14. April 2016

REGISTRATION DOCUMENT

Pursuant to Article 5 (3) of the Directive 2003/71/EC and Section 12 (1) 3 German Securities Act (*Wertpapierprospektgesetz* or *WpPG*)

for

NORD/LB

Norddeutsche Landesbank Girozentrale
Hanover

(herein after also referred to as „**Norddeutsche Landesbank – Girozentrale –** ", "**NORD/LB**" or "**Issuer**")

English Language Version

Publication and Validity of Registration Document

This Registration Document is valid for a period of twelve months from the date of its approval and it reflects the status as of the date of this Registration Document.

This Registration Document has been published on the website (http://www.nordlb.de/kapitalmarktportal/registrierungsformulare/) of Norddeutsche Landesbank – Girozentrale – on the date of its approval.

Printed copies are made available for distribution free of charge to the investor. The printed versions are available on request during normal opening times at Norddeutsche Landesbank – Girozentrale –, Friedrichswall 10, 30159 Hanover.

Prospectuses, base prospectuses or other documents that constitute a complete prospectus together with this Registration Document will be made available accordingly.

This document complies with the requirements of a registration document for banks (Article 14, Annex XI of the Commissions Regulation (EC) No 809/2004). The content of this registration document may be incorporated by reference into Base Prospectuses. This registration document may be used for debt and derivative securities and those securities which are not covered by Article 4 of the Commissions Regulation (EC) No 809/2004.

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1.1. Risk factors

Prior to making any investment in securities issued under a base prospectus or any other prospectus into which the contents of this registration document has been incorporated by reference and/ or has become an integral part of the prospectus, potential investors should take into account the following description of risks relating to the Issuer and to the securities to be issued under the respective prospectus, by carefully evaluating all information. Investments in securities offered under any prospectus shall only be made after having taken full account of all relevant facts and risks relating to the particular securities and by carefully considering the following risk factors. Investors are advised to consult their bank or financial advisor prior to making an investment decision.

In addition, potential investors should be aware that the risks described herein may coincide and thus intensify.

1.1.1. Risk factors relating to the Issuer

*The risks factors relating to the Issuer set out below describe the material risks of Norddeutsche Landesbank – Girozentrale – as a financial institution on an unconsolidated basis and in its capacity as parent company of its fully consolidated subsidiaries being, inter alia, the following financial institutions: Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, NORD/LB Luxembourg S.A. Covered Bond Bank and Deutsche Hypothekenbank (Actien-Gesellschaft) (also referred to in this section as "**NORD/LB and its Subsidiaries**"). Norddeutsche Landesbank – Girozentrale – defines risks as being "material" all relevant risks which could have a negative impact on NORD/LB's resources, earnings, its liquidity position or the achievement of its strategic goals. Such risks may limit the Issuer's ability to fulfil its obligations vis-à-vis investors under the Instruments.*

1.1.1.1. Overview of applicable risks

NORD/LB and its Subsidiaries are primarily exposed to the following types of risks:

(i) credit risk;
(ii) investment risk;
(iii) market price risk;
(iv) liquidity risk; and
(v) operational risk.

Credit risk is part of counterparty risk and is divided into - classical credit risk - (understood as the risk of loss due to default or credit deterioration of credit debtors) and - counterparty risk in trading - (understood as the risk that a loss is suffered, due to a default or deterioration in the credit rating of a borrower or counterparty in commercial transactions). Credit risk in trading is divided into default risk in trading, replacement risk, settlement risk, country risk (transfer risk) and issuer risk.

Investment risk is another component of counterparty risk and defines the risk of incurring losses when making equity available to third parties. A potential loss due to other financial liabilities is also a component of investment risk, unless it was considered in the other risks. In addition to the original counterparty risk, in cross-border capital services, country credit risk may occur, also referred to as transfer risk.

Market price risk refers to potential losses that may arise from changes in market parameters. It is divided into interest-rate risk, currency risk, share price risk, fund price risk and volatility risk, credit spread risk in the banking book as well as raw-material risk.

Liquidity risks are risks that may result from disruptions in the liquidity of individual market segments, unexpected events in lending, deposit or investment banking or deterioration in the bank's own refinancing conditions. It can be broken down into classical liquidity risk, funding risk and market liquidity risk. In addition, placement risk emerging from own issues is viewed as part of liquidity risk.

Operational risks are possible and unintended events which occur as a result of the inadequacy or failure of internal procedures, employees, technology or as a result of external events and result in a loss or have a very negative consequence for the NORD/LB Group. In accordance with this definition, legal risks, risks due to a change in law, compliance risks, outsourcing risks, misconduct risks, verity risk, fraud risks, IT-risks and vulnerabilities in contingency and crisis management are included in operational risk. Not included are business and strategic risks as well as reputation risks.

1.1.1.2. Specification of risks with regard to the Issuer

NORD/LB and its Subsidiaries are subject to significant counterparty and market price risks and such risks are exacerbated by periods of financial crisis and recession.

NORD/LB and its Subsidiaries are exposed to counterparty risk, *inter alia* to credit risk of third parties, primarily with regard to the traditional lending and deposit-taking business, but also, to a lesser extent, to non-traditional businesses such as derivative transactions, securities, owning securities of third parties, and other credit arrangements. This exposes them to the risk of counterparty defaults. Recently, one particular counterparty risk evolved and is described under ""*NORD/LB and its Subsidiaries may be forced to revaluate and significantly reduce the book value of their respective HETA assets*" below.

Furthermore, there is a risk for NORD/LB and its Subsidiaries that contractors fail to pay their contractual payment obligations. Even if customers are responsible for losses incurred by the acquisition of items on their own account, NORD/LB and its Subsidiaries may be exposed to other credit risks in order to protect themselves against these losses. It may also have a negative impact on the business of NORD/LB and its Subsidiaries, if customers suffer losses and lose confidence in the products and services of NORD/LB and its Subsidiaries.

Another form of credit risk is country credit risk in cross-border financial services and business activities. This risk is manifested when political difficulties and political instability in a country endanger or diminish the value of assets. Country credit risk applies to both the country concerned, if it is a contractual partner and contractual partners in general.

The ongoing economic and financial debt crisis in the European Union comprises a country credit risk for NORD/LB and its Subsidiaries, since it entails market uncertainty in several countries of the European Union.

The credit risk may also be manifested as settlement risk, which involves the possibility of a bank paying funds to its counterparty but failing to receive the corresponding settlement in return. NORD/LB and its Subsidiaries are exposed to many different industries and counterparties in the normal course of their business, but the exposure to counterparties in the financial services industry is particularly significant. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include municipal savings banks, financial services firms, commercial banks, investment banks, mutual funds and other institutional clients. Many of these relationships expose NORD/LB and its Subsidiaries to credit risk in the event of default of a counterparty and to systemic risk affecting its counterparty. Where NORD/LB and its Subsidiaries hold collateral against counterparty exposures, they may not be able to realise it or liquidate it at prices sufficient to cover the full exposures. Moreover, when purchasing receivables NORD/LB is exposed to transaction-specific risks such as commingling risks (transfer risk, which NORD/LB as creditor of purchased receivables might be exposed to through commingling of collected receivables with own funds of the vendor of the receivables) and dilution risks. Many of the hedging and other risk management strategies utilised by NORD/LB also involve transactions with financial service counterparties. The failure of these counterparties to settle or the perceived weakness of these counterparties may impair the effectiveness of NORD/LB's hedging and other risk management strategies.

NORD/LB and its Subsidiaries also establish provisions for loan losses, which are reflected in the consolidated income statement as loan loss provisions, in order to maintain appropriate allowances for loan losses based upon an assessment of prior loan loss experience, the volume and type of lending being conducted by each bank, industry standards, past due loans, economic conditions and other factors related to the collectability of each entity's loan portfolio.

This determination is based primarily on NORD/LB's and its Subsidiaries' historical experience and judgment, and they may have to increase or decrease their provisions for loan losses in the future as a result of increases or decreases in non-performing assets or for other reasons. Any increase in the provision for loan losses, any loan losses in excess of the previously determined provisions with respect thereto or changes in the estimate of the risk of loss inherent in the portfolio of non-impaired loans could have a material adverse effect on the Issuer's business or on the Issuer's results of operations or financial condition.

Since the beginning of the crisis on the shipping markets in 2008, in particular in terms of low capacity utilization and charter rates coming under pressure (specifically with regard to the container and bulker segments), the quality of the credit portfolio of NORD/LB and its subsidiary Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – has deteriorated. In 2015, the on-going crisis led to a notable increase in expected losses and therefore in loan loss provisions respectively in regulatory shortfall in the shipping portfolio. Due to the high share of US-Dollar denominated assets in the shipping portfolio, the strong appreciation of the US Dollar against the Euro added to this development. It is definitely possible that the challenging situation in the shipping markets resulting from the ongoing crisis in the shipping sector will continue to have a negative impact on the Issuer's profit situation and may result in a further deterioration of the shipping portfolio and a further considerable increase in loan loss provisions.

