest-bearing securities and silent participations are mainly reported under financial assets, while derivatives 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.

If fair values are stated in the notes for assets and liabilities that are not measured at fair value in the balance sheet, these are to be classified in the fair value hierarchy.

(in € million)	Level 1 31 Dec. 2013	Level 2 31 Dec. 2013	Level 3 31 Dec. 2013	Total 31 Dec. 2013
Assets				
Cash reserve	1311	–	–	1 311
Loans and advances to banks	755	789	26 672	28 216
Mortage loans	–	47	26	73
Public-sector loans	–	297	8 185	8 482
Mortage-backed loans	–	–	43	43
Other loans	–	328	10 643	10 971
Current account and forward contracts	699	–	5 045	5 744
Other advances to banks	56	117	2 730	2 903
Loans and advances to customers	1 600	1 656	103 198	106 454
Mortage loans	–	25	14 020	14 045
Public-sector loans	–	1 456	33 702	35 158
Mortage-backed loans	–	2	5 015	5 017
Other loans	16	173	45 960	46 149
Current account and forward contracts	118	–	4 225	4 343
Other advances to customers	1 466	–	276	1 742
Financial assets not reported at fair value	10	2 781	73	2 864
Debt securities and other fixed-interest securities	3	2 781	32	2 816
Shares in companies (not consolidated)	7	–	41	48
Investment property	–	107	1	108
Other assets reported at fair value	1	–	16	17
Total	**3 677**	**5 333**	**129 960**	**138 970**

(in € million)	Level 1 31 Dec. 2013	Level 2 31 Dec. 2013	Level 3 31 Dec. 2013	Total 31 Dec. 2013
Liabilities				
Liabilities to banks	325	4 393	55 118	59 836
Liabilties to customers	190	10 518	46 471	57 179
Securitsed liabilities	4 451	44 644	2 021	51 116
Issued debt securities	2 927	44 184	1 872	48 983
Money market instruments	1 524	460	149	2 133
Other liabilities not reported at fair value	–	–	44	44
Subordinated capital	555	2 591	1 891	5 037
Subordinated liabilities	273	2 426	1 126	3 825
Participatory capital	–	86	123	209
Silent participations	282	79	634	995
Other subordinated capital	–	–	8	8
Total	**5 521**	**62 146**	**105 545**	**173 212**

(59) Carrying amounts by measurement category

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Financial assets held for trading	12 520	16 432	– 24
Financial assets designated at fair value	1 021	1 488	– 31
Available for sale assets	43 926	48 593	– 10
Loans and receivables	136 028	150 835	– 10
Total	**193 495**	**217 348**	**– 11**
Liabilities			
Financial liabilities held for trading	6 288	11 335	– 45
Financial liabilities designated at fair value	8 843	9 389	– 6
Other liabilities	169 028	186 482	– 9
Total	**184 159**	**207 206**	**– 11**

Hedging instruments for hedge accounting as defined by IAS 39 and the cash reserve are not included since they are not allocated to any measurement category.

(60) Net gains or losses by measurement category

	1 Jan.– 31 Dec. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Financial instruments held for trading	– 136	517	> 100
Financial instruments designated at fair value through profit or loss	219	– 640	> 100
Available for sale assets	23	– 3	> 100
Loans and receivables	– 790	– 616	28
Other liabilities	– 38	– 36	– 6
Total	**– 722**	**– 778**	**– 7**

The category financial instruments held for trading relates solely to trading profit/loss, while the category financial instruments designated at fair value through profit or loss includes the profit/loss of the fair value option. The category available for sale assets includes the profit/loss from financial assets and the profit/loss from shares in unconsolidated companies. The category loans and receivables comprises risk provisions, the profit/loss from LaR financial assets and the profit/loss from disposals of receivables. The category other liabilities includes solely earnings and expenses from the repurchase of own liabilities.

The net gains/losses of the measurement categories of financial instruments held for trading and financial instruments designated at fair value through profit or loss include the commission income for the related transactions. The hedge accounting result is not included in the gains/losses since hedge accounting is not allocated to any of the categories.

(61) Impairments/reversals of impairment by measurement category

	1 Jan.– 31.12. 2013 (in € million)	1 Jan.– 31 Dec. 2012 (in € million)	Change (in %)
Available for Sale Assets			
Profit/loss from impairment of financial assets classified as AfS	– 18	– 24	– 25
Profit/loss from shares in not consilidated companies	– 25	– 13	92
	– 43	**– 37**	**16**
Loans and Receivables			
Profit/loss from impairment of financial assets classified as AfS	– 9	3	> 100
Profit/loss from impairment of advances	– 857	– 569	51
	– 866	**– 566**	**53**
Total	**– 909**	**– 603**	**– 51**

(62) Offsetting of financial assets and financial liabilities

The effects or potential effects of offsetting financial assets and liabilities are shown in the table below.

31 Dec. 2013 (in € million)	Gross amount before balancing	Amount of the financially balancing	Net amount after balancing	Master netting arrangements and other without financially balancing: Financial instruments	Collaterals: Securities collateral	Collaterals: Cash collateral	Net amount
Assets							
Offsetting of current accounts	5 958	4 482	1 476	–	–	–	1 476
Derivatives	10 086	–	10 086	6 309	311	1 855	1 611
Securities lending and repos	3 704	–	3 704	934	2 727	2	41
Liabilities							
Offsetting of current accounts	12 649	4 482	8 167	–	–	–	8 167
Derivatives	9 398	–	9 398	6 309	98	2 637	354
Securities lending and repos	11 565	–	11 565	934	10 599	6	26

31 Dec. 2012 (in € million)	Gross amount before balancing	Amount of the financially balancing	Net amount after balancing	Master netting arrangements and other without financially balancing: Financial instruments	Collaterals: Securities collateral	Collaterals: Cash collateral	Net amount
Assets							
Offsetting of current accounts	4 755	3 391	1 364	–	–	–	1 364
Derivate	16 241	–	16 241	10 625	19	2 663	2 933
Securities lending and repos	6 328	–	6 328	3 163	3 150	1	14
Liabilities							
Offsetting of current accounts	11 189	3 391	7 778	–	–	–	7 778
Derivatives	15 764	–	15 764	10 625	401	3 926	812
Securities lending and repos	20 745	–	20 745	3 163	16 776	–	806

In the NORD/LB Group the offsetting of liabilities to an account holder that are payable on demand and are not subject to any commitments against receivables owed by the same account holder that are payable on demand is reported under the offsetting of current accounts in accordance with § 10 of the German Accounting Regulation for Credit and Financial Services Institutions (Kreditinstituts-Rechnungslegungsverordnung, RechKredV). This is the case where it has been agreed for the calculation of interest and commission that the account holder is treated in the same way as if the postings are made to a single account. This offsetting is in accordance with IAS 32.42. Receivables and liabilities in different currencies are not offset.

Business with derivative financial instruments and repos and securities lending business is generally conducted on the basis of bilateral framework agreements concluded with the counterparty. These only allow the offsetting of receivables and liabilities as well as collateral provided and received under certain conditions, e.g. in the event of a breach of contract or in the case of insolvency. There is therefore currently no right to offset in accordance with IAS 32.42.

(63) Transfer and derecognition of financial assets

The risks and opportunities relating to transferred financial assets and associated liabilities that remain in the NORD/LB Group are shown in the table below. The table also shows the degree to which transferees' rights of recourse relate only to the respective transferred assets.

31 Dec. 2013	Full recognition of financial assets despite transfer		The transferee's right of recourse relates only to the respective transferred assets		
(in € million)	Asset value of the assets	Asset value of the appropriate liabilities	Fair value of the assets	Fair value of the appropriate liabilities	Net position
Loans and advances to customers	1 419	–	1 419	–	1 419
Financial assets at fair value through profit or loss	111	32	111	32	79
Financial assets reported at fair value	18 789	19 439	11 818	12 547	– 729
Total	**20 319**	**19 471**	**13 348**	**12 579**	**769**

31 Dec. 2012	Full recognition of financial assets despite transfer		The transferee's right of recourse relates only to the respective transferred assets		
(in € million)	Asset value of the assets	Asset value of the appropriate liabilities	Fair value of the assets	Fair value of the appropriate liabilities	Net position
Financial assets at fair value through profit or loss	689	3 524	689	3 524	– 2 835
Financial assets not reported at fair value	1 248	55	–	–	–
Financial assets reported at fair value	15 486	11 973	11 729	9 149	2 580
Total	**17 423**	**15 552**	**12 418**	**12 673**	**– 255**

The transferred financial assets primarily concern genuine repos and securities lending transactions.

(64) Derivative financial instruments

The NORD/LB Group employs derivative financial instruments for securing purposes in asset/liability management. Trading is also conducted in derivative financial transactions.

Nominal values constitute the gross volume of all purchases and sales. This item is a reference figure for calculating reciprocally agreed equalisation payments; it does not, however, refer to receivables and liabilities which may be recognised in the balance sheet.

The portfolio of derivative financial instruments comprises the following:

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Interest-rate risk						
Interest rate swaps	230 059	259 107	8 874	14 676	7 484	12 187
FRAs	1 729	5 185	–	–	–	–
Interest options						
Call	3 097	3 533	338	540	4	4
Put	7 934	8 856	4	4	1 101	1 941
Caps, floors	7 203	7 647	98	141	64	91
Stock exchange contracts	905	654	1	1	2	–
Other forward interest rate transactions	1 986	2 263	87	84	125	312
	252 913	**287 245**	**9 402**	**15 446**	**8 780**	**14 535**
Currency risk						
Forward exchange contracts	23 545	16 521	219	200	240	186
Currency swaps and interest rate/currency swaps	33 311	43 492	668	989	429	1 103
Currency options						
Call	141	327	3	13	1	–
Put	142	309	1	–	3	9
Other currency transactions	–	144	–	–	–	–
	57 139	**60 793**	**891**	**1 202**	**673**	**1 298**
Share price and other price risks						
Share price and other price risks	290	149	167	5	1	–
Stock options						
Call	87	306	2	55	–	–
Put	7	258	–	–	1	26
Stock exchange contracts	51	51	–	1	1	1
	435	**764**	**169**	**61**	**3**	**27**
Credit risk						
Assignor	239	462	3	14	1	1
Assignee	4 577	5 251	10	4	65	168
	4 816	**5 713**	**13**	**18**	**66**	**169**
Total	**315 303**	**354 515**	**10 475**	**16 727**	**9 522**	**16 029**

The residual terms to maturity of the derivative financial instruments are shown below.

	Interest-rate risk		Currency risk		Share price and other price risk		Credit risk	
Nominal values (in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Up to 3 months	25 491	27 880	20 934	14 665	85	51	61	640
More than 3 months up to 1 year	28 714	35 847	9 452	11 640	109	62	903	574
More than 1 year up to 5 years	91 805	106 282	16 253	20 862	234	643	3 429	3 790
More than 5 years	106 903	117 236	10 500	13 626	7	8	423	709
Total	**252 913**	**287 245**	**57 139**	**60 793**	**435**	**764**	**4 816**	**5 713**

The residual term is defined as the period between the balance sheet date and the contractual due date.

The table below shows the nominal values and a breakdown of the positive and negative fair values of derivative transactions by counterparty.

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Banks in the OECD	271 271	310 727	8 231	13 191	8 744	14 824
Banks outside the OECD	585	497	5	6	7	7
Public institutions in the OECD	7 380	7 670	283	439	122	123
Other counterparties (including stock exchange contracts)	36 067	35 621	1 956	3 091	649	1 075
Total	**315 303**	**354 515**	**10 475**	**16 727**	**9 522**	**16 029**

(65) Disclosures concerning selected countries

The table below shows, in contrast to the exposure in the risk 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		Available for sale assets	
(in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Egypt						
Country	–	–	–	–	–	–
Financing institutes/insurance companies	–	–	–	–	–	–
Companies/other	–		–	–	–	–
	–	**–**	**–**	**–**	**–**	**–**
Greece						
Country	–	–	–	–	–	–
Financing institutes/insurance companies	–	–	–	–	–	–
Companies/other	–	2	–	–	–	–
	–	**2**	**–**	**–**	**–**	**–**
Ireland						
Country	– 5	– 16	95	98	27	24
Financing institutes/insurance companies	– 14	– 19	5	11	238	378
Companies/other	11	28	–	–	2	2
	– 8	**– 7**	**100**	**109**	**267**	**404**
Italy						
Country	–	4	221	251	1 274	1 335
Financing institutes/insurance companies	– 5	– 41	–	–	832	1 327
Companies/other	2	3	–	–	43	45
	– 3	**– 34**	**221**	**251**	**2 149**	**2 707**
Portugal						
Country	– 19	– 31	–	–	164	159
Financing institutes/insurance companies	9	– 1	–	–	126	136
Companies/other	–	–	–	–	21	20
	– 10	**– 32**	**–**	**–**	**311**	**315**

(in € million)	Financial instruments held for trading 31 Dec. 2013	31 Dec. 2012	Financial instruments designated at fair value 31 Dec. 2013	31 Dec. 2012	Available for sale assets 31 Dec. 2013	31 Dec. 2012
Slowenia						
Country	–	–	–	–	32	31
Financing institutes/insurance companies	–	–	–	–	–	–
Companies/other	–	–	–	–	–	–
	–	**–**	**–**	**–**	**32**	**31**
Spain						
Country	–	4	–	–	329	343
Financing institutes/insurance companies	33	7	–	–	1 586	1 631
Companies/other	7	9	–	–	30	36
	40	**20**	**–**	**–**	**1 945**	**2 010**
Hungary						
Country	– 1	– 2	–	–	189	203
Financing institutes/insurance companies	–	–	–	–	41	66
Companies/other	–	–	–	–	–	–
	– 1	**– 2**	**–**	**–**	**230**	**269**
Cyprus						
Country	–	–	–	–	–	–
Financing institutes/insurance companies	–	–	–	–	–	–
Companies/other	13	23	–	–	–	–
	13	**23**	**–**	**–**	**–**	**–**
Total	**31**	**– 30**	**321**	**360**	**4 934**	**5 736**

For financial instruments categorised as available for sale with acquisition costs totalling € 4,947 million (€ 5,678 million), the cumulative valuation of the selected countries reported in equity totals € 82 million (€ 53 million). In addition to this, depreciation of € 1 million (€ 2 million) was recognised in the income statement for the period.

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
(in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Egypt								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	9	11	–	–	–	–	9	10
Companies / other	–	–	–	–	–	–	–	–
	9	**11**	**–**	**–**	**–**	**–**	**9**	**10**
Greece								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	–	–	–	–	–	–	–	–
Companies / other	229	244	21	15	5	1	188	168
	229	**244**	**21**	**15**	**5**	**1**	**188**	**168**
Ireland								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	270	427	–	–	3	3	263	410
Companies / other	1 862	1 696	–	2	3	3	1 873	1 675
	2 132	**2 123**	**–**	**2**	**6**	**6**	**2 136**	**2 085**
Italy								
Country	–	18	–	–	–	–	–	18
Financing institutes / insurance companies	111	123	–	–	–	–	86	91
Companies / other	46	52	–	–	–	–	46	53
	157	**193**	**–**	**–**	**–**	**–**	**132**	**162**
Portugal								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	12	12	–	–	1	1	12	12
Companies / other	35	78	–	–	–	–	35	78
	47	**90**	**–**	**–**	**1**	**1**	**47**	**90**

(in € million)	Loans and Receivables: Gross book value 31 Dec. 2013	Gross book value 31 Dec. 2012	Specific valuation allowances 31 Dec. 2013	Specific valuation allowances 31 Dec. 2012	General loan loss provisions 31 Dec. 2013	General loan loss provisions 31 Dec. 2012	Fair value 31 Dec. 2013	Fair value 31 Dec. 2012
Slowenia								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	25	25	–	–	–	–	25	24
Companies / other	–	–	–	–	–	–	–	–
	25	**25**	**–**	**–**	**–**	**–**	**25**	**24**
Spain								
Country	52	52	–	–	1	–	53	40
Financing institutes / insurance companies	125	135	–	–	1	–	123	131
Companies / other	442	459	44	34	1	–	425	462
	619	**646**	**44**	**34**	**3**	**–**	**601**	**633**
Hungary								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	3	3	–	–	–	–	3	3
Companies / other	47	10	–	–	–	–	47	10
	50	**13**	**–**	**–**	**–**	**–**	**50**	**13**
Cyprus								
Country	–	–	–	–	–	–	–	–
Financing institutes / insurance companies	–	–	–	–	–	–	–	–
Companies / other	1 156	1 146	16	23	20	6	928	1 000
	1 156	**1 146**	**16**	**23**	**20**	**6**	**928**	**1 000**
Total	**4 424**	**4 491**	**81**	**74**	**35**	**14**	**4 116**	**4 185**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 1,446 million (1,531 million). Of this, states account for € 495 million (€ 479 million), financing institutes / insurance companies for € 950 million (€ 1,051 million) and companies / others for € 1 million (€ 1 million). The Group acts as both a provider and recipient of collateral. The netted fair value of the credit derivatives is € –41 million (€ –118 million).

(66) Underlying transactions in effective hedges

Financial assets and liabilities which as underlying transactions are part of a hedge in accordance with IAS 39 continue to be reported together with unsecured transactions in the respective balance sheet items since the hedging transaction has no effect on the type of underlying transaction and its function. The balance sheet item for financial instruments (LaR and OL categories), otherwise reported at amortised cost, is adjusted by the change in fair value results in the hedged risk (in the fair value hedge portfolio by reporting the item in a separate balance sheet item). Financial instruments in the AfS category continue to be reported at their full fair value.