Although the development of earnings before taxes in the current financial year meets NORD/LB's expectations, the markets in which NORD/LB and its Subsidiaries are active, particularly the German banking sector, are characterized by strong competition which often results in margins that are economically unattractive lending margins and income are subject to pressures that may intensify in the future. In cannot be excluded that this development will have a negative effect on the Issuer's business.

NORD/LB and its Subsidiaries have made and may continue to make further equity investments in companies to secure or improve their market position. This exposes them to investment risk. Generally, there is no guarantee that investments will actually fulfil their strategic objective. In particular, losses in the value of an investment may occur, due to unforeseen developments in the market or in the investment target. Furthermore, NORD/LB and its Subsidiaries may have to bear losses generated by an affiliate or other investment target and these losses could exceed the book value of the investment itself.

NORD/LB and its Subsidiaries are also exposed to market price risk as a result of open positions in the foreign exchange markets, the capital markets and fluctuations in interest rates. The risk is linked to variations in financial results due to fluctuations in market prices or exchange rates.

A market price risk in the trading portfolio arises from trading activities in the interest rate, foreign exchange and equity markets. A market price risk in the banking portfolio arises from differences in interest periods. In periods of volatility, significant profits on trading can be followed by periods of losses on trading. NORD/LB and its Subsidiaries may suffer material losses if they cannot exclude deteriorating positions in a timely manner, in particular with respect to illiquid assets such as assets not traded on stock exchanges or other public trading markets such as derivatives contracts between banks.

NORD/LB and its Subsidiaries conduct substantial amounts of their business in currencies other than the Euro, most importantly in US Dollars. This exposes NORD/LB and its Subsidiaries to foreign currency translation risks and foreign currency transaction risks. In addition, US Dollars are the predominant currency used in the ship and aircraft financing business, which are among NORD/LB's and its Subsidiaries' main business segments. A relative depreciation of the US Dollar against the Euro would result in lower income from these transactions. On the other hand, a relative appreciation of the US Dollar against the Euro would lead to an increase in US Dollar risk positions and an increase in risk-weighted assets ("**RWA**"), which would have a negative influence on capital ratios. Furthermore, to the extent the Issuer recognises operating income in currencies other than the Euro, it will encounter foreign exchange risk, which could have a material adverse effect on its business results of operations or financial condition.

If any of the Issuer's instruments and strategies to hedge or manage credit, counterparty or market price risk is not effective, the Issuer may not be able to effectively mitigate its risk exposures. The Issuer's financial results also depend on the effectiveness of its cost and credit management in regard to credit, counterparty and market price risk.

To the extent the Issuer's estimates towards changes in credit quality and risk concentrations or towards changes in determining its valuation models for fair value of asset and valuation liability values, or the determination of the appropriate level of provisions for loan losses or other risks, prove to be inaccurate or unpredictable for actual results, the Issuer could suffer higher than expected credit, trade or investment losses. The aforementioned issues could have a material adverse effect on NORD/LB and its Subsidiaries and the results of operations or the financial condition for business of NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries may be forced to revaluate and significantly reduce the book value of their respective HETA assets.

NORD/LB and some of its Subsidiaries currently hold debt instruments and other liabilities qualifying as eligible liabilities within the meaning of the Austrian Act on the Recovery and Resolution of Credit Institutions ("**BaSAG**") – which implements the EU directive for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU, (Bank Recovery and Resolution Directive) the "**BRRD**") into Austrian law – issued by HETA ASSET RESOLUTION AG (formerly Hypo Alpe-Adria-Bank International AG and hereinafter referred to as "**HETA**") in the aggregate principal amount of EUR 380 million (of which EUR 110 million are directly held by NORD/LB) and in relation to which the Austrian province of Carinthia ("**Carinthia**") shall be liable as deficiency guarantor (*Ausfallbürge*) – pursuant to Section 5 of the Kärntner Landesholding-Gesetz – in case of HETA's inability to pay (*Zahlungsunfähigkeit*). On 1 March 2015, the Austrian Financial Market Authority in its capacity as resolution authority under the BaSAG published an administrative ruling (*Bescheid*) and declared a deferral of the maturities of all debt instruments issued by HETA, its other eligible liabilities as well as the maturity dates for interest payments under such instruments with immediate effect to 31 May 2016, except for liabilities which are non-eligible pursuant to Section 86 para 2 BaSAG (the "**Moratorium**"). The Austrian Financial Market Authority has issued a notice (*Mandatsbescheid*) by means of an edict on 10 April 2016 which enacted a bail-in for claims of creditors of HETA under its debt securities and other eligible liabilities. Such bail-in comprises the following measures: (i) The principal amount of such eligible senior liabilities of HETA will be reduced by 53.98 per cent. to 46.02 per cent. of its nominal amount; (ii) the maturity of all eligible liabilities will be postponed until 31 December 2023; (iii) interest accrued from 1 March 2015 has been written off entirely; and (iv) the Austrian Financial Market Authority has assumed full control over HETA. Such a bail-in is unprecedented in Austria and it needs to be seen how it will affect Carinthia's liabilities as deficiency guarantor under the Austrian law governed deficiency guarantee. In the Austrian legal market it is disputed whether a bail-in in relation to HETA's liabilities would result in a *pro rata* reduction of the liabilities of the surety (i.e. Carinthia) under the deficiency guarantee in relation to the liabilities of the principal debtor (i.e. HETA) pursuant to the principle of accessoriness (*Akzessorietät*), or whether such a bail-in would not affect the legal soundness and validity of the deficiency guarantee. As a consequence of the above development and as a matter of precaution, NORD/LB and its Subsidiaries have revaluated their respective claims against HETA based on a fair value assessment and it cannot be excluded that further revaluation will result in a further reduction of the book value of the relevant assets. Moreover, it cannot be excluded that the European Central Bank ("**ECB**") or any other relevant supervisory authority will require NORD/LB and its Subsidiaries to further reduce the book value of such assets. NORD/LB and its Subsidiaries have taken legal actions and are considering further legal actions.

It cannot be excluded that the Moratorium and any further regulatory measures following the Moratorium will adversely affect NORD/LB and its Subsidiaries as creditors of HETA and as beneficiaries under Carinthia's deficiency guarantee. Also, it cannot be foreseen whether or not Carinthia will be able to pay its creditors in full in case claims under its deficiency guarantee were successfully invoked. Note that the Republic of Austria is not obliged to settle Carinthia's liabilities.

Furthermore, it cannot be excluded that similar situations will arise in the future (in or outside Austria) which could adversely affect NORD/LB and its Subsidiaries.

Changes in interest rates are caused by many factors beyond the Issuer's control and such changes can have significant adverse effects on its financial results, including its net interest income, which represents the majority of its operating income.

The Issuer derives the majority of its operating income from net interest income. Interest rates are sensitive to many factors beyond the Issuer's control, such as monetary policies pursued by central banks and national governments, the liberalisation of financial services and increased competition in the markets in which the Issuer operates, domestic and international economic and political conditions, and other factors. Changes in interest rates could affect the spread between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities, which in turn could affect the level of the Issuer's net interest income. Moreover, the composition of the Issuer's assets and liabilities, and any gap position resulting from the composition, causes its net interest income to vary with changes in interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period could, in the event of changes in interest rates, reduce the Issuer's interest margin and have a material adverse effect on its net interest income and thereby on its business, results of operations or financial condition.

In addition, the ongoing environment of historically low interest rates has led to low margins and also lowers income of interest-earning assets. These developments could have an adverse effect on the operating income and the financial results of NORD/LB and its Subsidiaries and also could negatively affect the administrative expenses (resp. the other comprehensive income) of NORD/LB and its Subsidiaries due to the possibility of an increase in allocations to pension provisions. The further development of interest rates and other marcoeconomic conditions is subject to considerable uncertainty.

NORD/LB and its Subsidiaries are subject to liquidity risks.

NORD/LB and its Subsidiaries are subject to liquidity risks, i.e., risks that they are unable to meet their obligations as they fall due as a result of a sudden and protracted increase in cash outflows. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances a lack of liquidity could result in reductions in balance sheet and sales of assets, or potentially of an inability to fulfil lending commitments. These risks are inherent in all banking operations and can be affected by a range of institution-specific and market-wide events. The current budgetary crises in certain member states of the European Monetary Union, despite the rescue packages provided by the European Union for Greece, Ireland, Italy, Spain, Portugal and Cyprus, represent the risk of further countries requiring support and a prolonged loss of confidence in the financial markets.

In illiquid markets, NORD/LB and its Subsidiaries may decide to hold assets rather than securitising, syndicating or disposing of them. This could affect their ability to originate new loans or support other customer transactions as both capital and liquidity are consumed by existing or legacy assets.

The liquidity situation in the markets stabilised further in 2015 to a comfortable level, due primarily to the measures taken by the European Central Bank. Open market operations under the commitment to support market participants with sufficient liquidity, such as purchase programmes of covered bonds (CBPP3) and asset backed securities ("**ABS**") (ABSPP), as well as targeted longer-term refinancing operations (TLTROs) have had a positive impact on the liquidity situation in the markets. However, the liquidity situation continues to be characterised by uncertainty with regard to the possible medium to long term impact of the sovereign debt crisis on the EU periphery countries and the stability of the euro currency zone. All the factors mentioned above might be detrimental to the business and can have a material adverse effect on the operating results and financial position of NORD/LB and its Subsidiaries (for further information see below "*Risk factors relating to regulatory aspects concerning credit institutions in general*").

Unfavourable developments in the Issuer's or a subsidiary's credit rating would increase their funding costs and affect their ability to access capital markets.

NORD/LB is rated by Moody's Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Federal Republic of Germany ("**Moody's**") and Fitch Deutschland GmbH, Taunusanlage 17, 60325 Frankfurt am Main, Federal Republic of Germany ("**Fitch**").

Moody's and Fitch are established in the European Union and are registered under Regulation (EC) no 1060/2009 of the European Parliament and the Council of 16 September, 2009 on credit rating agencies as amended (the "**CRA Regulation**"). Moody's and Fitch are listed in the "List of registered and certified CRAs" as published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu) in accordance with the CRA Regulation.

Several other of the companies consolidated by Norddeutsche Landesbank – Girozentrale – (together the "**NORD/LB Group**"), *inter alia* Bremer Landesbank Kreditanstalt Oldenburg, NORD/LB

Luxembourg S.A. Covered Bond Bank and Deutsche Hypothekenbank (Actien-Gesellschaft) also issue securities on a regular basis and are or may be rated separately.

In determining the rating assigned to the Issuer, the agencies examine several performance indicators of the Issuer, including profitability and the ability to maintain its consolidated capital ratios. In the event that the Issuer does not achieve or maintain certain performance measures, or maintain its capital ratios above certain levels, one or more of the ratings assigned to the Issuer or to any subsidiary may be lowered. In addition, if the sovereign debt of Germany – the Issuer's primary market – were to suffer a downgrade, it could affect the Issuer's rating and market perceptions of the Issuer's creditworthiness.

A downgrading of the ratings assigned to the Issuer or to any subsidiary could potentially increase their funding costs, limit their funding resources and negatively impact their access to liquidity and therefore have a material adverse effect on their business, results of operations or financial condition.

The Issuer's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The Issuer devotes significant resources to developing risk management policies, procedures and assessment methods for its banking and other businesses. Nonetheless, the risk management techniques and strategies applied by the Issuer may not be fully effective in mitigating risk exposure in all economic market environments or against all types of risk. To develop and refine the Issuer's risk management, the Issuer is required to make assumptions, judgments and estimates to identify and anticipate risks, quantify risk exposures and determine its risk-bearing capacity. Unanticipated or incorrectly quantified risk exposures could result in material losses, which could have a material adverse effect on the Issuer's business, results of operations or financial condition.

The assumptions, judgments and estimates used to value the assets of NORD/LB and its Subsidiaries may prove unreliable.

In accordance with International Financial Reporting Standards ("**IFRS**"), NORD/LB and its Subsidiaries generally apply fair value when financial assets and financial liabilities are recognised. Generally, in order to determine the fair value of such assets and liabilities, NORD/LB and its Subsidiaries rely on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. Under certain circumstances, the market data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to adverse market conditions. In this case, the internal valuation models require NORD/LB and its Subsidiaries to make assumptions, judgments and estimates in order to establish fair value. Assets that are not publicly traded, such as derivatives, may be assigned values that are calculated by using mathematical models. As is common with financial institutions, these internal valuation models are complex and the assumptions, judgments and estimates NORD/LB and its Subsidiaries are required to make, often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, property appreciation and depreciation, and relative levels of defaults and deficiencies. These assumptions, judgments and estimates may prove to be unreliable and may need to be updated to reflect changing trends and market conditions. The resulting change in fair values of the financial instruments could have a material adverse effect on the business, results of operations or financial condition of NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are subject to operational risks, including fraud, misconduct by clients or employees, security breaches, technical and information technology errors or failures and other adverse events, many of which are wholly or partially beyond their control.

NORD/LB and its Subsidiaries, like all financial institutions, are exposed to many types of operational risk, including the risk of fraud or other misconduct by employees or outsiders, unauthorised transactions by employees or operational errors, including clerical or record-keeping errors or errors resulting from faulty computer or telecommunications systems. NORD/LB and its Subsidiaries are highly dependent on their ability to process a large number of transactions across numerous diverse markets in different currencies on a daily basis and some of these transactions have become increasingly complex. Given the high volume of transactions, certain errors may be repeated or compounded before they are discovered and successfully rectified.

In addition, NORD/LB and its Subsidiaries depend on automated systems to record and process transactions. This increases the risk that technical systems flaw or employees tamper or manipulate the systems, taking into account that such violations are hard to detect. The failure or manipulation of the supporting systems could have a material adverse effect on the business and financial condition of NORD/LB and its Subsidiaries.

Furthermore, there is a risk that certain circumstances cause disruptions of the operating systems or the supporting infrastructure of NORD/LB and its Subsidiaries. These circumstances might be wholly or partially beyond NORD/LB's and its Subsidiaries' control and include, but are not limited to, disruptions caused by terrorist activities, computer viruses, disease pandemics, electrical or telecommunication outages, transportation or other services used by the Issuer or third parties in order to conduct business. Each of these disorders can lead to performance failures towards customers and to further losses and liability by NORD/LB and its Subsidiaries.

NORD/LB and its Subsidiaries are exposed to the risk that external vendors may be unable to fulfil their contractual obligations (or external vendors will be subject to the risk of fraud or operational errors by their respective employees), and to the risk that their (or their vendors') business continuity and data security systems could prove to be ineffective. NORD/LB and its Subsidiaries are also subject to the risk that the organisation and conception of their internal controls and procedures could prove to be inadequate or that control mechanisms might be circumvented by an interferer, thereby causing delays in detection of defaults or errors in information. Although NORD/LB and its Subsidiaries maintain a system of controls designed to keep operational risk at appropriate levels, NORD/LB and its Subsidiaries have suffered losses from operational risk and there can be no assurance that they will not suffer losses from operational risk in the future.

In addition, NORD/LB and its Subsidiaries maintain contractual relationships with customers based on standardized contracts and general terms and conditions. It cannot be excluded that a change in relevant legislation or jurisprudence as well as a change in the view of regulatory authorities may have a material adverse effect on NORD/LB's net assets, financial position and results of operations.

1.1.2. Risk factors relating to regulatory aspects concerning credit institutions in general

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 and regulatory authorities over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, loan loss provisions, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. In this regard, regulatory authorities conduct control and monitoring measures on a regular basis. Regulatory authorities have among other things 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, conditions, 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.

Banking and financial services laws, regulations and policies currently governing NORD/LB and its Subsidiaries may change at any time in ways which could 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.

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

NORD/LB and its Subsidiaries have been and, in the future, may be subject to stress tests and similar exercises that have been and, in the future, may be 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**").

ECB has conducted comprehensive assessments and will continue to do so in the future, comprising an asset quality review (the "**AQR**") and a stress test which is performed in cooperation with the EBA and carried out based on the EBA methodology. By the end of 2014 NORD/LB Group has passed the requirements of the comprehensive assessment of the ECB including the EBA stress test. Such kind of stress tests and similar exercises can be reintroduced any time in the future again. EBA will also conduct an EU wide stress test exercise in 2016. NORD/LB Group will be one of the 51 banking groups that will be subject to such stress test exercise. Though, different from previous stress tests, no capital thresholds have been defined in this regard, the respective competent authorities may use the stress test results as an input to the Supervisory Review and Evaluation Process ("**SREP**") and require the related bank to comply with additional prudential requirements on such basis. Also, it may become necessary for the Issuer or NORD/LB Group to publish additional prudential requirements resulting from the SREP process. The stress test exercise has commenced at the end of the first quarter of 2016 and it is expected that the final results of the 2016 EU-wide stress test will be published by early of the third quarter of 2016.

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. Investors should note, however, that the powers of the competent supervisory authorities are not limited to actions in response to specific breaches of stress test requirements but that they may also take action against NORD/LB Group irrespective of such breaches on the basis of their general authority and, can form the basis of additional prudential requirements applicable to the Issuer in connection with the SREP.