The financial assets and liabilities which are hedged underlying transactions in an effective micro fair hedge are shown below for information purposes:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Loans and advances to banks	1 016	1 259	– 19
Loans and advances to customers	7 333	7 354	–
Financial assets	12 868	14 486	– 11
Total	**21 217**	**23 099**	**– 8**
Liabilities			
Liabilities to banks	1 023	1 252	– 18
Liabilties to customers	8 802	9 831	– 10
Securitsed liabilities	10 863	12 785	– 15
Subordinated capital	849	883	– 4
Total	**21 537**	**24 751**	**– 13**

The financial assets and liabilities which are hedged underlying transactions in an effective portfolio fair value hedge are shown below for information purposes:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Loans and advances to customers	5 336	5 047	6
Financial assets	1 008	1 023	– 1
Total	**6 344**	**6 070**	**5**
Liabilities			
Securitised liabilities	14 342	18 220	– 21
Total	**14 342**	**18 220**	**– 21**

(67) Residual terms of financial liabilities

31 Dec. 2013 (in € million)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Total
Liabilities to banks	22 510	7 978	6 332	13 711	10 266	60 797
Liabilties to customers	19 512	2 113	6 895	12 598	19 718	60 836
Securitsed liabilities	5 881	1 475	12 950	29 443	8 924	58 673
Financial liabilities at fair value through profit or loss (no derivatives)	91	82	556	2 854	10 882	14 465
Negative fair values from derivatives held for trading	110	275	824	2 460	2 343	6 012
Negative fair values from hedge accounting derivatives	106	147	404	1 612	1 151	3 420
Subordinated capital	3	17	524	1 945	2 992	5 481
Financial guarantees	3 496	30	18	659	925	5 128
Irrevocable credit commitments	2 426	248	719	6 736	437	10 566
Total	**55 135**	**12 365**	**29 222**	**72 018**	**57 638**	**225 378**

31 Dec. 2012 (in € million)	Up to 1 month	More than 1 month up to 3 months	More than 3 months up to 1 year	More than 1 year up to 5 years	More than 5 years	Total
Liabilities to banks	23 594	14 903	5 630	13 653	10 197	67 977
Liabilties to customers	17 405	3 205	5 630	14 238	21 566	62 044
Securitsed liabilities	2 753	4 692	11 074	40 360	7 625	66 504
Financial liabilities at fair value through profit or loss (no derivatives)	134	35	594	4 790	7 750	13 303
Negative fair values from derivatives held for trading	333	426	1 520	5 099	4 349	11 727
Negative fair values from hedge accounting derivatives	106	122	535	2 175	1 851	4 789
Other liabilities (financial instruments only)	1	–	–	–	–	1
Subordinated capital	60	7	394	2 287	2 963	5 711
Financial guarantees	2 803	31	107	387	1 843	5 171
Irrevocable credit commitments	2 160	53	648	5 165	1 499	9 525
Total	**49 349**	**23 474**	**26 132**	**88 154**	**59 643**	**246 752**

The residual term for undiscounted financial liabilities is defined as the period between the balance sheet date and the contractual due date.

(68) NORD/LB Group as assignor and assignee

The following financial assets have been pledged as collateral for liabilities (carrying amounts):

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Loans and advances to banks	16 073	23 410	– 31
Loans and advances to customers	40 330	41 992	– 4
Financial assets at fair value through profit or loss	798	1 532	– 48
Financial assets	26 270	29 645	– 11
Total	**83 471**	**96 579**	**– 14**

Collateral has been provided for borrowing undertaken within the scope of genuine repos. Collateral has also been provided for refinancing funds for specific purposes, securities lending transactions, transactions with clearing brokers and stock exchange transactions.

Financial assets deposited as collateral for which the assignee has the contractual or customary right to sell or re-pledge the collateral amount to € 5,101 million (€ 22,303 million).

For the following liabilities assets were assigned as collateral to the amounts shown:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Liabilities to banks	21 235	23 377	– 9
Liabilties to customers	8 956	10 584	– 15
Securitsed liabilities	20 956	25 206	– 17
Financial liabilities at fair value through profit or loss	8 462	13 813	– 39
Total	**59 609**	**72 980**	**– 18**

For collateral received in particular for repo and securities lending transactions which may be re-pledged or re-sold even if the assignor does not default, the fair value is € 2,702 million (€ 6,687 million).

Collateral which may be re-pledged or re-sold even if the assignor does not default was realised. The repayment obligation at current market value is € 206 million (€ 1,691 million).

Other Notes

(69) Equity management

Equity is managed for the Group in the parent company NORD/LB. The aim is to secure an adequate supply of capital resources in terms of quantity and quality, to achieve an adequate return on equity and to permanently comply with regulatory minimum capital ratios at Group level in each case. Significant capital figures in equity management are or were:

- Reported equity
- Total regulatory core capital (“core capital for solvency purposes”)
- Regulatory eligible capital
- The “core tier 1 capital” in the sense of the EU Capital Adequacy Directive (EU-CRR) applicable from the start of 2014 with and without consideration of the transition rules applicable up to and including 2021 and
- until July/August 2013 the “core tier 1 capital” as defined by the European Banking Authority (EBA).

For part of these capital figures, target capital ratios are specified for the Group for which the numerator is the respective capital figure and the denominator is respective risk-weighted assets (RWA) in accordance with the German Solvency Regulation.

Legally-prescribed minimum capital ratios also apply. These are for total regulatory core capital 4.0 per cent to the end of 2013 and for regulatory capital 8.0 per cent until further notice. There are also individual capital-related requirements imposed by the EBA. With regard to core tier 1 capital as defined by the EBA, the EBA had since 30 June 2012 required of NORD/LB as one of the system-relevant banks in the EU that it maintains a minimum ratio of 9.0 per cent. Since July/August 2013 this requirement has been lifted. Instead the EBA expects that NORD/LB maintains a core tier 1 capital ratio in the sense of the EU-CRR of at least 7.0 per cent after the transition rules have expired.

In the year under review 2013 the core task of capital management lay in further optimising the capital structure and in the ongoing control of capital in order to achieve the internal target capital ratios and to permanently comply with the regulatory minimum capital ratios expected by the EBA.

At the start of 2014 the EU Capital Adequacy Directive (EU-CRR) will come into effect, transposing the so-called “Basel III” regulations into EU law. The EU Capital Adequacy Directive provides for a gradual and in part significant increase in regulatory minimum capital ratios for core tier 1 capital, total core capital and regulatory capital until 2019.

As a result greater requirements will also be placed on equity management in future. The most important capital figure, in terms of both regulatory laws and control within the Group, will be the core tier 1 capital in the sense of the EU Capital Adequacy Directive. In order to strengthen this, the capital structure of the Group will continue to be optimised.

In addition to this, within the scope of capital management, targets and forecasts are prepared for the relevant capital figures and the related capital ratios as required. Their actual and planned development is reported to management, the supervisory bodies, the owners of the bank and/or the EBA. If these calculations indicate any risk for the defined target capital ratios either adjustment measures are taken in terms of RWA or, with the agreement of the guarantors of the bank, procurement or optimisation measures will be taken for individual capital figures.

In 2012 and 2013 the bank maintained the regulatory minimum capital ratios at Group level at all times. The regulatory overall core tier 1 capital ratio (= core capital ratio for solvency purposes) and the regulatory capital ratio (= overall ratio) at the end of each year are reported in Note Regulatory Data Regulatory Data. The bank has exceeded the target set by the EBA of a core tier 1 capital ratio as defined by the EBA of at least 9.0 per cent for the period of 30 June 2012 to July/August 2013. The bank will meet hard core capital ratio in the sense of the EU-CRR expected by the EBA since the second half of 2013 after the expiry of the transition rules of at least 7.0 per cent after the transition rules have expired based on its capital planning.

(70) Regulatory data

The consolidated regulatory capital below was calculated in accordance with the regulations of the German Solvency Regulation.

(in € million)	31 Dec. 2013	31 Dec. 2012
Risk-weighted assets	**68 494**	**77 863**
Capital requirements for credit risk	4 933	5 693
Capital requirements for market risks	155	149
Capital requirements for operational risks	392	387
Capital requirements according to the SolvV	**5 480**	**6 229**

The following schedule shows the composition of regulatory equity for the group of institutes in accordance with §10 in conjunction with §10 a of the German Banking Act.

(in € million)	31 Dec. 2013	31 Dec. 2012
Paid-in capital	1 656	1 666
Further capital	10	10
Other reserves	5 387	5 356
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1 497	1 466
Other capital with § 10 2a Nr. 10 KWG	823	954
Other components	– 111	– 92
Core capital	**9 262**	**9 360**
Deductions from core capital	– 1 150	– 909
Core capital for solvency reasons	**8 112**	**8 451**
Non-current subordinated liabilities	2 786	3 051
Participatory capital liabilities	60	193
Other components	3	– 10
Supplementary capital	**2 849**	**3 234**
Deductions from supplementary capital	– 1 150	– 909
Supplementary capital for solvency reasons	**1 700**	**2 325**
Modified available equity	**9 811**	**10 776**
Tier three capital	–	–
Eligible capital in accordance with § 10 of the German Banking Act	**9 811**	**10 776**

(in %)	31 Dec. 2013	31 Dec. 2012
Overall ratio according to § 2 Paragraph 6 of the German Solvency Regulation (SolvV)	14.32	13.84
Core capital ratio	11.84	10.85

(71) Foreign currency volume

As at 31 December 2013 and 31 December 2012 the NORD/LB Group had the following assets and liabilities in foreign currency:

(in € million)	USD	GBP	JPY	Other	Total 31 Dec. 2013	Total 31 Dec. 2012
Assets						
Loans and advances to banks	1 454	23	31	184	1 692	1 062
Loans and advances to customers	21 790	3 508	522	1 720	27 540	31 560
Risk provisioning	– 376	– 30	– 11	– 10	– 427	– 422
Financial assets at fair value through profit or loss	12 992	2 088	693	2 372	18 145	18 979
Financial assets	3 054	740	363	989	5 146	5 844
Other	190	11	32	127	360	668
Total	**39 104**	**6 340**	**1 630**	**5 382**	**52 456**	**57 691**
Liabilities						
Liabilities to banks	5 744	1 721	9	60	7 534	9 601
Liabilties to customers	2 398	182	5	396	2 981	2 749
Securitsed liabilities	3 678	6	887	1 301	5 872	6 643
Financial liabilities at fair value through profit or loss	23 714	3 560	912	3 016	31 202	31 996
Other	684	74	32	120	910	1 690
Total	**36 218**	**5 543**	**1 845**	**4 893**	**48 499**	**52 679**

Existing exchange rate risks are eliminated by concluding transactions with matching maturities.

(72) Longer-term assets and liabilities

For balance sheet items which include both current and longer-term assets and liabilities, the assets and liabilities which are to be realised or settled after more than twelve months are shown below.

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets			
Loans and advances to banks	16 949	17 672	– 4
Loans and advances to customers	84 145	96 540	– 13
Balancing items for financial instruments hedged in the fair value hedge portfolio	– 171	– 3	> 100
Assets held for trading	5 983	14 554	– 59
Loans and advances to banks reported at fair value	6	6	–
Loans and advances to customers reported at fair value	235	248	– 5
Financial assets reported at fair value	723	622	16
Positive fair values from hedge accounting derivatives	3 273	4 455	– 27
Financial assets classified as LaR	3 052	3 686	– 17
Financial assets classified as AfS	37 277	38 017	– 2
Other assets	34	37	– 8
Total	**151 506**	**175 834**	**– 14**
Liabilities			
Liabilities to banks	19 882	23 256	– 15
Liabilities to customers	28 105	34 489	– 19
Securitised liabilities	36 277	47 948	– 24
Balancing items for financial instruments hedged in the fair value hedge portfolio	228	837	– 73
Liabilities held for trading	5 353	10 179	– 47
Liabilities to banks reported at fair value	582	356	63
Liabilities to customers reported at fair value	4 988	4 759	5
Securitised liabilities reported at fair value	2 430	3 346	– 27
Subordinated capital reported at fair value	25	26	– 4
Negative fair values from hedge accounting derivatives	3 014	4 562	– 34
Provisions	1 812	1 724	5
Other liabilities	34	32	6
Subordinated capital	3 774	4 133	– 9
Total	**106 504**	**135 647**	**– 21**

(73) Lease agreements

The NORD/LB Group is the lessee in operating lease agreements.

With effect of 1 July 2013 NORD/LB concluded a service contract which included an operating lease agreement and pools the IT infrastructure services with one service provider. The contract, which runs to 30 June 2020, may be terminated extraordinarily from 2016 with effect of 30 June of any year and with a notice period of one year against payment of a staggered sales-related termination payment; it may also be terminated if there is a compelling reason. Price adjustments are possible due to higher or lower volumes and from October 2015 on an annual basis depending on the performance of a reference index. The contract does not include an option to extend or purchase or restrictions in the sense of IAS 17.35d(iii).

The Group's future minimum leasing lease payments from operating lease agreements are as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)[1]	Change (in %)
Future minimum leasing lease payments			
Up to 1 year	5	3	67
More than 1 year up to 5 years	20	8	> 100
More than 5 years	1	–	–
Total	**26**	**11**	**> 100**

In the year under review expenses relating to minimum lease payments from operating lease agreements totalled € 3 million (€ 1 million).

No finance lease agreements have been concluded with the NORD/LB Group as the lessee.

Lease agreements with the NORD/LB Group as the lessor are only of minor significance.

(74) Contingent liabilities and other obligations

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)[1]	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 779	5 170	31
	6 779	**5 170**	**31**
Other obligations			
Irrevocable credit commitments	10 566	9 525	11
Total	**17 345**	**14 695**	**18**

Liabilities from guarantees and other indemnity agreements include credit guarantees, trade-related guarantees and contingent liabilities from other guarantees and indemnity agreements.

NORD/LB ensures that the following companies are able to meet their obligations:
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
NIEBA GmbH, Hanover
Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel / Luxembourg
NORD/LB Asset Management Holding GmbH, Hanover
NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel / Luxembourg
Skandifinanz AG, Zurich / Switzerland

Information on uncertainty concerning the amount or the timing of outflows of capital and on possible equalisation payments is not given for reasons of practicality.

(75) Other financial obligations

The Group vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony) resulting from its membership in the Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders of this bank within the scope of the guarantor function.

NORD/LB, together with Sparkassenverband Niedersachsen and Landesbank Berlin Holding AG, also acts as guarantor for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

In connection with the acquisition of Deutsche Hypothekenbank (Actien-Gesellschaft), the Group is obliged to reimburse Deutscher Sparkassen- and Giroverband e.V. as the guarantor of the security reserve for landesbanks and giro centres all expenditure including interest and interest lost for supporting measures which cannot be paid from the fund established for Deutsche Hypothekenbank in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V and Deutsche Hypothekenbank AG on 19 December 2008.

There was also an obligation to release Bundesverband deutscher Banken e.V. (Association of German Banks) from all losses which were a result of measures in accordance with § 2 para. 2 of the statute of the “Einlagensicherungsfond” (deposit protection fund) for the Deutsche Hypothekenbank (Actien-Gesellschaft). The participation of Deutsche Hypothekenbank (Actien-Gesellschaft) in the German banks’ deposit protection fund was terminated as at 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekenbank (Actien-Gesellschaft).

Due to its investment in Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig, NORD/LB is liable to the effect that the limited partners have released the general partner from liability.

In a joint participating interest with other limited partners in Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. Objekt Zietenterrassen KG, one limited partner has indemnified the general partner from liability. In the internal relationship the Group assumes 50 per cent of obligations that may result from this declaration of liability.

In connection with the sale of companies in the NILEG sub-group, a guarantee was made to the purchaser that taxes for periods for which tax audits had not yet been conducted have been fully paid or adequate provisions have been set up. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.5 million.

With regard to the inclusion of the shares in FinanzIT GmbH, Frankfurt am Main, the withdrawing partners NORD/LB, Bremer Landesbank and Landesbank Saar have committed, together with the remaining partners of FinanzIT, to bear the risks of the company from the time up to their withdrawal, provided they have actually occurred and are not already covered by provisions which have already been made.

There is also a liability for an amount of up to € 4 million (€ 4 million) to be paid to the employees of two public-sector insurance companies in the event of insolvency.

An obligation towards two companies (two companies) involves the granting of a shareholder loan to the amount of € 7 million (€ 11 million).

The Group is also obliged to make additional contributions up to an amount of € 135 million (€ 219 million) to the security reserve for landesbanks and giro centres. In the event of a need for support these subsequent contributions could be collected immediately.

Other obligations to make additional contributions amount to € 34 million (€ 34 million) in addition to further joint liabilities for other shareholders towards Liquiditäts-Konsortialbank GmbH.

Furthermore obligations to make additional contributions result on the basis of memberships of protection schemes for insurance companies to the amount of € 2 million (€ 1 million). Due to memberships in other protection schemes within the scope of insurance business, the Group, besides being a proportionate guarantor, also bears additional liability risks to the amount of € 4 million (€ 4 million).

The personally liable partners of a real estate investment fund have been released from their statutory liability.

Call-in obligations for shares and other interests amounted to € 64 million at year-end (€ 19 million).

In the course of normal business activities NORD/LB has provided security in the nominal amount of € 1,781 million in the form of securities.

In connection with the measures to boost the amount of NORD/LB's regulatory capital by converting silent participations into share capital and reserves, NORD/LB has made a commitment to the other owners of Bremer Landesbank that in the event of a further retention of profits and until a distribution takes place, to finance it in advance with the funds it requires at terms that are still to be negotiated.

The Group intends, in order ease the pressure on regulatory equity, to transfer part of the credit risk of a credit portfolio defined precisely by a finance guarantee ("PEGASUS") to an external third party. If the finance guarantee becomes effective as planned in 2014, this would result in a financial burden with charges of up to € 36 million incurred for 2014 and up to € 45 million per year for the remainder of the period of the guarantee.

A framework contract has been concluded with Wincor Nixdorf International GmbH, Paderborn, to regulate collaboration in the area of information technology. The contract, which bundles the IT infrastructure services with one service provider, commences with effect of 1 July 2013 and will run to 30 June 2020. The annual costs are volume-dependent; the value of the contract over the entire term is approx. € 200 million.

Obligations pertaining to existing rental and lease agreements are within the scope of standard business.

In accordance with the Restructuring Fund Regulation (Restrukturierungsfonds-Verordnung, RstruktFV), the Group has to pay a bank levy.