Further, the exercise of such general authority as well as publication of stress test results and their findings and/or related additional prudential requirements set by a competent authority in connection with a stress test or a similar exercise, their evaluation by financial market participants, but also the market's impression that stress tests or related prudential requirements are not sufficient in order to judge or reinstate a solid financial standing 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. Also, negative stress test results of and/or additional prudential requirements for financial institutions with which NORD/LB does business may adversely affect its business activities. In addition, the risks arising from the aforementioned aspects could have further material adverse effects on NORD/LB's business, results of operations or financial condition and thereby or otherwise have an impact on its creditors.

The Issuer may be exposed to specific risks arising from the so-called Single Supervisory Mechanism (SSM) and other regulatory measures.

On 4 November 2014, the ECB has assumed the direct supervision of a number of significant institutions including NORD/LB and its subsidiaries Bremer Landesbank Kreditanstalt Oldenburg-Girozentrale, Deutsche Hypothekenbank (Actien-Gesellschaft), NORD/LB Luxembourg S.A. Covered Bond Bank in the context of the European single supervisory mechanism (the "**SSM**"). The SSM is *inter alia* based on the Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions ("**SSM Regulation**") according to which the ECB, supported by the participating national competent authorities ("**NCAs**", such as BaFin and the German Central Bank), will directly supervise the most significant banking groups in the Euro area, including the Issuer. With a view to fulfill the supervisory tasks assumed by it, the ECB is empowered, in particular as part of the Supervisory Review and Evaluation Process (SREP), to *inter alia*, analyse the business model, internal control arrangements, risk governance as well as capital and liquidity adequacy of individual groups of significant credit institutions (such as NORD/LB Group) and to require those to comply with own funds and liquidity adequacy requirements which may exceed regular regulatory requirements or take early correction measures to address potential problems. The key result of the application of the SREP will be a common scoring resulting in individual additional capital and liquidity requirements for the credit institutions under the SSM. As a result, each affected credit institution will receive and the Issuer has already received a SREP decision by the ECB affecting, among others, individual capital requirements which may increase the capital requirements applicable to the Issuer and the ECB may also require the Issuer to maintain higher capital buffers than those required by the NCA.

The new supervisory regime and the SSM's supervisory new procedures and practices as well as the interaction between NCAs and the ECB are not yet fully established and/or disclosed and it is expected that these will be subject to constant scrutiny, change and development. Procedures within the SSM and other regulatory initiatives could change interpretation of regulatory requirements and lead to additional regulatory requirements, increased cost of compliance and reporting for the Issuer. Furthermore, such developments may require re-adjustment of a credit institution's business plan that is subject to the SSM or having other material adverse effects on its business, results from normal operations or financial condition.

Further, in August 2014 a regulation establishing the so-called single resolution mechanism (the "**SRM**") was enacted (EU Regulation (EU) Nr. 806/2014, the "**SRM Regulation**"). The SRM is meant to establish a uniform procedure for the resolution of credit institutions that are subject to the EU banking supervisory mechanism SSM.

The SRM Regulation, the BRRD and the German Act on the Recovery and Resolution of Institutions (*Sanierungs- und Abwicklungsgesetz*, the "**SAG**") which transposes the BRRD into German national law are closely connected. As a result of a resolution measure under the SRM, a creditor of NORD/LB may already prior to the occurrence of an insolvency or a liquidation of the Issuer be exposed to the risk of losing part or all of the invested capital. In this respect, please see also "*The rights of creditors may be adversely affected by resolution measures (including the Bail-in Tool), the Single Resolution Mechanism, and measures to implement the BRRD*".

In addition, a single bank resolution fund (the "**Fund**") has been established which may in certain circumstances and subject to various conditions provide medium term funding for potential resolution measures in respect of any bank that is subject to the SRM. Credit institutions such as NORD/LB are required to provide contributions to the Fund, including annual contributions and ex-post contributions in addition to existing bank resolution cost contributions. These contributions will constitute a substantial financial burden for NORD/LB as well as the other banks subject to the SRM.

In connection therewith, the institutional deposit guarantee scheme of S-Finanzgruppe was restructured and – after finalizing the restructuring – approved as deposit guarantee scheme pursuant to the German law on deposit guarantees (*Einlagensicherungsgesetz*, "**EinSiG**") by BaFin in the meantime. As the associated system for calculation of contributions also had to be updated pursuant to EinSiG, this results in a new annual contribution for NORD/LB as of 2015 until 2024, which may result in an additional financial burden.

Such aforementioned proceedings and/or other regulatory initiatives could change the interpretation of regulatory requirements applicable to the Issuer and lead to additional regulatory requirements, bank levies, result in increased supervisory fees, increase the costs of compliance and reporting as well as require the Issuer to provide cost contributions to the Fund in addition to existing bank resolution cost contributions. Further, such developments may have other material adverse effects (including those set out above) 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. Within the EU, some of the post-crisis reform measures developed by the Basel Committee in relation to the New Basel Capital Accord on capital requirements for financial institutions (so called "**Basel III**") 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, the "*CRD IV-Umsetzungsgesetz*", and regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (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 the CRD IV/CRR-Package is subject to further specification and/or competent regulatory authorities 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 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 generally provides for a transitional phase until 2022 for capital instruments that were recognised as regulatory tier 1 capital before the CRR entered into force, but do not meet the CRR requirements for Common Equity tier 1 capital (CET 1 capital). Further, under the CRD IV-Umsetzungsgesetz the German legislator has empowered the competent authority 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. Also, additional capital requirements in terms of capital buffers, increased requirements regarding liquidity and large exposures may be imposed. Even though such regulatory measures may not necessarily directly interfere with rights of creditors of an affected credit institution, the mere fact that a competent authority applies such tool to a specific credit institution may have indirect negative effects, e.g. on pricing of instruments issued by such entity or on the entity's ability to refinance itself.

In respect of the requirements set out by the CRD IV/CRR Package and the competent regulatory 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.

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. According to the current legislation, 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) commenced with a minimum LCR ratio of 60% in October 2015 and 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 subject to an observation period. Whilst substantial changes have been made to the Basel III proposals, parts of the respective reform proposals have been adapted by the European legislator via Implementing Technical Standards (ITS) and/or Regulatory Technical Standards (RTS) and other parts, requirements and interpretation guidelines are still not yet finally specified. Finally, the CRD IV/CRR-Package sets out a non-risk-based maximum leverage ratio, details of which remain to be determined. The final calibration of the leverage ratio is intended to be completed by 2017 and it is expected that banks will be required to fully comply with the leverage ratio in the form of a binding minimum requirement starting from 2018, while first reporting duties and disclosure obligations already apply since January 2015 on the basis of a related delegated act adopted by the European Commission.

The regulatory framework applicable to banks and prudential requirements continues to be changing. In particular,

- Current and not yet finalized considerations of the Basel Committee on Banking Supervision on changing the regulatory capital framework by refining the standardized RWA approaches as well as by introducing capital floors for IRB-banks (called the "Basel IV" package) could lead to higher regulatory capital requirements for banks, including the Issuer.
- Other new regulatory requirements or accounting rules (such as IFRS 9 from 2018) may also adversely affect the capital ratios in the future. The current beneficial treatment of risk weightings may change in relation to specific assets (e.g. exposures owed by governmental entities).
- It can be expected that in the European Banking Union additional and changing capital requirements will result from the future SREP Process and as part of the requirement to meet and maintain at all times a robust minimum requirement for own funds and eligible liabilities

("**MREL**") which will be set on a case-by-case basis by the competent resolution authority for each relevant institution and the group to which it belongs.

- On 9 November 2015, the Financial Stability Board (FSB) issued its final standard regarding the new firm-specific requirement for Total Loss Absorbing Capacity ("**TLAC**") for global systemically important banks (G-SIBs) alongside minimum regulatory capital requirements from 1 January 2019. Though NORD/LB currently is not one of the G-SIBs, it is yet unclear how the TLAC requirement will be implemented into binding prudential requirements for credit institutions in the European Banking Union and whether such requirements will only apply to G-SIBs or have a broader scope of application.
- The Basel Standard 239 (BCBS 239) gives rise, for example, to comprehensive future requirements regarding risk data aggregation including the IT architecture and risk reporting by banks. A reliable impact assessment of these ongoing developments is not yet possible.
- The plan of the European Commission to boost business funding and investment financing with the aim to build a true single market for capital across 28 EU Member States (so-called EU Capital Markets Union), one objective of which being to enable small and mid-sized enterprises (SMEs) and other companies to get direct access to capital market financing may change the role of credit institutions (including the Issuer's) in assisting such companies to obtain funding and thereby also change a credit institution's business models.