(76) Subordinated sssets

Assets are considered to be subordinated if they are only met after the claims of other creditors in the event of the liquidation or the insolvency of a debtor. The following subordinated assets are included in balance sheet assets:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Loans and advances to banks and customers	14	20	– 30
Financial assets at fair value through profit or loss	79	182	– 57
Financial assets	580	745	– 22
Total	**673**	**947**	**– 29**

(77) Trust activities

In compliance with IFRS regulations, trust activities are not shown in the consolidated balance sheet of the NORD/LB Group; however, they are present in the Group.

Trust activities are broken down as follows:

	31 Dec. 2013 (in € million)	31 Dec. 2012 (in € million)	Change (in %)
Assets held in trust			
Loans and advances to customers	65	75	– 13
Financial instruments at fair value through profit or loss	10	11	– 9
Other assets held in trust	55	67	– 18
Total	**130**	**153**	**– 15**
Liabilities held in trust			
Liabilities to banks	44	51	– 14
Liabilities to customers	31	34	– 9
Other liabilities held in trust	55	68	– 19
Total	**130**	**153**	**– 15**

Related Parties

(78) Number of employees

The average number of employees in the NORD/LB Group for the period under review is shown as follows:

	Male 1 Jan.– 31 Dec. 2013	Male 1 Jan.– 31 Dec. 2012	Female 1 Jan.– 31 Dec. 2013	Female 1 Jan.– 31 Dec. 2012	Total 1 Jan.– 31 Dec. 2013	Total 1 Jan.– 31 Dec. 2012
NORD/LB	2 101	2 096	2 190	2 175	4 291	4 271
Bremer Landesbank	569	548	575	576	1 144	1 124
NORD/LB Luxembourg	137	149	64	75	201	224
Deutsche Hypothenbank	237	242	173	178	410	420
ÖVBS	321	319	345	338	666	657
Other	145	209	201	102	346	311
Group	**3 510**	**3 563**	**3 548**	**3 444**	**7 058**	**7 007**

(79) Related parties

All the consolidated and unconsolidated subsidiaries, associated companies, joint ventures and subsidiaries of joint ventures qualify as related parties. The owners of NORD/LB, their subsidiaries and joint ventures and the provident funds and companies controlled by or under the joint management of related parties are also related parties of the NORD/LB Group.

Natural persons considered to be related parties in accordance with IAS 24 are the members of the Managing Board, the Supervisory Board and the committees of NORD/LB as the parent company and their close relatives.

Business transacted with related parties is concluded at standard market terms and conditions.

The scope of transactions conducted with related parties in 2012 and 2013, excluding those to be eliminated under consolidation, can be seen in the following statements:

31 Dec. 2013 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**602**	**–**	**228**
of which: money market transcations	–	–	–	205	–	–
of which: loans	–	–	–	397	–	228
of which: public-sector loans	–	–	–	–	–	13
of which: other loans	–	–	–	397	–	215
Loans and advances to customers	**3 010**	**40**	**8**	**326**	**1**	**917**
of which: money market transcations	39	–	–	–	–	36
of which: loans	2 971	39	8	326	1	881
public-sector loans	2 915	–	–	16	–	820
mortage-backed loans	–	15	–	106	–	27
other loans	56	24	8	204	1	34
Financial assets at fair value through profit or loss	**270**	**–**	**–**	**48**	**–**	**91**
of which: Debt securities and other fixed-interest securities	215	–	–	–	–	–
of which: Positive fair values from derivatives	30	–	–	48	–	3
of which: Trading portfolio claims	24	–	–	–	–	88
Positive fair values from hedge accounting derivatives	**47**	**–**	**–**	**–**	**–**	**–**
Financial assets	**2 250**	**–**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	2 250	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	17	–	–
Total	**5 577**	**40**	**8**	**993**	**1**	**1 236**

31 Dec. 2013 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**–**	**–**	**452**	**–**	**118**
of which: money market transcations	–	–	–	–	–	53
of which: deposits from other banks	–	–	–	134	–	13
Liabilities to customers	**347**	**33**	**85**	**282**	**3**	**288**
of which: money market transcations	26	16	–	21	–	152
Securitsed liabilities	–	–	–	–	–	1
Financial liabilities at fair value through profit or loss	39	–	–	–	–	134
of which: negative fair values from derivatives	15	–	–	–	–	11
Negative fair values from hedge accounting derivatives	**9**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**496**	**3**	**–**	**–**	**15**
Total	**396**	**529**	**88**	**734**	**3**	**556**
Guarantees/sureties received	2 541	–	–	–	–	–
Guarantees/sureties granted	3 000	1	1	11	–	8

1 Jan.–31 Dec. 2013 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	40	49	–	36	–	16
Interest income	160	3	1	38	–	42
Commission expense	18	–	–	–	–	–
Other income and expenses	– 136	–	–	– 13	– 5	13
Total	**– 34**	**– 46**	**1**	**– 11**	**– 5**	**39**

31 Dec. 2012 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**936**	**–**	**256**
of which: money market transcations	–	–	–	115	–	–
of which: loans	–	–	–	821	–	256
of which: public-sector loans	–	–	–	–	–	53
of which: other loans	–	–	–	821	–	203
Loans and advances to customers	**2 778**	**54**	**34**	**235**	**2**	**403**
of which: money market transcations	–	–	–	–	–	53
of which: loans	2 778	54	34	217	1	350
public-sector loans	1 325	–	–	18	–	285
mortage-backed loans	1 394	23	18	106	1	28
other loans	59	31	16	93	–	37
Financial assets at fair value through profit or loss	**273**	**–**	**–**	**63**	**–**	**12**
of which: Debt securities and other fixed-interest securities	183	–	–	–	–	–
of which: Positive fair values from derivatives	79	–	–	53	–	–
of which: Trading portfolio claims	11	–	–	10	–	12
Positive fair values from hedge accounting derivatives	**69**	**–**	**–**	**–**	**–**	**–**
Financial assets	**2 287**	**–**	**–**	**–**	**–**	**–**
of which: Debt securities and other fixed-interest securities	2 287	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	–	–	–
Total	**5 407**	**54**	**34**	**1 234**	**2**	**671**

31 Dec. 2012 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Liabilities						
Loans and advances to customers	**–**	**–**	**–**	**472**	**–**	**128**
of which: deposits from other banks	–	–	–	158	–	16
Liabilities to customers	**260**	**33**	**120**	**101**	**3**	**296**
of which: money market transcations	45	23	–	21	–	30
Financial liabilities at fair value through profit or loss	**51**	**–**	**–**	**–**	**–**	**165**
of which: negative fair values from derivatives	27	–	–	–	–	16
Subordinated capital	**–**	**512**	**–**	**–**	**–**	**–**
Total	**311**	**545**	**120**	**573**	**3**	**589**
Guarantees / sureties received	4 194	–	–	5	–	–
Guarantees / sureties granted	5251	1	1	12	–	11

1 Jan.–31 Dec. 2012 (in € million)	Companies with significant influence	Subsidaries	Joint Ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expenses	45	76	–	29	–	18
Interest income	181	3	1	45	–	23
Commission expenses	24	–	–	–	–	–
Commission income	–	–	–	1	–	–
Other income and expenses	113	–	–	– 2	– 5	– 16
Total contributions to income	**225**	**– 73**	**1**	**15**	**– 5**	**– 11**

As at the balance sheet date there are allowances for loans and advances to associated companies in the amount of € 2 million (€ 2 million). Expenses for risk provisioning in the period under review total € 0 million (€ 1 million).

In the item guarantees and sureties received from companies with a significant influence, guarantees in the amount of € 2,000 million (€ 3,500 million) are reported; these relate to an issue programme (G-MTN) guaranteed by the states of Lower Saxony and Saxony-Anhalt which serves for the refinancing of the NORD/LB Group. In the item guarantees and sureties granted to companies with a significant influence, guarantees in the amount of € 3,000 million (€ 5,250 million) are reported; these relate to a security pool of loans and advances with which the aforementioned guarantees received from the states of Lower Saxony and Saxony-Anhalt are secured. The maximum term of the guarantees is five years.

The table blow shows the maximum balances for NORD/LB transactions with related parties in the period under review and the previous year.

(in € million)	2013	2012
Assets		
Loans and advances to banks	1 037	1 192
Loans and advances to customers	4 302	3 726
Other unsettled assets	2 776	2 936
Total	**8 115**	**7 854**
Liabilities		
Liabilities to banks	575	791
Liabilties to customers	1 152	2 942
Other unsettled assets	723	1 515
Total	**2 450**	**5 248**
Guarantees and sureties received	4 194	4 225
Guarantees and sureties granted	5 271	5 332

The remuneration of persons in key positions is broken down as follows:

(in € million)	31 Dec. 2013	31 Dec. 2012
Employment-related payments due in the short term	5	4
Post-employment payments	1	1
Total remuneration	**6**	**5**

Total remuneration of and loans to governing bodies in accordance with commercial law are presented in Note (81) Remuneration of and Loans to Governing Bodies Remuneration of and Loans to Governing Bodies.

(80) Members of governing bodies and list of mandates

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Dr. Johannes-Jörg Riegler
(Deputy Chairman until 28 February 2014)

Ulrike Brouzi

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

Thomas Bürkle
(since 1 January 2014)

2. Members of the Supervisory Board

Peter-Jürgen Schneider (Chairman)
Minister of Finance, State of Lower Saxony
(since 19 February 2013)

Hartmut Möllring (Chairman)
(until 19 February 2013)

Thomas Mang (First Deputy Chairman)
President, Association of Savings Bank in Lower Saxony

Jens Bullerjahn (Second Deputy Chairman)
Minister of Finance, State 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 Hannover

Ralf Dörries
Senior Vice President,
NORD/LB Hannover

Hans-Heinrich Hahne
Chairman of the Managing Board,
Sparkasse Schaumburg

Frank Hildebrandt
Bank employee,
NORD/LB Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Frank Klingebiel
Mayor, City of Salzgitter

Prof. Dr. Susanne Knorre
Management consultant
(since 1 May 2013)

Ulrich Mädge
Mayor, City of Hansestadt Lüneburg

Antje Niewisch-Lennartz
Minister of Justice, State of Lower Saxony
(since 1 July 2013)

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Jörg Reinbrecht
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut Mecklenburg-Western Pomerania

Mirja Viertelhaus-Koschig
Deputy Chairman of the Managing Board, VIEROL AG
(until 26 April 2013)

Klaus-Peter Wennemann
Management consultant
(until 30 June 2013)

As at 31 December 2013 the following mandates were held at large corporations by members of the Managing Board of the NORD/LB Group appointed at this time. Banks are treated as large corporations.

Name	Company
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Continental AG, Hanover Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel
Dr. Johannes-Jörg Riegler	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel LHI Leasing GmbH, Pullach
Ulrike Brouzi	NORD/LB Capital Management GmbH, Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel NORD/LB Kapitalanlagegesellschaft AG, Hanover Salzgitter AG Stahl und Technologie, Salzgitter (since 7 May 2013)
Eckhard Forst	DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LHI Leasing GmbH, Pullach
Dr. Hinrich Holm	Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Liquiditäts- und Konsortialbank GmbH, Frankfurt am Main NORD/LB Capital Management GmbH, Hanover NORD/LB Kapitalanlagegesellschaft AG, Hanover
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel Toto-Lotto Niedersachsen GmbH, Hanover

(81) Remuneration of and loans to governing bodies

(in € million)	31 Dec. 2013	31 Dec. 2012
Total emoluments paid to active members of governing bodies		
Managing Board	4	4
	4	**4**
Total emoluments paid to former members of governing bodies and their dependants		
Managing Board	4	4
	4	**4**
Advance payments, loans and contingencies		
Managing Board	1	1
Supervisory Board	–	1
	1	**2**

In 2013 commitments were made for remuneration which are not dependent on the occurrence or expiry of future conditions (€ 1 million).

Pension obligations to previous board members and their surviving dependants exist in the amount of € 52 million (€ 53 million).

(82) Group auditor's fees

(in € 000)	31 Dec. 2013	31 Dec. 2012
Group Auditor's Fees for		
the statutory audit	5 187	5 147
other audit-related services	2 098	2 431
tax services	–	–
other services	1 761	608

(83) Equity holdings

The list of equity holdings includes all of the companies includes in the consolidated financial statements, the non-consolidated companies, joint ventures, associated companies and other equity holdings from 20 per cent. The information on the companies was taken from the most recent available annual financial statements which have been adopted. The information provided on equity holdings is additional information in accordance with § 315 a of the German Commercial Code. The previous year's figures are therefore not reported.

Company name and registered office	Shares (%) direct	Shares (%) indirect
a) Companies included in the consolidated financial statements		
aa) Subsidiaries included in the consolidated financial statements		
BLB Grundbesitz KG, Bremen	100.00	–
BLBI Investment GmbH & Co. KG, Bremen	100.00	–
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	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 [2)]	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
Nieba GmbH, Hanover [2)]	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover [2)]	–	100.00
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB Capital Management GmbH, Hanover	100.00	–
NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel/Luxembourg	100.00	–
NORD/LB G-MTN S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/LB Kapitalanlagegesellschaft AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover [2)]	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
Öffentliche Facility Management GmbH, Braunschweig	100.00	–
Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig	–	75.00
Skandifinanz AG, Zurich/Switzerland	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
ab) Special Purpose Entities included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody" Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg	–	–
Fürstenberg Capital II. GmbH, Fürstenberg	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Dover (Delaware)/USA	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
MT „BALTIC CHAMPION" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC COMMODORE" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SCORPIUS" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SOLAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC STAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–
„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	–	–
ac) Investment funds included in the consolidated financial statements		
NORD/LB AM 65	–	100.00
NORD/LB AM ALCO	–	100.00
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–
ad) Companies/investment funds accounted for in the consolidated financial statements using the equity method		
Joint ventures		
LHI Leasing GmbH, Pullach im Isartal [5]	43.00	6.00
Affiliated 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 [6]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investment funds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–

Company name and registered office	Share of capital held (in %)	Equity [1] (in € 000)	Profit/Loss (in € 000)
b) Companies not included in the consolidated financial statements with an equity capital of greater or equal +/– € 1 million			
BGG Oldenburg GmbH & Co. KG, Bremen [11]	100.00	7 815	910
Braunschweig-Beteiligungsgesellschaft mbH, Braunschweig [12]	100.00	8 597	0
Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [2] [11]	100.00	9 061	0
Deutsche Hypo Delaware Blocker Inc,, Wilmington (Delaware)/USA [12]	100.00	7 059	– 2 463
LHI Leasing GmbH & Co. Immobilien KG, Pullach im Isartal [12]	90.00	1 015	21
Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [12]	100.00	15 290	22
NORD/LB RP Investments LLC, Wilmington (Delaware)/USA [12]	100.00	6 321	3 147
Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [2] [11]	98.00	3 088	0
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen [12]	100.00	1 107	12
Themis 1 Inc., Wilmington (Delaware)/USA [12]	100.00	3 896	– 23
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [12]	100.00	32 603	2 215
Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [2] [11]	100.00	1 278	0
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [10] [12]	72.70	– 3 186	523
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs KG, Hanover [10] [12]	90.00	– 2 834	18
c) Capital share of greater or equal 20 % in companies with an equity capital of greater or equal +/– € 1 million			
Joint ventures/affiliated companies/other			
Adler Funding LLC, Dover/USA [12]	21.88	5 800	9 802
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [3]	49.00	–	–
Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [12]	50.00	4 500	415
Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [12]	20.89	15 488	192
Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [12]	20.44	12 625	760
Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [12]	20.46	10 854	688
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen [11]	50.00	– 2 319	– 378
Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. – Objekt Zietenterrassen – KG, Göttingen [7] [12]	52.56	3 353	627
INI International Neuroscience Institute Hannover GmbH, Hanover [15]	22.70	– 11 857	– 726
LUNI Productions GmbH & Co. KG, Pöcking [4] [10] [12]	24.29	– 115 653	– 83
Medical Park Hannover GmbH, Hanover [12]	50.00	2 484	233
Medicis Nexus GmbH & Co. KG, Icking [8] [14]	66.01	9 224	720
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [12]	26.00	11 040	837
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [12]	39.82	10 437	770
NBV Beteiligungs-GmbH, Hamburg [12]	42.66	19 862	2 211
Öffentliche Versicherung Bremen, Bremen [12]	20.00	6 020	60
USPF III Beteiligungsgesellschaft mbH & Co. KG, Düsseldorf [13]	42.86	1 818	338
Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [12]	21.72	18 785	380

Company name and registered office	Share of capital held (in %)
d) Subsidiaries not included in the consolidated financial statements with an equity capital of greater or equal +/– € 1 million	
BGG Bremen GmbH & Co. KG, Bremen	100.00
BLBI Beteiligungs-GmbH, Bremen	100.00
Braunschweig Advisors GmbH, Braunschweig	100.00
Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig	100.00
Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig	100.00
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen	100.00
Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen	100.00
City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover	100.00
FL FINANZ-LEASING GmbH, Wiesbaden	58.00
Flying Sun Shipping Ltd., Valetta/Malta	100.00
General Partner N666DN GP, LLC, Wilmington (Delaware)/USA	100.00
IRC Verwaltung GmbH & Co. Objekt Nienburg KG, Pullach im Isartal	98.00
IRC Verwaltung GmbH & Co. Objekt Unterföhring KG, Pullach im Isartal	98.00
LBT Holding Corporation Inc., Wilmington (Delaware)/USA	100.00
NBN Grundstücks- und Verwaltungs-GmbH, Hanover	100.00
NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover	90.00
New Owner Participant – N666DN OP. L.P., Wilmington (Delaware)/USA	100.00
NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover	100.00
NORD/LB Beteiligungsgesellschaft in Mecklenburg-Vorpommern und Sachsen-Anhalt mbH, Hanover 2)	100.00
NORD/LB Informationstechnologie GmbH, Hanover 2)	100.00
NORD/LB Project Holding Ltd., London/Great Britain	100.00
N666DN L.P. LLC, Wilmington (Delaware)/USA	100.00
PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover	100.00
RAINBOW LS SHIPPING Ltd., Valetta/Malta	100.00
Ricklinger Kreisel Beteiligungs GmbH, Hanover	100.00
SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main	100.00
TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, Pullach im Isartal	100.00
Terra Grundbesitzgesellschaft am Aegi mbH, Hanover	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover	79.80

Annotations:
1) Equity as defined in §§ 266 and 272 HGB, excl. capital unpaid.
2) Here a profit and loss transfer agreement exists.
3) These figures are not accounted for according to § 313 para 2, sec. 4, sentence 4.
4) Founded in the year under review.
5) Due to the joint management, this company is classified as a joint venture.
6) Due to the "potential voting rights" of third parties, this company is classified as an affiliated company.
7) Due to the share in voting rights of 50.00 per cent, this company is not classified as a subsidiary.
8) Due to the rebuttal of the definition of control/significant influence, this company is allocated to other investments.
9) No disclosures relating to equity and earnings are made in accordance with § 313 para. 2 no. 4 clause 3 of the German Commercial Code.
10) The company is not actually overindebted.
11) Provisional data as at 31 December 2013.
12) Data as at 31 Dec. 2012.
13) Data as at 30 Sep. 2012 (deviating fiscal year).
14) Data as at 31 Dec. 2011.
15) Data as at 31 Dec. 2010.