The above enumeration of potential risk factors relating to regulatory aspects concerning credit institutions in general is not exhaustive. International bodies such as the Financial Stability Board and the Basel Committee as well as the lawmakers and regulatory authorities in Europe are continuously working on additional recommendations, regulations, standards, etc. It is likely that in future further regulations need to be considered which might adversely affect the positions of creditors of credit institutions (such as the Issuer).

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 and funding for NORD/LB and its Subsidiaries and other financial institutions and may continue to do so which may affect their results of operations. Ongoing regulatory changes and challenges may require banks to continually review their business models and constantly improve efficiency to be able to ensure sufficient profitability and maintain the ability to build up capital from their own resources. Depending on the type of regulatory changes, the regulatory aspects could lead to reduced levels of activity for financial institutions and/or changes to a bank’s business model, 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 raise own funds instruments, increase other forms of 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 of the Issuer. Any such change may also have a material adverse effect on the operating results and financial position of NORD/LB and its Subsidiaries 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.

Governmental and central bank action in response to the financial crisis significantly affects competition and may affect the legal or economic position of the Issuer's 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. In January 2015, the ECB announced a new expanded asset purchase programme aimed at fulfilling the ECB's price stability mandate. Purchases under such programme shall include bonds issued by euro area central governments, agencies and European institutions and are intended to be carried out until at least September 2016. The new programme will encompass the asset-backed securities purchase programme (ABSPP) and the covered bond purchase programme (CBPP3), which were both launched in late 2014, and according to ECB's announcement combined monthly purchases will amount to EUR 60 billion. 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 resolution measures (including the Bail-in Tool), the Single Resolution Mechanism, and measures to implement the BRRD.

In 2014, the BRRD (Bank Recovery and Resolution Directive, Directive 2014/59/EU, the "**BRRD**") which provides for an EU-wide recovery and resolution regime for certain financial institutions established in the European Union (such as NORD/LB) was enacted. In Germany, the BRRD has been implemented into German law by the SAG.

<u>Interplay of BRRD, SAG and the SRM Regulation</u>

Additionally, the SRM Regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund (the "**Fund**") has been enacted. The predominant part of the provisions of the SRM Regulation are applicable since 1 January 2016. The SRM Regulation introduced the SRM as a uniform procedure for the resolution of (groups of) credit institutions and certain other financial institutions, including all groups of bank supervised by the ECB (such as the Issuer).

The SRM is part of the EU-Initiative for the establishment of a European banking union. The focus of the SRM Regulation is the transfer of material resolution powers from national resolution authorities to the resolution board.

For credit institutions (like NORD/LB) that are directly supervised by the ECB, the effect of the SRM Regulation having become applicable was the shift of most of the responsibilities of the national resolution authority in the relevant Member State (i.e. with respect to Germany, the *Bundesanstalt für Finanzmarktstabilisierung*, "**FMSA**") under the BRRD from the national level to the European level, in particular to a new agency of the European Union, the resolution board (the Single Resolution Board, the "**Board**"), for the purposes of a centralised and uniform application of the resolution regime. Accordingly, for those credit institutions the Board is *inter alia* responsible for resolution planning, setting so-called minimum requirements for eligible liabilities (MREL), adopting resolution decisions, writing down capital instruments and is entitled to take other early intervention measures. National resolution authorities in the European Union member states concerned (such as the FMSA) would implement such resolution decisions adopted by the Board in accordance with the powers conferred on them under national law transposing the BRRD. The SRM Regulation and related provisions provide for further details and instruments of the SRM which may already impact on NORD/LB and its business activities prior to NORD/LB being in a difficult financial situation or being considered to fail or likely to fail.

As a result of the BRRD (as transposed into national laws) and the SRM Regulation, among other things, (i) credit institutions and resolution authorities are obliged to draw up recovery and resolution plans on how to deal with situations of financial stress, (ii) competent authorities are entitled to take early intervention measures, (iii) a set of resolution tools have been introduced that resolution authorities can apply to preserve critical functions without the need to bail out a credit institution (or its creditors), and (iv) resolution funds are being set-up to finance and facilitate the effective and efficient resolution of credit institutions.

Early Intervention Measures

In relation to early intervention measures, the competent authority may, subject to certain conditions take various actions and measures e.g. require a credit institution to provide intragroup financial support (including provision of liquidity or injection of capital) for a group company that experiences financial difficulties, initiate changes to legal and/or operational structures, requiring credit institutions to draw up detailed recovery plans setting out how stress scenarios or cases of systemic instability could be addressed or request reduction of a credit institution's risk profile, measures enabling recapitalisation measures or improving the liquidity situation or otherwise requiring improvement actions regarding the resilience of the core business lines and critical functions and even require one or more members of the management body or senior management to be removed or replaced (the "**Early Intervention Measures**").

Broad range of Resolution Measures and Resolution Tools, related effects and uncertainties

The BRRD, its transposition into German law *inter alia* pursuant to the SAG, the SRM Regulation and related changes to the legal framework may result in risks for the Issuer's creditors. In particular, a creditor is subject to the risk from the so-called bail-in tool pursuant to which claims for payment of principal, interest or other amounts under the Notes may be subject to a permanent reduction, including to zero, some other variation of the terms and conditions of the Notes in other aspects (e.g. variation of the maturity of a debt instrument) or a conversion into one or more instruments that constitute common equity tier 1 capital instruments (such as capital stock) by intervention of the competent resolution authorities (the so-called "**Bail-in Tool**"). Any write down or conversion by virtue of a Bail-in Tool may result in the investor in the Notes losing all or part of its invested capital or having its securities converted into highly diluted equity which might have a value close to zero.

In addition to the Bail-in Tool, the competent resolution authorities are able to apply any other resolution measure, including, but not limited to, sale of the relevant entity or its shares, the formation of a bridge institution and the separation of valuable assets from the impaired assets of a failing credit institution, any transfer of rights and obligations (such as the Issuer's obligations under the Notes) to another entity, other amendment of the terms and conditions of the Notes (including their cancellation) or even the change of the legal form of the Issuer (these aforementioned measures collectively are hereinafter referred to as "**Resolution Measures**").

Noteholders and other creditors of the Issuer are bound by any Resolution Measure and would have no claim or any other right against NORD/LB arising out of any Resolution Measure and Nord/LB would be relieved from making payments under the Notes accordingly. This would occur if NORD/LB or NORD/LB Group becomes, or is deemed by the competent authority to have become, failing or likely to fail (in particular if its continued existence is at risk (*Bestandsgefährdung*)) and certain other conditions are met (as set forth in the SRM Regulation, the SAG and other applicable rules and regulations).

Whether, and if, to which extent the Notes (if not or not fully exempted by way of protective provisions) may be subject to Resolution Measures or Early Intervention Measures will depend on a number of factors that are outside of NORD/LB's control, and it will be difficult to predict when, if at all, a such measures will occur. The exercise of any Resolution Measure would in particular not constitute any right of a creditor to terminate the Notes. In case the Issuer is subject to any Resolution Measure exercised by a competent resolution authority, Noteholders and other creditors of the Issuer face the risk that they may lose all or part of their investment, including the principal amount plus any accrued interest, or that the obligations under the Notes are subject to any change or variation in the terms and conditions of the Notes (which change will be to the detriment of the Noteholder), or that the Notes would be transferred to another entity (which may lead to a detrimental credit exposure) or are subject to any other measure if Resolution Measures occur.

Hierarchy of creditors' claims

The resolution regime envisages ensuring that holders of common equity tier 1 capital instruments (as shareholders) and holders of other own funds instruments bear losses first and that creditors bear losses after such holders of common equity tier 1 capital and other own funds instruments generally in accordance with the order of creditors applicable in regular insolvency proceedings. Generally, no creditor should incur a greater loss than it would have incurred if the institution had been wound up under regular insolvency proceedings (so called no creditor worse-off principle), provided that this principle will not prejudice the ability of the competent resolution authority to use any resolution tool, but only lead to a compensation claim that may be raised by the affected person. Accordingly, the resolution authorities will generally exercise their power under the Bail-in Tool in a particular sequence so that (i) common equity tier 1 capital instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of additional tier 1 capital instruments being written down on a permanent basis or converted into common equity tier 1 capital instruments, (iii) thereafter, the principal amount of tier 2 capital instruments (such as the subordinated instruments) being written down on a permanent basis or converted into common equity tier 1 capital instruments and (iv) thereafter, certain eligible liabilities (potentially including some liabilities under and in connection with Notes other than subordinated instruments) in accordance with the hierarchy of claims of NORD/LB's creditors in normal insolvency proceedings being written down on a permanent basis or converted into common equity tier 1 capital instruments. In respect of the risk that such hierarchy of claims may be subject to change, please also see "*Risks in relation to subordination and changes to hierarchy of claims*".

Potential investor to consider related risks

Potential investors in Notes should therefore take into consideration that, in the event of a crisis of NORD/LB or NORD/LB Group and thus already prior to any liquidation or insolvency or such procedures being instigated, they will 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 Notes or other debt will be subject to a conversion into one or more equity instruments (e.g. capital stock) of NORD/LB. Potential investors in the Notes should be aware that extraordinary public financial support for troubled banks, if any, would only potentially be used as a last resort after having assessed and exploited, to the maximum extent practicable, the Resolution Measures, including the Bail-in tool.

Investors in the subordinated instruments should note that such are issued with the aim of being recognised as supplementary Tier 2 capital pursuant to CRR and given the applicable state aid guidelines (which require strengthened burden sharing requirements by banks' creditors), the SRM

Regulation, the SAG as well as the BRRD and the related Bail-in Tool investors in subordinated instruments in particular 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 investment). Further, any other creditor of NORD/LB and its Subsidiaries may also be affected by such measures.

As a consequence, the FMSA, the Board or any other competent authority might in any such situation be entitled, *inter alia*, to demand – for instance as a prerequisite for the granting of state or similar extraordinary public financial support – that any interest may not be paid and that the nominal amount of Notes (and in particular subordinated instruments) be reduced down to zero, variation of the terms and conditions of the Notes in other aspects (e.g. variation of the maturity of a debt instrument) or impose other regulatory measures, including, but not limited to, conversion of the respective Notes or any other debt into one or more equity instruments (e.g. capital stock). Any such regulatory measure may release NORD/LB and its Subsidiaries from its obligations under the terms and conditions of the Notes or any other debt. In such circumstances, Noteholders would not be entitled to terminate, or otherwise demand early redemption of, the Notes or any other debt, or to exercise any other rights in this respect. In this context, in particular the hierarchy of claims of NORD/LB's creditors in normal insolvency proceedings and the liability cascade provided for by the BRRD and the SAG must be taken into account.

Also, the aforementioned measures may produce comparable results from an economic point of view for creditors concerned, e.g. the initial debtor (i.e. NORD/LB) may be replaced by another debtor (who may have a fundamentally different risk profile or creditworthiness than NORD/LB). 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. Alternatively, the claims may remain with the original debtor, but the Issuer's legal or economic situation regarding the debtor's assets, business activity and/or creditworthiness may not be identical (and may have significantly deteriorated compared to the situation prevailing prior to the application of the relevant measure), to the situation prior to the application of the measure.

Further, even though any Resolution Measure or an Early Intervention Measure may not in all cases directly interfere with the rights of Noteholders or other creditors of the Issuer, already the mere fact that the Board, the FMSA or another competent authority prepares or applies any Resolution Measure or any Early Intervention Measure towards NORD/LB or its Subsidiaries or even a different credit institution may have a negative effect, e.g. on the market value, pricing or liquidity of liabilities issued by NORD/LB's and its Subsidiaries, their volatility, on the rating of NORD/LB and its Subsidiaries or on NORD/LB's and its Subsidiaries' ability to refinance itself or its refinancing costs or otherwise have a material adverse effect on the operating results and financial position of NORD/LB and its Subsidiaries.

Rights of creditors may be adversely affected by measures pursuant to Kreditinstitute-Reorganisationsgesetz.

As a German credit institution, NORD/LB and some of its German subsidiaries are subject to the Kreditinstitute-Reorganisationsgesetz ("**KredReorgG**") which *inter alia* introduced special restructuring schemes for German credit institutions consisting since 1 January 2011: (i) the restructuring procedure (*Sanierungsverfahren*) pursuant to § 2 et seqq. of the KredReorgG and (ii) the reorganisation procedure (*Reorganisationsverfahren*) pursuant to § 7 et seq. of the KredReorgG.

These aforementioned procedures under the KredReorgG are in addition to potential measures, steps and proceedings under the SRM. The difference is that the aforementioned procedures under the KredReorgG are only commenced upon respective initiation by the affected credit institution whereas measures, steps and proceedings under the SRM do not require consent or approval by the affected credit institution. Whereas a restructuring procedure pursuant to the KredReorgG may generally not directly interfere with rights of creditors of a credit insitution, the reorganisation plan established under a reorganisation procedure pursuant to the KredReorgG 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 so that dissenting creditors may be overruled. Furthermore, the KredReorgG stipulates detailed rules on the voting process and on the required majorities and 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 competent regulatory authority and the competent higher regional court (*Oberlandesgericht*). Claims of the Noteholders and other creditors of the Issuer may therefore be adversely affected by any restructuring or reorganisation procedure (or the announcement thereof), including the perception of the market that a Resolution Measure pursuant to the resolution framework relating to the BRRD, the SAG and the SRM may soon be taken with the risks for such creditors that can have the same extent as the risks arising from Resolution Measures themselves (please see "*The rights of creditors may be adversely affected by resolution measures (including the Bail-in Tool), the Single Resolution Mechanism, and measures to implement the BRRD*").

Risks in relation to subordination and changes to hierarchy of claims

Creditors are exposed to a risk of subordination in connection with future amendments to German law in particular in connection with the BRRD and the SRM Regulation or other (future) European banking resolutions framework laws. A different insolvency related hierarchy of claims in respect of claims such as eligible liabilities may be introduced by mandatory law, including with retrospective effect. This may mean that creditors of certain types of Notes might incur losses or otherwise be affected (e.g. by application of the Bail-in Tool) before creditors of other "senior" eligible liabilities will need to absorb losses or otherwise be affected.

In transposition of a requirement under the BRRD for member states to give priority to certain deposits the German legislator has already changed the hierarchy of claims in regular insolvency proceedings and implemented a preferential treatment for certain claims of depositors. Therefore, Noteholders and other creditors of the Issuer might rank below certain depositors' claims and therefore have an increased likelihood of being subject to the risks arising from Resolution Measures.

Pursuant to the German Act on the Mechanism for the Resolution of Banks of 2 November 2015 ("**Resolution Mechanism Act**" – *Abwicklungsmechanismusgesetz*), obligations of the Issuer under senior unsecured debt instruments issued by it would, in the event of initiation of insolvency proceedings or the implementation of Resolution Measures affecting the Issuer, rank (i) junior to all other outstanding unsecured unsubordinated obligations of the Issuer unless the terms of such instruments provide that the repayment or interest amount depends on the occurrence or non-occurrence of a future event or will be settled in kind or the instruments are typically traded on money markets and (ii) in priority of contractually subordinated instruments. This order of priority would apply to insolvency proceedings or in the event of Resolution Measures commenced on or after 1 January 2017 and would also affect any senior unsecured debt instruments outstanding at this time. Notes constituting senior unsecured debt instruments issued by reference to this Registration Document could fall within any of the aforementioned categories. As a consequence, the Resolution Mechanism Act could lead to increased losses for creditors of senior unsecured debt instruments which shall rank junior to claims of ordinary unsecured non-preferred creditors of the Issuer in a regular insolvency scenario and consequently also already when Resolution Measures are implemented, in particular by application of the Bail-in Tool.

Also, it cannot be excluded that the hierarchy of claims will be further amended (also with retroactive effect) including with the result of a subordinated treatment and thereby allocating claims in relation to Notes (affecting claims under certain Notes partially or wholly) to have a lower and subordinated ranking in comparison to claims of ordinary unsecured non-preferred creditors of NORD/LB.

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

Upon request from the then 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 engaging in proprietary trading in financial instruments and commodities and from investing, directly or indirectly, in leveraged hedge funds. Moreover, supervisors shall be granted authority to require the transfer of other high-risk trading activities (potentially including market-making activities, complex derivatives and securitisation operations) to a separate trading entity 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 provide for divergent thresholds, and thus for a broader scope, and presumably also for a more extensive definition of critical trading activities which are subject to separation. The details of the upcoming EU legislation are, however, still being negotiated and may, therefore, be subject to changes.

In August 2013, the German "Act on ring-fencing of risks and on the planning of recovery and resolution of credit institutions" ("**Trennbankengesetz**") was published in the German Federal Gazette. Pursuant to the Trennbankengesetz, credit institutions carrying out deposit and lending business and exceeding certain thresholds will be required to either cease prohibited high-risk activities (proprietary trading, high-frequency trading, lending and providing guarantees to leveraged hedge funds) or to segregate them from the other business areas by transferring them into a separate financial trading subsidiary. This separation requirement applies to 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). Hedging activities performed to hedge transactions with clients or to manage interest rate, currency, liquidity and credit risk, are exempted from the prohibited activities. Equally, market-making activities and long-term equity investments are not subject to separation. Any potentially required separation would not have to be carried out before 1 July 2016.