The group management report is neither included nor incorporated by reference into this Prospectus.

AUDITOR’S REPORT

“We have audited the consolidated financial statements prepared by the Norddeutsche Landesbank – Girozentrale –, Hanover, Braunschweig and Magdeburg (NORD/LB), comprising the balance sheet, the income statement, the notes to the financial statements, the cash-flow statement and the statement of changes in equity, as well as the Group management report for the business year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (Handelsgesetzbuch “German Commercial Code”) and the supplementary provisions of the articles of incorporation are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and the on Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Handelsgesetzbuch “German Commercial Code”) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). These standards require that we plan and conduct the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our report, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB as well as the supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.”

Hanover, 31 March 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer
Wirtschaftsprüfer
[German Public Auditor]

Leitz
Wirtschaftsprüfer
[German Public Auditor]

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Annual Accounts 2013 of Norddeutsche Landesbank Girozentrale (Anstalt öffentlichen Rechts)

ANNUAL ACCOUNT

Assets

Norddeutsche Landesbank Girozentrale

		€	€	€	31 Dec. 2012 € 000
1. Cash reserve					
a) Cash on hand			61 942 929.07		68 937
b) Balances with central banks			986 535 129.09		273 932
of which: with the "Deutsche Bundesbank"	€ 650 542 019.39			**1 048 478 058.16**	342 869 (0)
2. Claims on banks					
a) mortgage loans			41 545 553.99		44 173
b) municipal loans			12 918 441 063.67		14 924 230
c) Other claims			13 770 066 950.75		19 736 398
of which: Due on demand	€ 2 644 928 117.36			**26 730 053 568.41**	34 704 801 (4 458 104)
against securities lending	€ 0.00				(0)
3. Claims on customers					
a) mortgage loans			4 730 085 591.95		4 835 251
b) municipal loans			22 363 641 499.21		24 234 981
c) Other claims			31 853 044 255.70		34 970 129
of which: against securities lending	€ 0.00			**58 946 771 346.86**	64 040 361 (0)
4. Debt securities and other fixed-interest securities					
a) Money-market instruments					
aa) Issued by public sector borrowers		6 024 634.25			106 498
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 0.00				(0)
ab) Issued by other borrowers		10 877 631.55			53 772
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 0.00		16 902 265.80		160 270 (31 028)
b) Bonds and debt securities					
ba) Issued by public sector borrowers		8 716 025 429.98			9 897 537
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 8 628 349 062.76				(9 716 817)
bb) Issued by other borrowers		16 293 446 035.22			18 469 037
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 13 922 752 278.62		25 009 471 465.20		28 366 574 (15 178 821)
c) Debt securities, issued by the institution itself			385 994 284.08		482 520
Nominal amount	€ 381 010 000.00				(477 620)
				25 412 368 015.08	29 009 364
Amount carried forward				**112 137 670 988.51**	128 097 395

Balance Sheet NORD/LB Bank as at 31 December 2013 — Assets

	€	€	€	31 Dec. 2012 € 000
Amount carried forward			**112 137 670 988.51**	128 097 395
5. Shares and other non fixed-interest securities			**1 208 606 134.06**	1 200 973
5a. Trading portfolio			**8 827 061 040.36**	9 520 524
6. Participating interests			**94 779 775.19**	110 755
of which: in banks €	4 197 333.41			(4 197)
in financial institutions €	2 226 223.31			(1 984)
7. Investments in affiliated companies			**1 952 346 089.45**	1 966 728
of which: in banks €	1 407 729 003.38			(1 407 729)
in financial institutions €	0.00			(0)
8. Assets held in trust			**4 542 444 137.83**	4 546 438
of which: loans on a trust basis €	4 542 444 137.83			(4 546 438)
9. Intangible assets				
a) internally generated industrial property rights and similar rights and values		50 230 967.55		56 288
b) Concessions, industrial property rights and similar rights and values including its licences against payment		32 511 529.83		17 299
c) Goodwill		0.00		0
d) Advance payments made		68 351.59		58
			82 810 848.97	73 645
10. Tangible assets			**218 857 871.15**	212 901
11. Other assets			**1 432 221 223.37**	1 962 118
12. Prepaid expenses				
a) from new issue and lending business		449 638 115.67		524 967
b) other		673 648 403.00		629 878
			1 123 286 518.67	1 154 845
Total assets			**131 620 084 627.56**	148 846 322

Liabilities

Norddeutsche Landesbank Girozentrale

	€	€	€	31 Dec. 2012 € 000
1. Liabilities to banks				
a) issued registered mortgage Pfandbriefe		50 865 490.41		25 310
b) issued registered public sector Pfandbriefe		1 245 552 229.64		1 795 130
c) other liabilities		39 535 971 386.69		44 853 235
			40 832 389 106.74	46 673 675
of which: Due on demand € 5 111 391 163.09				(6 891 043)
ensuring loans taken up registered mortgage Pfandbriefe transferred to lender € 0.00				(0)
and registered public sector Pfandbriefe € 342 405 906.16				(710 558)
2. Liabilities to customers				
a) issued registered mortgage Pfandbriefe		360 524 329.53		401 118
b) issued registered public sector Pfandbriefe		9 838 050 761.78		10 691 486
c) Savings deposits				
ca) with an agreed notice period more than three months	1 369 325 463.27			750 718
cb) with an agreed notice period more than three months	332 392 228.47	1 701 717 691.74		394 510
d) Other liabilities		25 209 432 688.48		24 702 122
			37 109 725 471.53	36 939 954
of which: Due on demand € 12 248 846 833.33				(11 180 159)
ensuring loans taken up				
registered mortgage Pfandbriefe transferred to lender € 0.00				(0)
and registered public sector Pfandbriefe € 0.00				(96)
3. Securitised liabilities				
a) Issued debt securities				
aa) mortgage Pfandbriefe	1 742 123 594.88			2 104 137
ab) public sector Pfandbriefe	8 575 028 612.38			10 833 267
ac) other debentures	21 886 320 253.60	32 203 472 460.86		27 659 847
b) Other securitised liabilities		418 855 163.65		320 569
			32 622 327 624.51	40 917 820
of which: money-market instruments € 234 652 940.52				(124 827)
3a. Trading portfolio			**2 295 562 207.46**	4 568 551
4. Liabilities held in trust			**4 542 444 137.83**	4 546 438
of which: loans on a trust basis € 4 542 444 137.83				(4 546 438)
5. Other liabilities			**1 483 912 600.64**	2 366 328
Amount carried forward			**118 886 361 148.71**	136 012 766

Balance Sheet NORD/LB Bank as at 31 December 2013

Liabilities

	€	€	€	31 Dec. 2012 € 000
Amount carried forward			**118 886 361 148.71**	136 012 766
6. Deferred income				
a) from new issue and lending business		521 200 873.48		397 794
b) other		406 736 653.94		491 407
			927 937 527.42	889 201
7. Provisions				
a) Provisions for pensions and similar obligations		828 704 123.55		761 295
b) Tax provisions		105 260 263.48		154 643
c) Other provisions		418 010 205.93		415 681
			1 351 974 592.96	1 331 619
8. Subordinated liabilities			**2 667 537 538.89**	2 525 938
9. Participatory capital			**115 000 000.00**	115 000
of which: there of falling due in less than two years € 55 000 000.00				(20 000)
10. Funds for general banking risks			**927 632 805.66**	927 633
of which: special item for general banking risks in accordance with § 340e, para. 4 of the German Commercial Code € 75 000 000.00				(75 000)
11. Equity				
a) Subscribed capital				
aa) Share capital	1 607 257 810.00			1 607 258
ab) Capital contribution as per § 15 para. 1 State treaty	0.00			0
ac) Other Capital contributions	896 270 092.14	2 503 527 902.14		1 351 423
b) Capital reserves				
ba) Contribution as per § 15 para. 1 State treaty	0.00			0
bb) other reserves	3 324 313 451.76	3 324 313 451.76		3 324 313
c) Retained earnings		692 571 355.06		687 502
d) Profit shown on the balance sheet after appropriation to or transfer from reserves		223 228 304.96		73 669
			6 743 641 013.92	7 044 165
Total liabilities			**131 620 084 627.56**	148 846 322
1. Contingent liabilities				
a) Contingent liabilities under rediscounted bills of exchange		0.00		0
b) Liabilities from guarantees and other indemnity agreements		5 288 696 191.04		5 839 988
c) Liabilities from assets pledged as collateral for third-party liabilities		0.00		0
			5 288 696 191.04	5 839 988
2. Other obligations				
a) Repurchase obligations from non-genuine partial repurchase agreements		0.00		0
b) Placement and underwriting obligations		0.00		0
c) Irrevocable credit commitments		8 229 815 062.00		7 009 802
			8 229 815 062.00	7 009 802

Norddeutsche Landesbank Girozentrale

	€	€	€	2012 € 000
1. Interest income from				
a) Lending and money market transactions	2 663 020 050.54			3 073 919
b) Fixed-income and book entry securities	521 134 288.39			697 639
c) current income from trading portfolio	835 203 720.71	4 019 358 059.64		1 499 510
2. Interest expenses		2 847 680 584.57		4 067 329
			1 171 677 475.07	1 203 739
3. Current income from				
a) Shares and other non fixed-interest securities		9 973 888.01		15 458
b) Participating interests		12 283 966.58		19 218
c) Shares in affiliated companies		40 087 842.71		79 222
			62 345 697.30	113 898
4. Income from profit pooling, profit transfer and partial profit transfer agreements			**64 136 699.67**	7 227
5. Commission income		203 971 264.62		219 102
6. Commission expenses		121 059 122.67		67 896
			82 912 141.95	151 206
7. Net income deriving from trading business			**160 735 833.06**	88 171
8. Other operating income			**124 199 584.56**	93 714
9. General administrative expenses				
a) Staff expenses				
aa) Wages and salaries	298 106 450.98			294 143
ab) Social security contributions and expenses for pension provision and other employee benefits	81 878 439.12	379 984 890.10		135 676
of which: for pensions € 35 710 804.96				(76 266)
b) Other administrative expenses		358 901 565.86		352 320
			738 886 455.96	782 139
10. Depreciations and write-downs of intangible assets			**36 018 438.05**	38 184
11. Other operating expenses			**161 424 135.13**	188 584
12. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions			**473 190 642.24**	351 339
Amount carried forward			**256 487 760.23**	297 709

Income Statement for the reporting period from 1 January 2013 to 31 December 2013

	€	€	€	2012 € 000
Amount carried forward			**256 487 760.23**	297 709
13. Depreciations and write-downs to investments, investments in affiliated companies and securities treated as fixed assets			**0.00**	18 042
14. Earnings from write-ups to claims and certain securities and allocations to loan loss provisions			**9 257 376.26**	0
15. Expenses on assumption of losses			**7 845 094.21**	9 974
16. Profit on ordinary activities			**257 900 042.28**	269 693
17. Extraordinary income		0.00		0
18. Extraordinary expenses		46 546 440.32		42 035
19. Extraordinary result			**– 46 546 440.32**	– 42 035
20. Refund from income taxes		– 6 766 228.03		55 928
21. Refund from other taxes not show under item 11		– 7 138 370.32		1 651
			– 13 904 598.35	57 579
22. Income from profit pooling, profit transfer and partial profit transfer agreements			**70 629 895.35**	97 341
23. Annual profit			**154 628 304.96**	72 738
24. Earnings brought forward from the previous year			**68 600 000.00**	931
25. Profit			**223 228 304.96**	73 669

I. INFORMATION ON THE ACCOUNTING POLICIES AND PRINCIPLES FOR CURRENCY TRANSLATION

(Previous year figures for the 2013 accounting period or as at 31 December 2012 are shown in brackets.)

Principles for the Preparation of the Annual Financial Statements

The annual financial statements of Norddeutsche Landesbank Girozentrale Hannover, Braunschweig, Magdeburg, (NORD/LB) as at 31 December 2013 were prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch, HGB), the German Accounting Regulation for Credit and Financial Services Institutions (Kreditinstituts-Rechnungslegungsverordnung, RechKredV) and the Covered Bond Act (Pfandbriefgesetz, PfandBG).

The structure of the balance sheet and the income statement is based on the RechKredV.

The balance sheet has been prepared in accordance with § 268 para. 1 of the German Commercial Code taking into account partial appropriation of the annual profit.

Against the background of the European Banking Authority's (EBA) tighter requirements concerning minimum core capital for banks and the future Basel III requirements, NORD/LB has agreed a capital-boosting programme with its owners. Significant components of this capital-boosting programme from 2012 were continued in the year under review (limiting of risk-weighted assets, the retention of profits, optimisation of the equity structure). In order for the capital measures to be implemented in 2012, the measures needed to be reviewed and approved by the EU Commission on the basis of a restructuring plan submitted by NORD/LB. One of these measures concerns the guaranteed provided by the states of Lower Saxony and Saxony-Anhalt for the mezzanine tranch of a credit portfolio of NORD/LB brought into a securitisation structure. The guarantee will be paid for by NORD/LB in the form of a premium to be reported under commission expenses. Further commitments by NORD/LB in connection with the restructuring plan continued to have an effect in 2013. These include in particular the requirement that the profits for 2012 and 2013 be retained and an efficiency improvement programme, for which costs were again incurred in 2013 and which are reported in restructuring expenses.

Accounting Policies – Trading Portfolio

Financial instruments in the trading portfolio are valued in accordance with § 340e para. 3 clause 1 of the German Commercial Code at fair value less a risk premium. The change in fair value compared to the previous balance sheet date or compared to the acquisition cost, the valuation result, is recorded under the item net income or net expenses of the trading portfolio. Expenses relating to the allocation to the special item in accordance with § 340e para. 4 of the German Commercial Code are not reported under net income or net expenses of the trading portfolio, but under the item "expenses relating to the allocation to the funds for general banking risks". As regards the calculation of the fair values, the chapter "Calculation of fair values" is referred to.

The current interest income and expenses relating to trading transactions are shown under interest income. Dividend income from trading transactions is recorded under the item "current income from shares and other non fixed-interest securities".

As there is currently no difference in terms of balance between the trading portfolio reported in the balance sheet and the regulatory trading book, NORD/LB has used the Value-at-Risk (VaR) calculated for regulatory purposes directly as a risk premium in terms of § 340e para. 3 clause 1 of the German Commercial Code, i.e. it has deducted the VaR value calculated for regulatory purposes from trading assets. The method used to calculate the VaR is the historical simulation method.

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

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

The average rate is used for the valuation of the trading portfolio. The effects of the inclusion of counterparty-specific default risks for OTC derivatives are also reported. The bank also uses OIS discounting for the valuation of secured OTC derivatives where OIS discounting has developed at the current market standard.

Accounting Policies – Non-Trading Portfolio (Banking Book)

The cash reserve is reported at nominal value.

Loans and advances to customers and banks are reported at nominal value or at acquisition cost. If there are differences between the nominal values and the amounts paid out for mortgage loans and other loans and advances which are of an interest nature, the items are reported at nominal value in accordance with § 340e para. 2 of the German Commercial Code. The differences are reported under prepaid expenses and are liquidated in a scheduled write-back.

Sufficient consideration is given to identifiable risks in lending business by making specific valuation allowances and provisions. The provisions for national loan loss provisions risks were calculated based on principles which have not changed. Appropriate lumpsum loan loss provisions have been made for other general credit risks. Lumpsum loan loss provisions are still calculated in accordance with the communiqués of the BFA 1/1990 and the BMF Circular of 10 January 1994.

Securities in the liquidity reserve are valued in accordance with the strict lower-of-cost-or-market principle. Securities in fixed assets are valued at acquisition cost in accordance with the mitigated lower-of-cost-or-market principle provided that they are not the subject of a likely permanent loss in value.

Structured products are broken down into their components (basic instrument and embedded derivatives) in accordance with IDW RS HFA 22 and reported separately. The relevant accounting methods are applied for the components. The separate derivatives are considered in the loss-free valuation of the banking book or included in valuation units. Structured products that are valued at fair value or in accordance with the strict lower-of-cost-or-market principle are not reported separately.

Option premiums and future-margin payments relating to transactions not yet due and pro-rata interest relating to interest rate swap transactions are reported under other assets or other liabilities; amounts relating to interest rate caps which have not yet been amortised and up-front amounts relating to interest rate swap transactions are included under prepaid expenses.

Credit default swaps (CDS) where the bank is the provider of security are treated in the balance sheet using the same procedure as for contingent assets and liabilities relating to sureties and guarantees. If it is expected that a CDS will be used, a provision is made. Earnings components relating to CDS where the bank is the provider of security are reported under commission income. If CDS were transacted to hedge securities (the bank is the provider of security), the hedge effect of the CDS is considered when assessing the write-down requirement for the security. The risk of a doubtful credit rating for the provider of security (the counterparty in the CDS contract) is to be considered separately; this is done using the same procedure as for a guarantee. Earnings components relating to CDS where the bank is the recipient of security are reported under interest income.

In cases in which risks from the non-trading portfolio are transferred to the trading portfolio, internal transactions are, like external transactions, considered under commercial law in accordance with the deputisation principle.

Investments and investments in affiliated companies are reported at acquisition cost or at the lower fair value in the case of permanent impairment. If the reasons for unscheduled depreciation no longer exist, the value is written up to no more than the acquisition cost.

The Öffentliche Versicherung Braunschweig (ÖVBS) dividend concerns the constant payment of interest on the respective guarantor capital which is only slightly dependent on the business performance of ÖVBS. This fact is taken into account by the change in the valuation method in the form of the underlying discounting factor.

Property, plant and equipment are reported at acquisition cost and, if they have a finite useful life, are subject to scheduled depreciation. The useful life is based on the tax options. There was no unscheduled depreciation in accordance with § 253 para. 3 clause 3 of the German Commercial Code in the year under review. Fixed assets with an acquisition cost of between € 150 and € 1,000 are capitalised under a collective item and depreciated at a flat rate of 20 per cent per annum over five years. Low-value fixed assets with an acquisition cost of up to € 150 are written off completely in the year of acquisition.

NORD/LB has made use of the option in accordance with § 248 para. 2 of the German Commercial Code and reported self-made intangible fixed assets. Here the external costs incurred during the development phase and internal development services are recognised. The useful life of self-made software is set at five years.

Where it is likely that a permanent loss in value has occurred, NORD/LB reduces the value with unscheduled depreciation. If the reasons for this no longer exist, the value is written up to no more than the amortised cost.

Liabilities to customers and banks are reported at their settlement values. The differences between borrowing and repayment amounts of an interest nature are reported under prepaid expenses and are liquidated according to schedule.

Zero bonds are reported at their market price when issued plus a mark-up for interest in line with the yield on the acquisition price.

Provisions are valued at the necessary settlement value based on reasonable commercial assessment. Provisions with a term of more than one year are discounted using the average market interest rate relevant for the residual term calculated and published by the Deutsche Bundesbank in accordance with the Provisions Discounting Regulation (Rückstellungsabzinsungsverordnung, RückAbzinsV). Income and expenses from the discounting of provisions are reported under other operating income and expenses.

The bank makes use of the option to offset expenses and income in accordance with § 340 f para. 3 of the German Commercial Code.

Unlike in the previous year, interest income from valuation allowances on loans (unwinding) in the amount of $ 45.1 million ($ 33.6 million) are no longer reported under "income from write-ups of receivables and certain securities and the reversal of loan loss provisions", but under "interest income from lending and money market transactions", to achieve a better transparency and for controlling the net interest income.

Calculation of Fair Values

Fair values have to be calculated on the one hand for accounting purposes (valuation of derivative and non-derivative financial instruments in the trading portfolio at fair value) and on the other hand for disclosure purposes (disclosure of the fair value for derivative financial instruments in the asset portfolio). For both purposes the fair values are calculated in the same way as follows.

For financial instruments traded on an active market the fair value corresponds directly to the stock-exchange or market price, i.e. in this case no adjustments or present value calculations are made to calculate the fair value. If publicly-listed stock-exchange prices are available, these are used; otherwise other price sources are used (e.g. prices quoted by market makers). Examples of financial instruments traded on an active market at NORD/LB are securities, options and futures traded on the stock exchange.

In all other cases the fair value is calculated using generally accepted valuation methods. The generally accepted valuation methods used by NORD/LB include in the area of derivative and non-derivative trading transactions the following methods:

Valuation method	Application	Significant input parameters
Discounted Cashflow Method	Illiquid interest-bearing Securities	Swap curves, Credit rating information
	Credit Default Swaps	Swap curves, credit-spreads and where applicable credit rating information
	Interest-rate swaps, FRAs	Swap curves
	Securities forward contracts	Contract data, specific securities forward prices, swap curves
	Interest-rate currency swaps, Forward exchange contracts transactions	Swap curves in the currencies exchanged, basic swap spreads, exchange rate
Hull & White Model for Options	Bermudan swaptions	Volatility of the underlying market price, risk-free interest rate, swap rate, mean reversion
Black-Scholes Model	FX options	Exchange rates volatility of the underlying market price, risk-free interest rate for both currencies
	OTC share options (European)	Volatility of the underlying market price, risk-free interest rate, underlying (share), dividends
Barone-Adesi, Whaley-Modell	OTC share options (American)	Volatility of the underlying market price, risk-free interest rate, underlying (share), dividends
Black-76 Model	Caps and floors Swaptions Bond options	Exchange rates volatility of the underlying market price, risk-free interest rate
CVA/DVA Add-On Method	All derivatives	Internal ratings, swap curves

The significant input parameters were reliably established for all of the trading transactions valued using the above-mentioned valuation methods; there were no cases at NORD/LB where it was not possible to calculate the fair value.

Accounting of Securities Lending

NORD/LB assigns the beneficial ownership in securities lending to the lender. The consequence of this is that lent securities remain in the balance sheet of NORD/LB and are valued in accordance with the valuation rules of the respective security category (they often concern securities in the trading portfolio). If NORD/LB borrows securities, the securities are not reported by NORD/LB as the economic benefit has not been assigned to it.

Pension Obligations

NORD/LB's pension obligations have been valued in accordance with the projected unit credit method since the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) came into effect. Using this method current pensions as at the balance sheet date and the part apportioned to the period of employment served to date, the defined benefit obligation, are valued. Increases which are expected in the future due to increases in salary or pension adjustments which are apportionable here are also considered. The defined benefit obligation is calculated by the expected future benefit (the settlement value in terms of § 253 para. 1 clause 2 of the German Commercial Code) being discounted in accordance with § 253 para. 2 of the German Commercial Code with the average market interest rate for the previous seven years. In the process the simplification rule in accordance with § 253 para. 2 clause 2 of the German Commercial Code is used and the interest rate is set at a flat rate for a remaining term of 15 years.

As at 1 January 2013 the present value of pension obligations in accordance with the German Accounting Law Modernisation Act (BilMoG) was € 999.965 million. The difference resulting from the change in the valuation of pension obligations in accordance with the German Accounting Law Modernisation Act (BilMoG) as at 1 January 2010 totals € 301.921 million for the registered public institute. Using the simplification rule in accordance with art. 67 para. 1 clause 1 Introductory Act of the German Commercial Code (EGHGB), the allocation will be spread over 15 years. The value in 2013, after taking into account repayments, was € 18.745 million and was shown under extraordinary expenses. The first-time effect for the New York branch, however, was already recognised in full through profit or loss in 2010. The provision as at 31 December 2013 was € 828.704 million, whereby an obligation of € 215.880 million is not shown in the balance sheet.

When calculating the pension obligations the following assumptions were used for the bank in Germany:

	31 Dec. 2013	31 Dec. 2012
Interest rate	4.88 %	5.04 % [1]
Salary increases	2.00 % p.a.	2.00 % p.a.
Pension increases	2.75 % / 2.87 % / 1.00 %	2.75 % / 2.87 % / 1.00 %
Fluctuation	3.00 %	3.00 %

[1] A portion in the amount of € 53.054 million was calculated with an interest rate of 5.07 per cent.

NORD/LB's pension obligation was valued based on the "Richttafeln 2005 G" mortality tables published by Dr. Klaus Heubeck.

For the branch in New York, the bank has offset the cover assets against the related pension obligations in accordance with § 246 para. 2 of the German Commercial Code (new version). The settlement value of the pension obligation (converted into euros) as at the balance sheet date was € 4.298 million. This is seen alongside the fair value of the cover assets as at 31 December 2013 in the amount of € 2.986 million. Acquisition costs amount to total € 2.443 million.

The allocation to the pension obligation for 2013 was € 0.178 million. This is seen alongside income generated from the cover assets in the amount of € 0.088 million.

For the indirect pension obligations of the London branch there was a shortfall as at 31 December 2013 of € 2.022 million.

Based on a service agreement, the employees of NORD/LB have the option of placing the credit balance of time credits and deferred remuneration in long-term working time credit accounts which are invested in a special fund by a trustee.

This is a securities-linked commitment, so that in accordance with § 253 para. 1 of the German Commercial Code the relevant provision is to be set in the amount of the fair value of the fund assets and netted with the cover assets.

As at 31 December 2013 the fair value of the special fund is € 4.1 million against an acquisition cost of € 4.1 million.

The expenses and income from the cover assets and the corresponding provisions are offset under other operating income.

Currency Translation

The currency translation takes place in the non-trading portfolio in accordance with the principles of § 256a in conjunction with § 340h of the German Commercial Code (“special cover”) and the statement made by the “Bankenfachausschuss” (Banking Committee) of the “Institut der Wirtschaftsprüfer” (Institute of Public Auditors in Germany) (IDW RS BFA 4), as the bank controls currency risk via separate currency positions and carries the individual currency items in the currency positions. The special cover comprises all assets, liabilities and pending transactions which are not allocated to the trading portfolio, are financial instruments and are in a foreign currency.

The assets and liabilities and the valuation of forward foreign exchange transactions and spot exchange transactions which have not yet been completed are translated using the average spot exchange rate (ECB reference exchange rate) or rates from other reliable sources on the balance sheet date.

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

The results from the valuation of the remaining positions are added by currency; losses are deducted. Any remaining positive results, such as unrealised profits from open items, are not considered.

For financial instruments in the trading portfolio the currency translation takes place in accordance with the relevant accounting policies. The results of the currency translations are reported under the item net income or net expenses of the trading portfolio.

Overall the value of NORD/LB’s assets and liabilities in foreign currencies totals € 41,043.1 million (€ 44,834.5 million) and € 41,119.9 million (€ 44 783.7 million) respectively.

Formation and Accounting of Valuation Units

At NORD/LB in the following cases economic hedging relationships are shown in the balance sheet by forming valuation units:

- Individual-transaction-specific interest hedges of fixed-interest securities in the liquidity reserve with interest rate swaps (€ 831.768 million; previous year € 64.500 million);

- Individual-transaction-specific hedges of the underlying share price or currency exchange rate risks of certain structured issues with share-price or currency-exchange-rate-specific derivatives (€ 313.047 million; previous year: € 625.694 million);

- Individual-transaction-specific hedge of the currency risk of the highly likely repayment of a hybrid capital bond issued in USD with a currency swap (€ 362.555 million; previous year: € 378.960 million);

- Individual-transaction-specific passing on of inflation risk hedged against customers to the market (€ 142.679 million; previous year: € 152.488 million).

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

- Currency hedges in the banking book. The economic hedging relationship is presented in the balance sheet by the translation of the foreign-currency assets, foreign-currency liabilities and pending currency transactions in accordance with § 256a in conjunction with § 340h of the German Commercial Code.

- Hedging of general interest-rate risk in the banking book within the scope of asset/liability management (Overall Bank Management). The economic control relationship is taken into account when assessing whether the requirements for loss-free valuation in the banking book have been complied with by considering all of the interest-bearing banking book assets and liabilities and all interest derivatives in the banking book.

- Hedging of the default risk relating to banking book assets with CDS contracts. The economic hedging relationship is presented in the balance sheet by the hedge effect of the CDS contracts being considered in the calculation of the revaluation requirement for the hedged assets like a loan security.

Where valuation units are formed, at NORD/LB the net hedge presentation method is used.

Loss-free Valuation of Interest-rate-based Transactions in the Banking Book (Interest Book)

Interest-rate-based financial instruments in the banking book (interest book) are subject to a loss-free valuation in accordance with IDW RS BFA 3. If the value of the payment obligation from the interest-bearing transaction is greater than the value of the counterperformance, a provision for anticipated loss in the amount of the net liability is to be made.

In the present value approach, NORD/LB compares the cashflows, discounted as at the balance sheet date, of all on-balance-sheet and off-balance-sheet interest-rate-based financial instruments not in the trading portfolio with their book values taking into account the expected refinancing, risk and administrative expenses. As at the balance sheet date there is no net liability.

II. DISCLOSURES AND NOTES TO THE BALANCE SHEET AND INCOME STATEMENT

The notes below concerning the individual items of the balance sheet and income statement appear in the order that the items are reported:

Notes to the Balance Sheet — Assets

(in € 000)	31 Dec. 2013	31 Dec. 2012
2. Claims on banks		
with a residual term of		
Due on demand	4 173 057	4 471 295
less than 3 months	6 233 983	5 768 531
more than 3 months but less than 1 year	3 205 188	6 419 067
more than 1 year less than 5 years	7 479 240	9 391 618
more than 5 years	5 638 585	8 654 290
Balance sheet value	**26 730 053**	**34 704 801**
of which		
Claims on affiliated companies	6 081 251	8 946 318
Claims on companies in which an equity investment exists	861 844	1 397 556
Subordinated receivables	873 395	878 837
Used to cover old stock	905 431	2 713 822
The full amount of receivables from banks includes:		
Claims on affiliated savings banks	6 499 249	6 474 586
3. Claims on customers		
with a residual term of		
less than 3 months	5 613 257	8 943 966
more than 3 months but less than 1 year	4 637 843	1 377 654
more than 1 year less than 5 years	15 490 935	17 483 790
more than 5 years	33 204 736	36 234 951
Balance sheet value	**58 946 771**	**64 040 361**
of which		
Claims on affiliated companies	686 667	660 567
Claims on companies in which an equity investment exists	251 191	190 488
Subordinated receivables	20 042	33 476
Used to cover old stock	2 986 519	5 055 543
With an indefinite term	1 725 559	1 607 181
4. Debt securities and other fixed-interest securities		
a) Money-market instruments		
aa) Issued by public sector issuers		
Balance sheet value	**6 025**	**106 498**
of which		
due in the following year	6 025	106 498
marketable and unlisted money-market instruments	6 025	106 498

Assets

(in € 000)	31 Dec. 2013	31 Dec. 2012
ab) Issued by other issuers		
Balance sheet value	**10 878**	**53 772**
of which		
due in the following year	10 878	53 772
marketable and listed money-market instruments	10 878	53 772
b) Bonds and debt securities		
ba) Issued by public sector issuers		
Balance sheet value	**8 716 025**	**9 897 537**
of which		
due in the following year	1 369 817	2 559 487
marketable and listed money-market instruments	8 676 004	9 586 836
marketable and unlisted money-market instruments	40 022	310 701
Used to cover old stock	395 378	413 373
bb) Issued by other issuers		
Balance sheet value	**16 293 446**	**18 469 037**
of which		
due in the following year	2 756 390	3 402 492
marketable and listed money-market instruments	15 524 896	17 524 282
marketable and unlisted money-market instruments	768 772	944 755
Affiliated company securities	2 582 616	3 075 975
Subordinated debt securities	665 908	1 340 385
c) Debt securities, issued by the institution itself		
Balance sheet value	**385 994**	**482 520**
of which		
due in the following year	137 561	176 791
marketable and listed money-market instruments	385 994	482 520
5. Shares and other non fixed-interest securities		
Balance sheet value	**1 208 606**	**1 200 973**
of which		
marketable and listed shares and other non fixed-interest securities	1 460	1 710
5a. Trading portfolio		
Balance sheet value	**8 827 061**	**9 520 524**
of which		
Derivative financial instruments	2 380 065	4 534 425
Claims	2 437 830	1 902 454
Debt securities and other fixed-interest securities	3 872 995	2 994 305
Shares and other non fixed-interest securities	139 505	97 506
Risk discount	3 333	8 166

Assets

(in € 000)	31 Dec. 2013	31 Dec. 2012
6. Participations		
Balance sheet value	**94 780**	**110 755**
of which		
Marketable unlisted shares	10 836	13 994
The equity holding is shown in III. Paragraph 9		
7. Investments in affiliated companies		
Balance sheet value	**1 952 346**	**1 966 728**
of which		
Marketable unlisted shares	1 003 391	930 011
The equity holding is shown in III. Paragraph 9		
8. Assets held in trust		
Balance sheet value	**4 542 444**	**4 546 438**
of which		
Claims on banks	526 018	522 855
Claims on customers	4 016 426	4 023 583
9. Intangible assets		
Balance sheet value	**82 811**	**73 645**
of which		
internally generated software	50 231	56 288
In the 2013 year under review there are development costs for software in the amount of € 7.0 million but not any research costs.		
12. Other assets		
Balance sheet value	**1 432 221**	**1 962 118**
of which		
The following are reported as significant items:		
Interest and interest due from interest-rate swaps	735 142	901 438
Option premiums and margins	612 077	886 352
Claims against fiscal authorities	42 797	12 523
Reported assets on interim accounts	18 595	139 366
Pro rata interest claims from flat-traded securities of the trading portfolio	14 234	10 196
As a result of the reorganisation of the process for the accounting treatment of interim accounts, various interim accounts were closed and reclassified in the financial year. Loans and advances to and liabilities to banks and customers were affected significantly by this. This resulted in reductions in “other assets” and “other liabilities”.		
13. Deferred expenses and accrued income		
Balance sheet value	**1 123 287**	**1 154 845**
of which		
deferred premiums in accordance with § 340e Paragraph 2 HGB	358 061	397 251
discounts and maturing premiums	91 577	127 716

Assets

The table below shows the changes to fixed assets:

(in € 000)	Aquisition/ manufac-turing cost	Additions	Disposals	Accu-mulative depreciation	Balance sheet value 31 Dec. 2013	Balance sheet value 31 Dec. 2012	Deprecia-tion for the account-ing-period
Intangible assets	157 865	26 482	1 014	100 522	82 811	73 645	17 357
Tangible assets	454 334	24 800	3 838	256 438	218 858	212 901	18 661
		Change [1]					
Participating interests		– 15 975			94 780	110 755	
Investments in affiliated companies		– 14 382			1 952 346	1 966 728	
Securities in fixed assets		– 2 853 119			10 811 282	13 664 401	
of which:							
Bonds and debt securities		– 2 413 490			10 687 897	13 101 387	
Shares		– 439 630			123 384	563 014	

[1] The possibility of a summary according to § 34, para. 3 RechKredV was used.