As a part of the US Dodd-Frank Wall Street and Consumer Protection Act, the so-called "Volcker Rule" (Section 619) was adopted on 10 December 2013, came into force on 1 April 2014, but provided for a two-year "conformance period" which has been extended until 21 July 2016.

The Final Rule contains provisions prohibiting certain banking entities from engaging in "proprietary trading" or acquiring or retaining an ownership interest in, sponsoring or having certain relationships with "covered funds". Even though this Rule was adopted in the Unites States, foreign banking entities could be affected by it, e.g. if they maintain a branch or agency in the United States.

The ban of proprietary trading means that, as a basic principle, an affected banking entity is barred from engaging in the purchase or sale of certain financial positions as principal for its own trading account. The prohibited financial positions are securities, derivatives and their respective options, inter alia. There are several exemptions to the ban of proprietary trading for foreign banking entities, such as a permission of trading that occurs "solely outside the U.S." (SOTUS).

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 and the Volcker Rule will affect creditors' rights, it is conceivable that, if NORD/LB and its Subsidiaries must separate certain trading activities, NORD/LB and its Subsidiaries may have a fundamentally different risk profile or creditworthiness or that this may result in other negative effects on the business model and/or the profitability of NORD/LB and its Subsidiaries or that this may have other negative impact on NORD/LB and its Subsidiaries business model which in turn may have a material prejudicial effect on rights of the Issuer's creditors.

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 Euro area will remain in the focus of the capital markets. The debt crisis still remains one of the greatest economic risks for the Euro area since for many member states the reduction of financial deficits and the government debt ratio remain challenging tasks.

Should Greece or any other Euro area country exit the monetary union, the resulting need to reintroduce a national currency or substitute the Euro with another supranational 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 Euro area and the levels of exposure NORD/LB and its Subsidiaries have to public and private counterparties around Europe, NORD/LB's and its Subsidiaries'ability to plan for such a contingency in a manner that would reduce NORD/LB's and its Subsidiaries' 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 Euro area, nearly all of NORD/LB and its Subsidiaries' business segments, including its more stable flow businesses, could be adversely affected, and if NORD/LB and its Subsidiaries is forced to write down additional exposures, NORD/LB and its Subsidiaries could incur substantial losses.

1.2. Description of Norddeutsche Landesbank – Girozentrale –

1.2.1. Auditors

The consolidated financial statements of NORD/LB Group for the financial year 2015" (the "**Consolidated Financial Statements 2015**") and the group management report (*Konzernlagebericht*) were audited in accordance with Section 317 German Commercial Code (*Handelsgesetzbuch,* the "**HGB**") and the German generally accepted auditing standards (the "**German GAAS**") by KPMG AG Wirtschaftsprüfungsgesellschaft, Osterstraße 40, 30159 Hanover ("**KPMG**"). KPMG has issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Consolidated Financial Statements 2015 and the group management report of NORD/LB Group for the financial year 2015.

The unconsolidated financial statements of Norddeutsche Landesbank – Girozentrale – for the financial year 2015 (the "**Annual Accounts 2015**") were prepared in accordance with German generally accepted accounting principles (the "**German GAAP**") and have been audited, together with the management report (*Lagebericht*), in accordance with Section 317 HGB and German GAAS by KMPG. KPMG has issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Annual Accounts 2015 and the management report of Norddeutsche Landesbank – Girozentrale – for the financial year 2015.

The consolidated financial statements of NORD/LB Group for the financial year 2014 (the "**Consolidated Financial Statements 2014**") and the management report (*Konzernlagebericht*) were audited in accordance with Section 317 HGB and German GAAS by KPMG. KPMG has issued an unqualified auditor's report (*uneingeschränkter Bestätigungsvermerk*) on the Consolidated Financial Statements 2014 and the group management report of NORD/LB Group for the financial year 2014.

The Consolidated Financial Statements 2014 and the Consolidated Financial Statements 2015 were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) HGB.

KPMG is a member of the German Chamber of Auditors (*Deutsche Wirtschaftsprüferkammer*).

1.2.2. General information relating to the Issuer

The Issuer was established in the Federal Republic of Germany on 1 July 1970 through a merger of four financial institutions: Niedersächsische Landesbank – Girozentrale –, Braunschweigische Staatsbank including Braunschweigische Landessparkasse, Hannoversche Landeskreditanstalt and Niedersächsische Wohnungskreditanstalt – Stadtschaft. With the formation of Norddeutsche Landesbank – Girozentrale –, all rights and obligations of the predecessor institutions were transferred to Norddeutsche Landesbank – Girozentrale – by way of universal legal succession (*Gesamtrechtsnachfolge*).

The Issuer is registered in the commercial register (*Handelsregister*) A of the local court of Hanover (*Amtsgericht Hannover*) under number HRA 26247, in the commercial register (*Handelsregister*) A of the local court of Brunswick (*Amtsgericht Braunschweig*) under number HRA 10261 and in the commercial register (*Handelsregister*) A of the local court of Stendal (*Amtsgericht Stendal*) under number HRA 22150.

The Issuer is a public law institution incorporated under German public law with legal capacity (*rechtsfähige Anstalt des öffentlichen Rechts*) governed by the state treaty dated 22 August 2007 between the German Federal States of Lower Saxony (*Niedersachsen*), Saxony-Anhalt (*Sachsen-Anhalt*) and Mecklenburg-Western Pomerania (*Mecklenburg-Vorpommern*) as amended on 12 July 2011, which came into force on 31 December 2011, (the "**State Treaty**") and the Issuer's Articles of Association (*Satzung*) approved by resolution of the Owners' Meeting (*Trägerversammlung*) on 2 December 2015 and by written decision on 23 December 2015, which became effective on 1 January 2016 (the "**Articles of Association**").

The Issuer has its registered offices in the cities of Hanover, Brunswick and Magdeburg and is headquartered in Hanover. The respective business addresses are:

Friedrichswall 10
30159 Hannover
Germany
Telephone: + 49 5 11/3 61-0
Telefax: + 49 5 11/3 61-2502

Friedrich-Wilhelm-Platz
38100 Braunschweig
Germany
Telephone: +49 5 31/4 87-0
Telefax: +49 5 31/4 87-3073

and

Breiter Weg 7
39104 Magdeburg
Germany
Telephone: +49 3 91/5 89-0
Telefax: +49 3 91/5 89-1715

Norddeutsche Landesbank – Girozentrale – is governed by the statutory provisions of Germany. Its commercial name is NORD/LB.

The supervisory authorities in charge of NORD/LB are the European Central Bank (ECB), Sonnemannstraße 20, D-60314 Frankfurt am Main, and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleitungsaufsicht* - BaFin), Graurheindorfer Str. 108, D-53117 Bonn, and Marie-Curie-Str. 24-28, D-60439 Frankfurt am Main.

1.2.3. Issuer’s ratings and ratings for the debt instruments of Norddeutsche Landesbank – Girozentrale –

As of the date of this Registration Document, the Issuer has received the following credit ratings. The ratings were issued by Moody’s Deutschland GmbH, An der Welle 5, 60322 Frankfurt am Main, Germany (“**Moody’s**”) and Fitch Deutschland GmbH, Neue Mainzer Landstrasse 46-50, 60311 Frankfurt am Main, Germany (“**Fitch**”). The current ratings of Norddeutsche Landesbank – Girozentrale – are published on its website https://www.nordlb.com/nordlb/investor-relations/investor-information/rating-ranking/.

Baseline Credit Assessment (BCA) of NORD/LB

	Baseline Credit Assessment Rating
Moody’s	ba2

Viability rating of NORD/LB

	Viability rating
Fitch	bb +

Ratings for senior unsecured long-term NORD/LB liabilities

	Non-guaranteed	**guaranteed**[1]
Moody's	A3	Aa1
Fitch	A -	AAA

Ratings for subordinated NORD/LB liabilities:

	Subordinate rating	**Rating for non-cumulative preferred securities**
Moody's	Ba1	Ba3 (hyp)

Ratings for NORD/LB covered bonds (Pfandbriefe):

	NORD/LB Public Sector Pfandbriefe (*Öffentliche Pfandbriefe*)	**NORD/LB Mortgage Pfandbriefe (*Hypotheken-pfandbriefe*)**	**NORD/LB Aircraft Pfandbriefe (*Flugzeugpfandbriefe*)**
Moody's	Aaa	Aaa	Aa3
Fitch	AAA	none	none

The ratings of the rating agencies Moody's and Fitch have the following meaning:

Moody's definitions[2]*:*

Moody's rating scale for baseline credit assessment rating ranges from aaa (highest intrinsic, or standalone, financial strength) to c (default).

ba2	Issuers assessed ba are judged to have speculative intrinsic, or standalone, financial strength, and are subject to substantial credit risk absent any possibility of extraordinary support from an affiliate or a government.