Liabilities

(in € 000)	31 Dec. 2013	31 Dec. 2012
1. Liabilities to banks		
a) Due on demand		
Balance sheet value	**5 111 391**	**6 891 043**
of which		
Liabilities to affiliated companies	111 978	42 519
b) With an agreed term or notice period		
of which with a residual term of		
less than 3 months	18 517 190	18 467 756
more than 3 months but less than 1 year	2 565 580	5 457 345
more than 1 year but less than 5 years	5 157 624	5 085 545
more than 5 years	9 480 604	10 771 986
Balance sheet value	**35 720 998**	**39 782 632**
of which		
Liabilities to affiliated companies	356 944	677 173
Liabilities to companies in which an equity investment exists	320 093	481 002
Assets pledged as collateral	16 800 243	14 647 173
The full amount of bank loans and overdrafts includes:		
Liabilities to affiliated savings banks	1 731 376	3 448 073
2. Liabilities to customers		
a) Savings deposits		
aa) with an agreed notice period of three months		
Balance sheet value	**1 369 325**	**750 718**
ab) Savings deposits with an agreed notice period of more than three months		
of which with a residual term of		
less than 3 months	39 716	48 987
more than 3 months but less than 1 year	238 139	40 666
more than 1 year but less than 5 years	54 346	303 882
more than 5 years	191	975
Balance sheet value	**332 392**	**394 510**

[1] The previous year's figure for assets assignet as collateral under liabilities to banks was adjusted.

[2] Collateral has been provided for borrowing undertaken within the scope of genuine repos. Collateral has also been provided for refinancing funds for specific purposes and open market transactions to the Deutsche Bundesbank.

Liabilities

(in € 000)	31 Dec. 2013	31 Dec. 2012
b) Other liabilities		
ba) Due on demand		
Balance sheet value	**12 248 847**	**11 180 159**
of which		
Liabilities to affiliated companies	68 831	69 504
Liabilities to companies in which an equity investment exists	88 095	84 499
bb) With an agreed term or notice period		
of which with a residual term of		
less than 3 months	4 112 797	5 805 950
more than 3 months but less than 1 year	2 610 038	1 179 056
more than 1 year but less than 5 years	4 797 545	5 119 083
more than 5 years	11 638 781	12 510 478
Balance sheet value	**23 159 161**	**24 614 567**
of which		
Liabilities to affiliated companies	135 371	154 860
Liabilities to companies in which an equity investment exists	329 462	157 215
3. Securitised liabilities		
a) Issued debt securities		
Balance sheet value	**32 203 472**	**40 597 251**
of which		
Due in the following year	10 658 128	10 860 191
Liabilities to affiliated companies	3 557 602	537 743
Liabilities to companies in which an equity investment exists	77 508	198 723
b) Other securitised liabilities		
of which with a residual term of		
less than 3 months	154 649	–
more than 3 months but less than 1 year	80 004	126 575
more than 1 year but less than 5 years	111 290	121 082
more than 5 years	72 912	72 912
Balance sheet value	**418 855**	**320 569**
3a. Trading portfolio		
Balance sheet value	**2 295 562**	**4 568 551**
of which		
Derivative financial instruments	2 185 602	4 354 550
Liabilities (for short-term securities)	109 960	214 001
4. Liabilities held in trust		
Balance sheet value	**4 542 444**	**4 546 438**
of which		
Liabilities to banks [1]	1 605 103	1 622 932
Liabilities to customers	2 937 341	2 923 506

[1] Investitionsbank Sachsen-Anhalt equity to the amount of € 143.5 million is included in the figures and for the Group.

Liabilities

(in € 000)	31 Dec. 2013	31 Dec. 2012
5. Other liabilities		
Balance sheet value	**1 483 913**	**2 366 328**
of which		
reported as significant items:		
Countervalues for outstanding securities purchases	526 299	606 443
Interest payable and accrued interest from swaps	410 247	417 623
Balancing item from currency valuation	340 608	1 005 223
Interest payable from profit participation rights, subordinated liabilities and capital contributions	113 051	137 093
Outstanding items on interim accounts, not classified	46 899	149 748
Trade payables	31 331	29 483
As a result of the reorganisation of the process for the accounting treatment of interim accounts, various interim accounts were closed and reclassified in the financial year. Loans and advances to and liabilities to banks and customers were affected significantly by this. This resulted in reductions in "other assets" and "other liabilities".		
6. Deferred income		
Balance sheet value	**927 938**	**889 201**
of which		
Separation of premiums from issuing and loan business	472 667	498 608
deferred discounts in accordance with § 340e Paragraph 2 HGB	47 630	38 774
7. Provisions NORD/LB forms provisions for pensions and similar duties, tax provisions and other provisions for uncertain liabilities.		
Basically the following items are shown under other provisions:		
Provisions for uncertain liabilities		
Staff expenses – other	179 318	196 307
Risks from lending business	77 309	103 887
Staff expenses – reorganisation provisions (efficiency improvement programme)	46 088	22 709
Legal risks	24 348	28 142
Other	90 947	64 636
	418 010	**415 681**

8. Subordinated liabilities

NORD/LB spent € 123.767 million (€ 123.657 million) on the liabilities reported. Borrowings which exceed 10 per cent of the total amount respectively are defined as follows:

Currency amount	**Interest rate**	**Due on**
€ 580 million	5.75 % p.a.	1 Dec. 2015
€ 350 million	6.00 % p.a.	29 June 2020

Obligation to make premature repayment could only arise if a change in taxation results in additional payments to a purchaser.
Subordination of these funds is in compliance with the Banking Act. Conversion of these funds into capital or into any other form of debt has neither been agreed on nor provided for.

Liabilities

(in € 000)	31 Dec. 2013	31 Dec. 2012
10. Participatory capital		
Balance sheet value	**115 000**	**115 000**
of which		
there of falling due in less than two years	55 000	20 000

With the exception of those capital components which have a maturity of less than two years, the other tranches of the participatory capital issued by NORD/LB meet in full the conditions of § 10 para. 5 of the German Banking Act and are therefore to be allowed for.

11. Equity

The balance sheet profit includes the profit carried forward from the previous year in the amount of € 68,600,000.00.

Of the silent participations in NORD/LB's portfolio which are reported in the balance sheet under other capital contributions, as at 31 December 2013 participations in the nominal amount of € 0.0 million have been cancelled.

As part of the scope of the capital-boosting measures, NORD/LB acquired capital notes in the amount of € 400 million held indirectly by the state of Lower Saxony in 2012. These securities were issued by special purpose entities in order to refinance silent participations at NORD/LB. In the past financial year the capital notes purchased in 2012 by NORD/LB were recalled and repaid by the special purpose entities Fürstenberg Capital Erste GmbH and Fürstenberg Capital II GmbH. At the same time silent participations held by the two special purpose entities were cancelled in the same amount.

Furthermore, NORD/LB has purchased in 2013 by way of a tender for the remaining capital notes of the three special purpose entities based in Fürstenberg securities in the amount of € 99.2 million. Like the capital notes purchased in 2012, these securities were reported by NORD/LB on the assets side under debt securities at the time they were recalled and repaid.

Beforehand NORD/LB took on subordinated liabilities in the amount of € 300 million in order to implement a banking regulatory requirement; it had to ensure that it had adequate replacement capital in accordance with regulatory law for the silent participations lost due to the purchase of the capital notes.

1. Contingent liabilities

Under contingent liabilities there are as at 31 December 2013 nine significant liabilities relating to sureties and guarantees. The individual values range from € 48.1 million to € 199.8 million.

NORD/LB's maximum liability to customers from guarantees is € 3,796.6 million and from letters of credit € 199.4 million.

The risk of the contingent liabilities being used is considered to be low as the liabilities are arranged and monitored on a credit-related basis. A risk provisioning in the amount of € 50.0 million (€ 63.8 million) has been allocated.

2. Other obligations

The irrevocable credit commitments in the reporting period 2013 are broken down as follows:

– Commercial enterprises	6 526
– Banks	1 110
– Public households	510
– Private customers	84

Based on credit rating analyses that have been conducted, it is largely expected that the borrowers will meet their obligations. Risks may arise from a drop in the customers' credit ratings, for which an appropriate provision has been made. The provision is € 6.7 million (€ 21.7 million).

3. Hard letter of comfort

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

- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover,
- Nieba GmbH, Hanover,
- Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg,
- NORD/LB Asset Management Holding GmbH, Hanover,
- NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel/Luxembourg,
- Skandifinanz AG, Zurich/Switzerland

Notes to the Income Statement

The total balance of the income statement items 1, 3, 5, 7 and 8 is spread across the following regions:

(in € 000)	Federal Republic of Germany	Europe (excl. of Federal Republic of Germany)	North America	Asia	Total
1. Net interest income	3 713 362 (4 842 067)	93 200 (131 043)	117 270 (164 689)	95 526 (133 269)	4 019 358 (5 271 068)
3. Current income	62 346 (113 898)	0 (0)	0 (0)	0 (0)	62 346 (113 898)
5. Net commision income	162 847 (173 498)	14 447 (12 125)	21 916 (23 794)	4 761 (9 686)	203 971 (219 103)
7. Net profit of trading portfolio	159 606 (106 658)	– 196 (257)	1 629 (– 19 471)	– 303 (727)	160 736 (88 171)
8. Other operating income	123 547 (92 331)	234 (481)	207 (554)	212 (349)	124 200 (93 715)
Income statement items	4 221 708 (5 328 452)	107 685 (143 906)	141 022 (169 566)	100 196 (144 031)	4 570 611 (5 785 955)

(in € 000)	2013	2012
7. Net profit/loss of trading portfolio		
The following are reported as material items:		
Net income from securities	–	111 154
Net expediture from securities	59 391	–
Net income from loans	–	77 995
Net expediture from loans	42 240	–
Net income from derivatives	240 186	–
Net expediture from derivatives	–	121 242
Income from the change in value at risk reduction	4 833	2 624
8. Other operating income		
The following are reported as material items:		
Reversal of provisions	39 785	8 207
Profit from hedge derivatives of own issues	22 289	16 740
Income from the resale of hardware, software and services	17 249	16 868
Reimbursement of costs from shipping exposures	5 753	–
Settlement payments	5 670	–
IT services for third parties	5 454	7 601
Income from rents	4 889	4 846
Interest income from tax refunds	4 053	1 022
Offsetting of services with promotion institutes	3 349	3 439
Book profits from disposal of property and equipment	119	21 709
11. Other operating expenses		
The following are reported as material items:		
Interest expenses from the valuation of provisions	54 977	50 622
Price losses from redemption of promissory notes and registered bonds	43 085	66 895
Payments to the restructuring fund for banks	27 617	25 987
Expenses for the resale of hardware, software and services purchased	16 231	17 151
Expenses for KSN services	12 481	11 229
Concession fee for BLSK	1 450	1 600
Expenses for losses resulting from operational risks	268	1 086
Interest expenses for payments of tax arrears	208	5 435
Allocation to provisions for recourse risks	–	3 157

18. Extraordinary expenses

Extraordinary expenses include the transition effects of the valuation of provisions in the amount of € 18.7 million (€ 18.6 million) as a result of the implementation of the German Accounting Law Modernisation Act (BilMoG) and restructuring expenses in the amount of € 27.8 million (€ 23.4 million). These concern employee-related expenses for measures to reduce material costs, staff expenses and commission expenses as part of the efficiency-improvement programme.

Other Financial Obligations

With regard to the security reserve for landesbanks, NORD/LB's maximum obligation to make additional contributions is € 57.9 million (€ 159.6 million). In the event of a need for support these subsequent contributions could be collected immediately.

NORD/LB has further obligations to make additional contributions to the amount of € 30.5 million (previous year € 30.5 million) in addition to extra joint liabilities for other partners on the part of Liquiditätskonsortialbank GmbH.

NORD/LB furthermore vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony) resulting from its membership in the Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders of this bank within the scope of the guarantor function.

Furthermore NORD/LB is, alongside the state of Bremen, guarantor of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, and, together with Sparkassenverband Niedersachsen (SVN) and Landesbank Berlin Holding AG, also acts as guarantor for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

NORD/LB has a 100 per cent holding in Deutsche Hypothekenbank (Actien-Gesellschaft). It is obliged to reimburse Deutscher Sparkassen- and Giroverband e.V. as the guarantor of the security reserve for landesbanks and giro centres all expenditure including interest and interest lost for supporting measures which cannot be paid from the fund established for Deutsche Hypothekenbank in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekenbank AG on 19 December 2008.

NORD/LB had undertaken to release the Bundesverband deutscher Banken e.V. (Association of German Banks) from all losses which were a result of the measures in accordance with § 2 paragraph 2 of the statute of the "Einlagensicherungsfond" (deposit protection fund) for the Deutsche Hypothekenbank (Actien-Gesellschaft). The participation of Deutsche Hypothekenbank (Actien-Gesellschaft) in the German banks' deposit protection fund was terminated as at 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekenbank (Actien-Gesellschaft).

With regard to NORD KB Beteiligungsgesellschaft mbH and NORD KB Dachfonds II Beteiligungsgesellschaft mbH, NORD/LB has an obligation to grant partnership loans totalling approximately € 7.0 million (€ 11.0 million).

NORD/LB also holds an interest with other limited partners in Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. Objekt Zietenterrassen KG. One limited partner has indemnified the general partner from liability. In the internal relationship NORD/LB assumes 50 per cent of the possible obligations from this declaration of liability.

NORD/LB has released the personally liable partners of a real estate investment fund from their statutory liability.

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

In connection with the sale of companies in the NILEG sub-group, NORD/LB guarantees the purchaser that taxes for periods for which tax audits had not yet been conducted have been fully paid or adequate provisions have been set up. In this respect NORD/LB is liable for any additional back taxes if the value exceeds € 0.5 million.

With regard to the inclusion of the shares in FinanzIT GmbH, the withdrawing partners NORD/LB, Bremer Landesbank and Landesbank Saar have committed, together with the remaining partners of FinanzIT, to bear the risks of the company from the time up to their withdrawal, provided they have actually occurred and are not already covered by provisions which have already been made.

Call-in obligations for shares and other interests amounted to € 12,8 million at year-end (€ 13.4 million).

In the course of normal business activities NORD/LB has provided security in the nominal amount of € 2,138.2 million (€ 2,778.5 million) in the form of securities.

In connection with the measures to boost the amount of NORD/LB's regulatory capital by converting silent participations into share capital and reserves, NORD/LB has made a commitment to the other owners of Bremer Landesbank that in the event of a further retention of profits and until a distribution takes place, to finance it in advance with the funds it requires at terms that are still to be negotiated.

NORD/LB intends, in order ease the pressure on regulatory equity, to transfer part of the credit risk of a credit portfolio defined precisely by a finance guarantee ("PEGASUS") to an external third party. If the finance guarantee becomes effective as planned in 2014, this would result in a financial burden with charges of up to € 36 million incurred for 2014 and up to € 45 million per year for the remainder of the period of the guarantee.

NORD/LB has concluded a framework contract with Wincor Nixdorf International GmbH, Paderborn, to regulate the collaboration in the area of information technology. The contract, which bundles the IT infrastructure services with one service provider, commences with effect of 1 July 2013 and will run to 30 June 2020. The annual costs are volume-dependent; the value of the contract over the entire term is approx. € 200 million.

NORD/LB has obligations from long-term rental and lease agreements for land and buildings to 2024 in the nominal amount of € 340.9 million (€ 366.4 million), € 293.4 million (€ 307.7 million) of which towards affiliated companies.

In accordance with the Restructuring Fund Regulation (Restrukturierungsfonds-Verordnung, RstruktFV), NORD/LB has to pay a bank levy.

III. OTHER DISCLOSURES

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Dr. Johannes-Jörg Riegler
(Deputy Chairman until 1 March 2014)

Ulrike Brouzi

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

Thomas Bürkle
(since 1 January 2014)

2. Members of the Supervisory Board

Peter-Jürgen Schneider (Chairman)
Minister of Finance, State of Lower Saxony
(since 19 February 2013)

Hartmut Möllring (Chairman)
(until 19 February 2013)

Thomas Mang (First Deputy Chairman)
President, Association of Savings Bank in Lower Saxony

Jens Bullerjahn (Second Deputy Chairman)
Minister of Finance, State 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 Hannover

Ralf Dörries
Senior Vice President,
NORD/LB Hannover

Hans-Heinrich Hahne
Chairman of the Managing Board,
Sparkasse Schaumburg

Frank Hildebrandt
Bank employee,
NORD/LB Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Frank Klingebiel
Mayor, City of Salzgitter

Prof. Dr. Susanne Knorre
Management consultant
(since 1 May 2013)

Ulrich Mädge
Mayor, City of Hansestadt Lüneburg

Antje Niewisch-Lennartz
Minister of Justice, State of Lower Saxony
(since 1 July 2013)

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Jörg Reinbrecht
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut Mecklenburg-Western Pomerania

Mirja Viertelhaus-Koschig
Deputy Chairman of the Managing Board, VIEROL AG
(until 26 April 2013)

Klaus-Peter Wennemann
Management consultant
(until 30 June 2013)

3. Disclosures concerning mandates

As at 31 December 2013 the following mandates where held in accordance with § 340a para. 4 no. 1 HGB by members of NORD/LB:

Managing Board

Name	Company [1]
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Continental AG, Hanover Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel
Dr. Johannes-Jörg Riegler	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel LHI Leasing GmbH, Pullach
Ulrike Brouzi	NORD/LB Capital Management GmbH, Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel NORD/LB Kapitalanlagegesellschaft AG, Hanover Salzgitter AG Stahl und Technologie, Salzgitter (since 7 May 2013)
Eckhard Forst	DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover LHI Leasing GmbH, Pullach
Dr. Hinrich Holm	Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Liquiditäts- und Konsortialbank GmbH, Frankfurt am Main NORD/LB Capital Management GmbH, Hanover NORD/LB Kapitalanlagegesellschaft AG, Hanover
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel Toto-Lotto Niedersachsen GmbH, Hanover

[1] Banks and large corporate entities are on equal terms.

Other employees

Name	Company [1]
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hanover
Martin Hartmann	LHI Leasing GmbH, Pullach
Dr. Michael Lange	Toto-Lotto Niedersachsen GmbH, Hanover
Ingo Wünsche	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover
Berit Zimmermann	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Jörn Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin

[1] Banks and large corporate entities are on equal terms.

4. Remuneration and Loans to Governing Bodies

(in € 000)	2013	2012
Emoluments paid to active members of executive bodies		
Board of Management	3 335	3 757
Supervisory Board	386	361
	3 721	**4 118**
Emoluments paid to former members of the executive bodies and their dependants		
Board of Management	4 081	4 146
Advances payments and loans		
Board of Management	1 331	1 397
Supervisory Board	60	614

€ 33.599 million (€ 32.785 million) was put back for pension obligations towards former members of governing bodies and their surviving dependents, whereby an obligation of € 12.275 million (€ 12.234 million) is not reported in the balance sheet.

5. Auditor's fees

NORD/LB has made use of the option in accordance with 285 no. 17 of the German Commercial Code of reporting the auditor's fees in the consolidated financial statements.

6. Average number of employees

	Male 2013	Male 2012	Female 2013	Female 2012	Total 2013	Total 2012
Employees	2 101	2 096	2 190	2 175	4 291	4 271

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 619 employees (608 employees).

7. Further disclosures

Services performed for third parties

Significant services performed for third parties concern:

- the management of trust assets
- the management of custodian accounts
- the brokering building loan contracts, investment products, loans and insurance
- the brokering of foreign notes and coins and precious metals for associated savings banks
- asset management
- the brokering of loans and investment products.

Omitted depreciations to lower fair value

The items "debt securities and other fixed-interest securities" and "shares and other non fixed-interest securities" include securities valued like fixed assets which have not been written down to their lower fair value. These concern the following securities (all book values and fair values disclosed do not include accumulated interest):

(in € 000)	Book values 31 Dec. 2013	Fair values 31 Dec. 2013	omitted depriation 31 Dec. 2013	Book values 31 Dec. 2012	Fair values 31 Dec. 2012	omitted depriation 31 Dec. 2012
Bonds and debt securities	2 817 125	2 734 870	82 255	5 685 498	5 480 818	204 680
Shares	0	0	0	563 014	554 307	8 707

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

The intention is to hold the shares long term. Write-downs are only to be made if there is a likely permanent loss in value. There were no reasons for a write-down to lower fair value as at the balance sheet date.

The following securities in fixed assets include hidden reserves, i.e. the fair value is above the book value (all book values and fair values disclosed do not include accumulated interest):

(in € 000)	Book values 31 Dec. 2013	Fair values 31 Dec. 2013	Book values 31 Dec. 2012	Fair values 31 Dec. 2012
Bonds and debt securities	6 545 680	6 873 573	6 336 572	6 816 207
Shares	123 384	125 226	–	–

Marketable securities not valued at lower of cost or market

The items "debt securities and other fixed-interest securities" and "shares and other non fixed-interest securities" include marketable securities not valued at lower of cost or market, i.e. they are treated as fixed assets (book values do not include accumulated interest).

(in € 000)	31 Dec. 2013	31 Dec. 2012
Debt securities and other fixed-interest securities	10 665 237	12 967 410
Shares and other non fixed-interest securities	0	0

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

The tables below also include the disclosures in accordance with § 36 of the RechKredV concerning the foreign currency, interest-based and other futures transactions which have not yet been completed as at the balance sheet date.

Derivatives not valued at fair value in external relations (derivatives in the non-trading portfolio)

(in € million)	Nominal values 31 Dec. 2013	Positive fair values 31 Dec. 2013	Negative fair values 31 Dec. 2013	Book values 31 Dec. 2013	Recorded in balance sheet item 31 Dec. 2013
Interest-rate risks					
Interest-rate swaps	4 903	897	– 106	300	Assets 13./ Liabilities 6.
FRAs	–	–	–	–	–
Interest-rate options					
purchases	5 033	906	–	515	Assets 12.
sales	1 767	–	– 496	– 349	Liabilities 5.
Caps, Floors	3 714	29	– 72	– 33	Assets 13./ Liabilities 6.
Stock-exchange contracts	–	–	–	–	–
Other forward interest rate transactions	782	0	– 107	–	–
Interest-rate risks – total –	**16 199**	**1 832**	**– 781**	**433**	
Currency risks					
Forward foreign exchange transactions	899	8	– 12	– 15	Liabilities 5.
Currency swaps / interest-rate currency swaps	525	45	– 10	31	Assets 13./ Liabilities 5./ Liabilities 6.
Currency options					
purchases	–	–	–	–	–
sales	–	–	–	–	–
Currency risks – total –	**1 424**	**53**	**– 22**	**16**	
Shares and other price risks					
Share futures contracts	–	–	–	–	–
Share swaps	–	–	–	–	–
Share options					
purchases	–	–	–	–	–
sales	–	–	–	–	–
Stock-exchange contracts	4	–	–	0	–
Shares and other price risks – total –	**4**	**–**	**–**	**0**	**–**
Credit derivatives					
Assignor	57	–	– 1	–	Assets
Assignee	1 343	9	– 1	6	Assets
Credit derivatives – total –	**1 400**	**9**	**– 2**	**6**	
Derivatives not valued at fair value – total	**19 027**	**1 894**	**– 805**	**455**	

The derivatives primarily concern transactions which were completed to cover interest rate, exchange rate and other market-price risk positions in the asset portfolio.

Nominal values constitute the gross volume of all purchases and sales and long and short positions. With share options, to calculate the nominal value the closing rate of the underlying transaction is multiplied by the number of shares. For all contracts, fair values and book values excluding accrued interest are shown. Positive and negative fair values of contracts with the same counterparty were not offset against each other.

All of the fair values included in the above table were calculated reliably. Concerning the valuation methods used, the section “Calculation of fair values” is referred to.

Derivatives valued at fair value in external relations (derivatives in the trading portfolio)

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

(in € million)	Nominal values 31 Dec. 2013
Interest-rate risks	
Interest-rate swaps	152 109
FRAs	1 029
Interest-rate options	
purchases	2 995
sales	5 820
Caps, Floors	4 769
Stock-exchange contracts	–
Other forward interest rate transactions	1 079
Interest-rate risks – total –	**167 801**
Currency risks	
Forward foreign exchange transactions	19 080
Currency swaps/interest-rate currency swaps	26 666
Currency options	
purchases	117
sales	119
Currency risks – total –	**45 982**
Shares and other price risks	
Share futures contracts	–
Share swaps	–
Share options	
purchases	61
sales	–
Stock-exchange contracts	35
Shares and other price risks – total –	**96**
Credit derivatives – total –	
Assignor	32
Assignee	27
Credit derivatives – total –	**59**
Derivatives valued at fair value – total	**213 938**

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

The amount, dates and reliability of future cashflows relating to derivatives are uncertain. The main factors which affect this are the future development of interest rates, exchange rates and share prices. Counterparty risk also exists. The tables below provide an overview of the volumes affected by these factors.

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

(in € million)	Nominal values 31 Dec. 2013
Interest-rate risks	
Residual terms to maturity	
up to 3 months	14 594
up to 1 year	17 366
up to 5 years	58 584
more than 5 years	77 257
	167 801
Currency risks	
Residual terms to maturity	
up to 3 months	16 015
up to 1 year	7 604
up to 5 years	12 980
more than 5 years	9 383
	45 982
Shares and other price risks	
Residual terms to maturity	
up to 3 months	66
up to 1 year	27
up to 5 years	3
more than 5 years	–
	96
Credit derivatives	
Residual terms to maturity	
up to 3 months	3
up to 1 year	10
up to 5 years	46
more than 5 years	–
	59

The maturity breakdown is based on residual terms to maturity. With interest-rate risk contracts, the term of the underlying interest-bearing transaction (e.g. futures) is used and with the remaining risks the contract term is used.

Derivatives valued at fair value – broken down by counterparty

(in € million)	Nominal values 31 Dec. 2013
Banks in the OECD	178 280
Banks outside the OECD	163
Public institutions in the OECD	7 118
Other counterparties[1]	28 377
Total	**213 938**

[1] including stock exchange contracts

Disclosures concerning valuation units

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

(in € 000)	31 Dec. 2013 Underlying transaction hedged against			
	Interest rate risk	Share price risk	Inflation risk	Currency risk
Assets				
Fixed-interest securities for the liquidity reserve	880 150	–	–	–
Assets – total	**880 150**	**–**	**–**	**–**
Pending transactions				
Derivatives separated from structured issues				
share-price-related derivatives	–	308 047	–	–
exchange-rate-related derivatives	–	–	–	5 000
Other	–	–	142 679	–
Pending transactions – total	**–**	**308 047**	**142 679**	**5 000**
Transactions expected with a high probability[1)]				
Repayment of an issued USD hybrid capital bond	–	–	–	362 555
Transactions expected with a high probability – total	**–**	**–**	**–**	**362 555**
Valuation units – total	**880 150**	**308 047**	**142 679**	**367 555**

[1)] The transaction expected with high probability concerns the repayment of a hybrid capital bond issued by NORD/LB in US-Dollars. The repayment of the bond will with high probability be made at the earliest possible time (30 June 2020), as otherwise the interest coupon to be paid would increase (so-called step-up).

The total of all underlying transactions included in valuation units is therefore € 1,330.876 million.

The prospective and retrospective effectiveness of all valuation units is measured using the Critical Terms Match method. Basically the final maturity of the underlying transactions corresponds to the final maturity of the hedging instrument. The underlying transactions will mature between 2013 and 2019.

Deferred taxes

The deferred taxes of NORD/LB in Germany are measured using the tax rate which is applicable as at the balance sheet date and also in the future of 31.5 per cent. This combined income tax rate comprises corporation tax, trade tax and the solidarity surcharge. Different tax rates apply for the foreign branches.

Deferred tax liabilities relating to the different tax approach for debt securities, intangible assets, property, plant and equipment, the trading portfolio and other liabilities were offset with deferred tax assets against temporary differences in loans and advances to customers, pension provisions and other provisions.

The recoverable deferred tax assets were offset against deferred tax liabilities. Deferred tax assets beyond those offset are not reported in accordance with the option provided for in § 274 para. 1 clause 2 of the German Commercial Code.

Values subject to dividend payout restrictions

After the deduction of deferred tax liabilities, self-made intangible fixed assets in the amount of € 34.4 million remain. The difference between the present value and the acquisition cost of the cover assets after the deduction of deferred tax liabilities is € 0.3 million. The dividend payout restriction for such values enshrined in § 268 para. 8 of the German Commercial Code does not affect the profit for the financial year 2013 as the disposable reserves plus the profit carried forward are greater than the intangible fixed assets and the cover assets.

Repos

Repos are reported in accordance with § 340b of the German Commercial Code. Only genuine repos are completed.

Securities and other assets with a book value totalling € 3,889.3 million (€ 12,858.4 million) were committed by NORD/LB within the scope of genuine repos. The counterparty risk is manageable.

Special investment assets

Name of the special asset	NORD/LB AM 65	NORD/LB AM ALCO
Former	NORDCON-Fonds SP 56	–
Type of special asset	Special asset	Special asset
Investment objective	The objective of the fund is diversified investment in asset-backed securities. The asset-backed securities of the fund are part of the ABS-Workout portfolio of NORD/LB Anstalt öffentlichen Rechts.	The fund is part of the ALCO-portfolio and thus part of the strategic investments.
Reporting date	31 Dec. 2013	31 Dec. 2013
Special assets (in € 000)	125 231	1 089 613
Shares – total	1 253 136	10 562 800
Currency of shares	EUR	EUR
Shares of NORD/LB as at the reporting date	1 253 136	10 562 800
Values of the shares according to § 26 of the German Investment Act (InvG) as at reporting date	99.93	103.15
Carrying amount (in € 000)	123 384	1 083 762
Difference between fair value and carrying amount (in € 000)	1 847	5 852
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	–	4 667
Reporting year of NORD/LB	1 Jan. – 31 Dez.	1 Jan. – 31 Dez.
Reporting year of the special asset	1 Jan. – 31 Dez.	1 Jan. – 31 Dez.
Restrictions in the possibility of daily return	None	None
Reasons for no write-down § 253 para. 3 clause 4 of the German Commercial Code	–	–
Pointers for the loss of value not being permanent	–	–

8. Cover statement

(Old portfolio/issues before 19 July 2005)

(in € 000)	31 Dec. 2013	31 Dec. 2012
Mortgage bond coverage		
Liabilities requiring cover		
Pfandbriefe	0	1 027 000
discharged and cancelled items	0	0
Registered Pfandbriefe (as security on loans taken up)	0	0
	0	**1 027 000**
Covering assets		
Loans to customers secured by mortgages	0	1 033 226
Public issuer securities	0	200 000
Substitute credit institution cover	0	130 000
	0	**1 363 226**
Surplus cover	**0**	**336 226**
Municipal cover		
Liabilities requiring cover		
Municipal debentures	2 787 210	4 776 820
discharged and cancelled items	0	0
Registered municipal debentures (to secure loans taken up)	300 962	664 027
	3 088 172	**5 440 847**
Covering assets		
Municipal loans		
to financial institutions	905 431	1 773 714
to customers	2 886 519	4 022 317
Public issuer securities	395 378	413 373
Fixed deposits from public-sector banks	0	0
Substitute credit institution cover	100 000	810 108
	4 287 329	**7 019 512**
Surplus cover	**1 199 157**	**1 578 665**

This old portfolio (cover and in circulation) was encapsulated in accordance with § 51 of the Covered Bond Act and is held separately from the new cover in accordance with the regulations applicable up until the Covered Bond Act came into effect.

9. Cover statement for NORD/LB in accordance with § 35 of the RechKredV.

(in € million)	Mortgage Pfandbriefe	Public-sector Pfandbriefe	Ship Pfandbriefe	Aircraft Pfandbriefe	Total
Covering assets loans and advances banks	0 (0)	4 904 (6 727)	0 (0)	0 (0)	4 904 (6 727)
Covering assets loans and advances banks	2 503 (2 085)	16 372 (15 508)	158 (317)	1 239 (907)	20 271 (18 819)
Covering assets loans and advances banks	160 (150)	1 854 (3 162)	9 (118)	20 (20)	2 043 (3 450)
Total	**2 663** **(2 235)**	**23 129** **(25 397)**	**167** **(435)**	**1 259** **(927)**	**27 217** **(28 995)**

10. Pfandbriefe for NORD/LB in accordance with § 28 of the Covered Bond Act

Pfandbriefe in circulation and cover pools:

(in € million)	Nominal	Cash value	Risk cash asset + 250 bp	Risk cash asset – 250 bp	Risk cash asset of currency
Mortgage Pfandbriefe					
Total circulation	1 543 (755)	1 611 (839)	1 560 (780)	1 640 (864)	1 560 (780)
Guarantee fund total [1]	2 663 (2 235)	2 884 (2 459)	2 704 (2 309)	2 995 (2 517)	2 687 (2 280)
Excess coverage	**1 120** (1 480)	**1 273** (1 620)	**1 144** (1 529)	**1 355** (1 653)	**1 127** (1 500)
Excess coverage in per cent	73 (196)	79 (193)	73 (196)	83 (191)	72 (192)
Public-sector Pfandbriefe					
Total circulation	16 519 (18 080)	18 475 (20 784)	16 321 (18 360)	20 645 (22 609)	16 827 (18 756)
Guarantee fund total [2]	23 129 (25 397)	25 427 (28 730)	22 811 (25 723)	28 026 (30 928)	22 911 (25 817)
Excess coverage	**6 610** (7 317)	**6 952** (7 946)	**6 490** (7 363)	**7 380** (8 319)	**6 084** (7 061)
Excess coverage in per cent	40 (40)	38 (38)	40 (40)	36 (37)	36 (38)
Ship Pfandbriefe					
Total circulation	90 (200)	89 (201)	82 (191)	93 (205)	82 (191)
Guarantee fund total [3]	167 (435)	174 (450)	165 (429)	179 (455)	138 (375)
Excess coverage	**77** (235)	**85** (249)	**84** (238)	**86** (250)	**57** (184)
Excess coverage in per cent	85 (118)	95 (124)	103 (125)	93 (122)	70 (96)
Aircraft Pfandbriefe					
Total circulation	506 (506)	522 (530)	479 (476)	539 (547)	479 (476)
Guarantee fund total [4]	1 259 (927)	1 355 (1 042)	1 242 (951)	1 442 (1 086)	1 048 (806)
Excess coverage	**753** (421)	**832** (511)	**763** (475)	**903** (539)	**568** (330)
Excess coverage in per cent	149 (83)	159 (97)	159 (100)	167 (99)	119 (70)

[1] Amounts acc. to § 19, para. 1, no. 2 and 3 are not included in the cover pool.
[2] Amounts acc. to § 20, para. 2, no. 2 are included in the cover pool in the amount of € 673 million (€ 811 million).
[3] Amounts acc. to § 26, para. 1, no. 3 and 4 are not included in the cover pool.
[4] Amounts acc. to § 26f, para. 1, no. 3 and 4 are not included in the cover pool.

Derivatives acc. to § 19, para 1, no. 4 in connection with § 20, para. 2, no. 3 and § 26, para. 1, no. 5 are not included in the cover pool.

Maturity structure of the Pfandbriefe in circulation, fixed interest periods and cover pools:

(in € million)	less than 1 year	more than 1 year but less than 2 years	more than 2 years but less than 3 years	more than 3 years but less than 4 years	more than 4 years but less than 5 years	more than 5 years but less than 10 years	more than 10 years
Mortgage Pfandbriefe	30 (204)	74 (50)	258 (63)	0 (257)	0 (0)	1 131 (131)	50 (50)
Guarantee fund total	373 (424)	313 (265)	367 (278)	297 (291)	228 (219)	1 045 (744)	39 (14)
Public-sector Pfandbriefe	2 172 (2 833)	1 891 (2 047)	2 156 (1 953)	832 (2 129)	1 069 (899)	5 001 (4 583)	3 399 (3 636)
Guarantee fund total	2 823 (2 433)	2 889 (3 006)	2 259 (4 479)	2 438 (2 038)	1 703 (2 247)	6 472 (6 747)	4 544 (4 447)
Ship Pfandbriefe	10 (110)	0 (10)	0 (0)	50 (0)	30 (50)	0 (30)	0 (0)
Guarantee fund total	58 (195)	42 (72)	26 (54)	15 (47)	8 (30)	11 (37)	6 (0)
Aircraft Pfandbriefe	0 (0)	0 (0)	0 (0)	501 (0)	0 (501)	5 (5)	0 (0)
Guarantee fund total	192 (124)	146 (188)	166 (88)	148 (109)	213 (90)	393 (287)	0 (41)

Receivables used to cover Pfandbriefe by size:

(in € million)	Covering assets	Over-colla-teralisation	Securing liquidity	Total
Mortgage Pfandbriefe				
Less than € 0.3 million	1 032 (973)	0 (0)	0 (0)	1 032 (973)
More than € 0.3 million and less than € 5 million	645 (480)	0 (0)	0 (0)	645 (480)
More than € 5 million	826 (632)	50 (40)	110 (110)	986 (782)
	2 503 **(2 085)**	**50** **(40)**	**110** **(110)**	**2 663** **(2 235)**
Ship Pfandbriefe (ocean-going vessels only)				
Less than € 0.5 million	3 (1)	0 (0)	0 (0)	3 (1)
More than € 0.5 million and less than € 5 million	79 (180)	0 (5)	3 (5)	82 (190)
More than € 5 million	75 (137)	6 (8)	0 (100)	81 (245)
	158 **(318)**	**6** **(13)**	**3** **(105)**	**167** **(435)**
Aircraft Pfandbriefe				
Less than € 0.5 million	0 (0)	0 (0)	0 (0)	0 (0)
More than € 0.5 million and less than € 5 million	157 (94)	0 (0)	0 (0)	157 (94)
More than € 5 million	1 081 (814)	20 (20)	0 (0)	1 101 (834)
	1 239 **(908)**	**20** **(20)**	**0** **(0)**	**1 259** **(927)**

Receivables used to cover mortgage Pfandbriefe by country in which the land securities are located and by type of use:

(in € million)	Germany	Luxembourg	Austria	Poland	USA	Total
Covering assets commercial						
Office Buildings	266 (252)	116 (117)	0 (0)	0 (23)	92 (164)	474 (556)
Nonresidential Building	160 (130)	0 (0)	9 (9)	0 (0)	0 (0)	169 (139)
Industrial Building	11 (5)	0 (0)	0 (0)	0 (0)	0 (0)	11 (5)
Other commercial real estate	175 (180)	0 (0)	0 (0)	0 (0)	0 (0)	175 (180)
Unfinished and Non-Productive New Buildings	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Building sites	0 (0)	0 (0)	0 (0)	0 (0)	4 (0)	4 (0)
Covering assets residential						
Condominiums	183 (175)	0 (0)	0 (0)	0 (0)	0 (0)	183 (175)
One- and Twofamily houses	655 (621)	0 (0)	0 (0)	0 (0)	0 (0)	655 (621)
Apartment Buildings	831 (409)	0 (0)	0 (0)	0 (0)	0 (0)	831 (409)
Unfinished and Non-Productive New Buildings	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)
Building sites	1 (0)	0 (0)	0 (0)	0 (0)	0 (0)	1 (0)
Subtotal	**2 282** (1 772)	**116** (117)	**9** (9)	**0** (23)	**96** (164)	**2 503** (2 085)
Over-collateralisation	50 (40)	0 (0)	0 (0)	0 (0)	0 (0)	50 (40)
Securing liquidity	110 (110)	0 (0)	0 (0)	0 (0)	0 (0)	110 (110)
Total	**2 442** (1 922)	**116** (117)	**9** (9)	**0** (23)	**96** (164)	**2 663** (2 235)

The value of receivables used to cover mortgage Pfandbriefe which were outstanding by at least 90 days was € 34 thousand (€ 8 thousand) for land securities in Germany.

There were no cases of forced sale, forced receivership or takeovers of land to prevent losses. The total arrears on interest to be paid by mortgage debtors were € 0.042 million (€ 0.003 million) for commercial property and € 0.439 million (€ 0.111 million) for residential property.

Receivables used to cover public sector Pfandbriefe by type of debtor or granting authority and their location:

(in € million)	Country	Regional local authorities	Public local authorities	Other debtors [1]	Total
Germany	1 324 (1 288)	7 243 (7 227)	4 904 (4 982)	6 184 (9 269)	19 655 (22 766)
Belgium	4 (0)	0 (0)	0 (0)	0 (0)	4 (0)
Great Britain	54 (63)	0 (0)	0 (0)	0 (0)	54 (63)
Finnland	26 (62)	0 (0)	0 (0)	0 (0)	26 (62)
Canada	77 (0)	0 (0)	0 (0)	0 (0)	77 (0)
Latvia	0 (0)	0 (0)	43 (45)	0 (0)	43 (45)
Luxembourg	0 (0)	0 (0)	0 (0)	0 (106)	0 (106)
Austria	120 (157)	0 (0)	0 (0)	164 (258)	284 (415)
Switzerland	4 (5)	0 (0)	0 (0)	0 (0)	4 (5)
USA	445 (483)	0 (0)	0 (0)	12 (0)	457 (483)

[1] The additional coverage in accordance with § 20, sec. 2, No. 2, the over-collateralisation acc. to § 4, No. 1 and the securing liquidity acc. to § 4, sec. 1a PfandBG are not taken into account any longer.

As in the previous year, no receivables were used to cover mortgage Pfandbriefe which were outstanding by 90 days or more.

Receivables used to cover ship Pfandbriefe by country in which the ships and shipbuilding yards lent against are registered, broken down by ship type:

	Covering assets					
	Maritime navigation	Maritime navigation	Inland shipping navigation	Inland shipping navigation	Other	Other
(in € million)	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Germany	119	254	0	0	9	118
Cyprus	38	63	0	0	0	0

There were no cases of forced sale, forced receivership or takeovers of ships or shipbuilding to prevent losses. The total arrears on interest to be paid by loan debtors were € 0.0 million (€ 0.0 million) for ocean-going ships and € 0.0 million (€ 0.0 million) for inland ships

Receivables used to cover aircraft mortgage Pfandbriefe by country in which the aircraft are registered:

	Covering assets			
(in € million)	Airplanes 31 Dec. 2013	Airplanes 31 Dec. 2012	Other 31 Dec. 2013	Other 31 Dec. 2012
Germany	245	163	20	20
France	114	120	0	0
Great Britain	258	246	0	0
Ireland	116	114	0	0
Norway	37	35	0	0
USA	469	229	0	0

Arrears on interest to be paid amounted to € 0.0 million (€ 0.0 million).

11. List of equity holdings

The list below contains the equity holdings in accordance with § 285 no. 11 and 11a HGB and investments in terms of § 340a para. 4 no. 2 HGB. Included are all companies in which there is an equity holding of 20 per cent or more, unless they are of minor significance for the presentation of the assets, financial and earnings position, and investments in large corporations which exceed 5 per cent of the voting rights.

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit / Loss (in € 000)
	Affiliated companies			
1	BGG Bremen GmbH & Co. KG, Bremen [1) 8)]	100.00	141	– 7
2	BGG Oldenburg GmbH & Co. KG, Bremen [1) 8)]	100.00	7 815	910
3	BLB Grundbesitz KG, Bremen [1) 8)]	100.00	47 800	473
4	BLB Immobilien GmbH, Bremen [1) 8)]	100.00	15 386	0
5	BLB Leasing GmbH, Oldenburg [1) 8) 10)]	100.00	511	0
6	BLBI Beteiligungs-GmbH, Bremen [1) 8)]	100.00	65	7
7	BLBI Investment GmbH & Co. KG, Bremen [1) 8)]	100.00	42 400	3 664
8	Braunschweig Advisors GmbH, Braunschweig [1) 7)]	100.00	89	44
9	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [3) 8)]	100.00	9 061	0
10	Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig [2) 7)]	100.00	608	220
11	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig [1) 7)]	100.00	31	2
12	Braunschweig-Beteiligungsgesellschaft mbH, Braunschweig [1) 7)]	100.00	8 597	0
13	Braunschweig-Informationstechnologie-GmbH, Braunschweig [1) 8)]	100.00	3 160	0
14	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen [8) 10)]	54.83	1 343 069	36 300
15	Bremische Grundstücks-GmbH, Bremen [1) 8)]	100.00	56 841	2 600
16	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen [1) 8)]	100.00	100	797
17	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen [1) 8)]	100.00	150	59
18	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover [7)]	100.00	1	1
19	Deutsche Hypo Delaware Blocker Inc., Wilmington, USA [1) 7)]	100.00	7 059	– 2 463
20	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover [3) 8) 10)]	100.00	913 172	0
21	FL FINANZ-LEASING GmbH, Wiesbaden [2) 8)]	58.00	105	– 102
22	Flying Sun Shipping Ltd., Valletta, Malta [1) 13)]	100.00	–	–
23	General Partner N666DN GP, LLC, Wilmington, USA [13)]	100.00	–	–
24	IRC Verwaltung GmbH & Co. Objekt Nienburg KG, Pullach i. Isartal [1) 7)]	98.00	24	0
25	IRC Verwaltung GmbH & Co. Objekt Unterföhring KG, Pullach i. Isartal [1) 7)]	98.00	23	0
26	KreditServices Nord GmbH, Braunschweig [3) 8)]	100.00	581	0
27	LBT Holding Corporation Inc., Wilmington, USA [7)]	100.00	885	1 239
28	LHI Leasing GmbH & Co. Immobilien KG, Pullach i. Isartal [2) 7)]	90.00	1 015	21
29	MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach i. Isartal [8)]	77.81	7 302	581
30	NBN Grundstücks- und Verwaltungs-GmbH, Hanover [1) 7)]	100.00	735	5
31	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover [2) 7)]	90.00	946	– 57
32	New Owner Participant – N666DN OP, L.P., Wilmington, USA [2) 13)]	100.00	–	–
33	Nieba GmbH, Hanover [3) 8)]	100.00	162 700	0
34	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover [7)]	100.00	39	– 1
35	NORD/FM Norddeutsche Facility Management GmbH, Hanover [3) 8)]	100.00	636	0

No.	Name/registered office	Share of capital held (in %)	Equity (in € 000)	Profit/Loss (in € 000)
36	NORD/LB Asset Management Holding GmbH, Hanover [8]	100.00	6 899	211
37	NORD/LB Beteiligungsgesellschaft in Mecklenburg-Vorpommern und Sachsen-Anhalt mbH, Hanover [3,8]	100.00	513	0
38	NORD/LB Capital Management GmbH, Hanover [1,8,10]	100.00	2 510	510
39	NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel, Luxembourg [1,8,9,10]	100.00	76 759	101
40	NORD/LB G-MTN S.A., Luxembourg-Findel, Luxembourg [8]	100.00	31	0
41	NORD/LB Informationstechnologie GmbH, Hanover [3,8]	100.00	25	0
42	NORD/LB Kapitalanlagegesellschaft AG, Hanover [1,8,10]	100.00	4 034	43
43	NORD/LB Project Holding Ltd., London, Great-Britain [7]	100.00	623	142
44	NORD/LB RP Investments LLC, Wilmington, USA [7]	100.00	6 321	3 147
45	Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [7]	100.00	15 290	22
46	Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel, Luxembourg [8,9,10]	100.00	699 411	26 955
47	Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover [3,8]	100.00	289 520	0
48	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen [1,8]	100.00	100	2 665
49	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen [1,8]	100.00	1 107	431
50	N666DN LP, LLC, Wilmington, USA [1,13]	100.00	–	–
51	Öffentliche Facility Management GmbH, Braunschweig [1,8]	100.00	25	0
52	Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig [1,8]	100.00	19 030	475
53	Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig [1,8]	100.00	15 982	0
54	Öffentliche Lebensversicherung Braunschweig, Braunschweig [8]	75.00	35 479	668
55	Öffentliche Sachversicherung Braunschweig, Braunschweig [8]	75.00	266 734	6 001
56	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover [7]	100.00	28	– 1
57	Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [1,3,8]	98.00	3 088	0
58	RAINBOW LS SHIPPING Ltd., Valletta, Malta [1,13]	100.00	–	–
59	Ricklinger Kreisel Beteiligungs GmbH, Hanover [1,7]	100.00	26	– 6
60	Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen [1,7]	100.00	1 107	12
61	SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main [7]	100.00	775	– 277
62	Skandifinanz AG, Zurich, Switzerland [1,8]	100.00	12 923	– 699
63	TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, Pullach i. Isartal [7]	100.00	22	0
64	Terra Grundbesitzgesellschaft am Aegi mbH, Hanover [1,7]	100.00	442	96
65	Themis 1 Inc., Wilmington, USA [7]	100.00	3 896	– 23
66	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [1,7]	100.00	32 603	2 215
67	Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [7,11]	72.70	– 3 186	523
68	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover [7,11]	79.80	– 16	– 10
69	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Tiefgarage Stade Vermietungs KG, Hanover [7,11]	90.00	– 2 834	18
70	Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [1,3,8]	100.00	1 278	0

No.	Name/registered office	Share of capital held (in %)	Equity (in € 000)	Profit/Loss (in € 000)
	Other companies of min. 20 per cent share			
1	Adler Funding LLC, Dover, USA [1,7]	21.88	5 800	9 802
2	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede [1,7]	32.26	29 466	1 319
3	BREBAU GmbH, Bremen [1,7,10]	48.84	55 361	7 672
4	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [1,7,12]	49.00	–	–
5	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [7]	50.00	4 500	415
6	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [7,10]	20.89	15 488	192
7	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [7,10]	20.44	12 625	760
8	Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen [1,7,10]	27.50	102 366	24 197
9	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [1,7]	20.46	10 854	688
10	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg [1,7,10]	22.22	82 437	3 496
11	Grundstücksgemeinschaft Escherweg 5 GbR, Bremen [1,8]	50.00	– 2 319	– 378
12	Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. – Objekt Zietenterrassen – KG, Göttingen [2,7]	52.56	3 353	627
13	INI International Neuroscience Institute Hannover GmbH, Hanover [1,4]	22.70	– 11 857	– 726
14	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover [1,7,10]	44.00	297 458	0
15	LHI Leasing GmbH, Pullach i. Isartal [2,8,10]	49.00	50 339	6 589
16	LINOVO Productions GmbH & Co. KG, Pöcking [7,11]	45.17	– 47 113	984
17	LUNI Productions GmbH & Co. KG, Pöcking [7,11]	24.29	– 115 653	– 83
18	Medical Park Hannover GmbH, Hanover [1,7]	50.00	2 484	233
19	Medicis Nexus GmbH & Co. KG, Icking [5]	66.01	9 224	720
20	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [7]	26.00	11 040	837
21	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [7]	39.82	10 437	770
22	NBV Beteiligungs-GmbH, Hamburg [2,7]	42.66	19 862	2 211
23	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover [7]	28.66	4 405	2 283
24	Öffentliche Versicherung Bremen, Bremen [1,7]	20.00	6 020	60
25	SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [7]	56.61	14 010	545
26	Toto-Lotto Niedersachsen GmbH, Hanover [7,10]	49.85	29 392	19 163
27	USPF III Beteiligungsgesellschaft mbH & Co. KG, Düsseldorf [1,6]	42.86	1 818	338
28	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [1,7]	21.72	18 785	380
	NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11 a HGB)			
1	GLB GmbH & Co. OHG, Frankfurt am Main			
	Investments in terms of § 340a para. 4 no. 2 of the German Commercial Code, unless reported as an affiliated company or other shareholding			
1	HCI HAMMONIA SHIPPING AG, Hamburg			
2	Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover			

[1] Held indirectly.
[2] Including shares held indirectly.
[3] Letter of comfort exists.
[4] Data as at 31 Dec. 2010 is available.
[5] Data as at 31 Dec. 2011 is available.
[6] Data as at 30 Sep. 2012 is available (different financial year).
[7] Data as at 30 Dec. 2012 is available.
[8] Preliminary data as at 31 Dec. 2013.
[9] Values in the financial statements in accordance with IAS/IFRS.
[10] Disclosure also in accordance with § 340a para. 4 no. 2 of the German Commercial Code (banks are interpreted as large corporate entities).
[11] The company is not actually overindebted.
[12] No disclosure in accordance with § 286 para. 3 clause 2 of the German Commercial Code.
[13] Equidity as defined in §§ 266 and 272 HGB of the German Commercial Code less outstanding contributions.

The management report is neither included nor incorporated by reference into this Prospectus.

The following is an English translation of the auditor's report, which has been prepared on the basis of the German language version of the Financial Statements and the Management Report.

AUDITOR'S REPORT

"We have audited the annual financial statements, consisting of the balance sheet, income statement and notes, taking into account the accounting and the management report of Norddeutsche Landesbank – Girozentrale –, Hannover, Braunschweig and Magdeburg (NORD/LB) for the financial year from 1 January to 31 December 2013. Under German commercial law, NORD/LB's Managing Board is responsible for the accounting and preparing the annual financial statements and management report. Our responsibility is to express an opinion on the annual financial statements including the accounting and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). These standards require that we plan and conduct the audit such that misstatements materially affecting the presentation of the assets, financial and earnings position in the annual financial statements taking into account generally accepted accounting principles and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of NORD/LB and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the information in the accounting, annual financial statements management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Managing Board, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal regulations and taking into account generally accepted accounting principles give a true and fair view of the assets, financial and earnings position of NORD/LB in accordance with these requirements. The management report is consistent with the annual financial statements and overall provides an accurate view of the position of NORD/LB and accurately presents the opportunities and risks concerning future development."

Hanover, 21 February 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Leitz
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

VII. Responsibility

Norddeutsche Landesbank – Girozentrale – with its registered Office at 30159 Hanover, Friedrichswall 10, accepts responsibility for the information contained in this supplement no. 2 of 11 December 2014.

To the best of the knowledge and belief of the Norddeutsche Landesbank – Girozentrale – which has taken all reasonable care to ensure that such is the case the information contained in this supplement no. 2 of 11 December 2014 is in accordance with the facts and does not omit anything likely to affect the import of such information.

Hanover, 11 December 2014

NORDDEUTSCHE LANDESBANK
GIROZENTRALE

gez.	gez.
Dr. Lotze	Zachlod