Moody's rating scale for long-term securities and covered bonds (Pfandbriefe) ranges from Aaa (Best Quality, low default risk) to C (highest default risk).

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of the generic rating category.

Aaa	Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are judged to be upper-medium grade and are subject to low credit risk.

[1] The ratings for guaranteed liabilities apply to all guaranteed liabilities entered into no later than 18 July 2001 and transactions concluded in the transition period from 19 July 2001 to 18 July 2005 with a maximum term to 31 December 2015.
[2] Source: Moody's Investors Service „Rating Symbols and Definitions", January 2016; http://www.moodys.com.

Baa	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
Ba	Ba-rated obligations are judged to be speculative and subject to substantial credit risk.

Fitch definitions:

Fitch's rating scale for viability ratings range from aaa (highest fundamental credit quality) to f (lowest risk of default).[3]

bb	'bb' ratings denote moderate prospects for on-going viability. A moderate degree of fundamental financial strength exists, which would have to be eroded before the bank would have to rely on extraordinary support to avoid default. However, an elevated vulnerability exists to adverse changes in business or economic conditions over time.
+/-	The modifiers '+' or '-' may be appended to a rating to denote relative status within the categories 'aa' to 'b'.

Fitch's rating scale for long-term obligations and covered bonds (Pfandbriefe) ranges from AAA/Aaa (highest credit quality) to D (highest risk of default).[4]

AAA	AAA ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	AA ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	A ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
+/-	The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the 'AAA' Long-Term IDR category, or to Long-Term IDR categories below 'B'.

Moody's and Fitch are established in the European Union and are currently registered pursuant to Regulation (EC) no 1060/2009 of the European Parliament and the Council of 16 September 2009 on credit rating agencies as amended (the "**CRA Regulation**"). Moody's and Fitch are listed in the "List of registered and certified CRAs" as published by the European Securities and Markets Authority on its website (http://www.esma.europa.eu) in accordance with the CRA Regulation.

1.2.4. Recent events in the business activities of Norddeutsche Landesbank – Girozentrale –

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

In July 2012, the EU Commission gave its final approval in the course of state aid proceedings for all capital measures which NORD/LB has implemented in the course of its capital boosting programme. 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

[3] Source: FitchRatings, https://www.fitchratings.com/site/definitions/bankratings.html
[4] Source: FitchRatings, https://www.fitchratings.com/site/definitions/internationalratings.html

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 dividends, (ii) equity investments of certain of NORD/LB's owners by way of cash contributions, (iii) 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 subsidiaries, and (iv) a guarantee for contingent claims 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. Meanwhile all of these capital-boosting measures have been implemented. Such guarantee was terminated without being used in the meantime. The Bank has agreed on a new guarantee ("**Northvest**") with an external party in March 2014. In September 2015 the bank agreed on an increase of Northvest. As a result the common equity (CET1) was increased by currently 1.0%

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 objectives 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, the sale of certain participations, a cost-optimization 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.

Assumption of supervision by ECB

On 4 November 2014, the ECB has assumed the direct supervision of a number of significant institutions including NORD/LB and its Subsidiaries in the context of the European single supervisory mechanism SSM. The SSM is *inter alia* based on the SSM Regulation according to which the ECB, supported by the participating national competent authorities (NCAs), will be responsible for conducting banking supervision in the Euro area.

Comprehensive Assessment

As part of the implementation of the SSM in November 2014, NORD/LB Group and specific other banks of the Euro area underwent a comprehensive review conducted by the ECB and the NCAs. The comprehensive assessment consisted of two components, the asset quality review (AQR) and a stress test.

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 AQR was a point-in-time assessment of the accuracy of the carrying value of bank 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 for financial year 2013 may deviate from the financial statements of NORD/LB Group as well as other banks involved. Overall, the AQR resulted in an adjustment of the common equity tier 1 (CET1) ratio of NORD/LB Group by 49 basis points from 10.62 per cent. to 10.13 per cent. Under the AQR, banks were required to have a minimum CET1 ratio of 8 per cent.

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 per cent.; under the adverse scenario, they were required to maintain a minimum CET1 ratio of 5.5 per cent.

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

The required minimum values for the CET1 ratio of 8.0 per cent. (baseline scenario) and 5.5 per cent (adverse scenario) were exceeded in both scenarios by CET1 ratios of 10.93 per cent (baseline scenario) and 8.77 per cent (adverse scenario).

In 2016, NORD/LB will again participate in a stress test conducted by the European Banking Supervisors.

Revaluation and reduction of the book value of HETA assets due to measures under the Austrian act implementing the BRRD into Austrian law

NORD/LB and some of its Subsidiaries currently hold debt instruments and other liabilities qualifying as eligible liabilities within the meaning of the Austrian Act on the Recovery and Resolution of Credit Institutions ("**BaSAG**") – which implements the BRRD into Austrian law – issued by HETA ASSET RESOLUTION AG (formerly Hypo Alpe-Adria-Bank International AG and hereinafter referred to as "**HETA**") in the aggregate principal amount of EUR 380 million (of which EUR 110 million are directly held by NORD/LB) and in relation to which the Austrian province of Carinthia ("**Carinthia**") shall be liable as deficiency guarantor (*Ausfallbürge*) – pursuant to Section 5 of the Kärntner Landesholding-Gesetz – in case of HETA's inability to pay (*Zahlungsunfähigkeit*). On 1 March 2015, the Austrian Financial Market Authority in its capacity as resolution authority under the BaSAG published an administrative ruling (*Bescheid*) and declared a deferral of the maturities of all debt instruments issued by HETA, its other eligible liabilities as well as the maturity dates for interest payments under such instruments with immediate effect to 31 May 2016, except for liabilities which are non-eligible pursuant to Section 86 para 2 BaSAG (the "**Moratorium**"). The Austrian Financial Market Authority has issued a notice (*Mandatsbescheid*) by means of an edict on 10 April 2016 which enacted a bail-in for claims of creditors of HETA under its debt securities and other eligible liabilities. Such bail-in comprises the following measures: (i) The principal amount of such eligible senior liabilities of HETA will be reduced by 53.98 per cent. to 46.02 per cent. of its nominal amount; (ii) the maturity of all eligible liabilities will be postponed until 31 December 2023; (iii) interest accrued from 1 March 2015 has been written off entirely; and (iv) the Austrian Financial Market Authority has assumed full control over HETA. Such a bail-in is unprecedented in Austria and it needs to be seen how it will affect Carinthia's liabilities as deficiency guarantor under the Austrian law governed deficiency guarantee. In the Austrian legal market it is disputed whether a bail-in in relation to HETA's liabilities would result in a *pro rata* reduction of the liabilities of the surety (i.e. Carinthia) under the deficiency guarantee in relation to the liabilities of the principal debtor (i.e. HETA) pursuant to the principle of accessoriness (*Akzessorietät*), or whether such a bail-in would not affect the legal soundness and validity of the deficiency guarantee. As a consequence of the above development and as a matter of precaution, NORD/LB and its Subsidiaries have revaluated their respective claims against HETA based on a fair value assessment and it cannot be excluded that further revaluation will result in a further reduction of the book value of the relevant assets. Moreover, it cannot be excluded that the ECB or any other relevant supervisory authority will require NORD/LB and its Subsidiaries to further reduce the book value of such assets. NORD/LB and its Subsidiaries have taken legal actions and are considering further legal actions.

End of NORD/LB's silent participation concerning Fuerstenberg Capital International S.àr.l. & Cie SEC

NORD/LB's silent participation concerning Fuerstenberg Capital International S.àr.l. & Cie SECS ended on 31 December 2015. That reduced NORD/LB's own funds by USD 500 million due to the Basel III transition rules in 2015.

1.2.5. Business overview / Principal activities / Responsibilities and Functions

The Issuer is a

(i) **commercial bank** (*Geschäftsbank*),

(ii) **federal state bank** *(Landesbank)* for, the German Federal States of Lower Saxony and Saxony-Anhalt and

(iii) **central savings and clearing bank** (*Sparkassenzentralbank (Girozentrale)*) acting on behalf of various savings banks (*Sparkassen*) located in the German Federal States of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania.

NORD/LB is a commercial bank, federal state bank and a central savings and clearing bank for the savings banks operating in Northern Germany and beyond with core regions with branches in Hamburg, Munich, Düsseldorf, Schwerin, London, New York, Shanghai and Singapore.

As a commercial bank, NORD/LB offers financial services to private customers, corporate customers, institutional customers and the public sector. Under the name of Braunschweigische Landessparkasse, Braunschweig, NORD/LB performs the function of a savings bank in the Braunschweig region and maintains a close network of branches in this region. NORD/LB also participates in the structured financing of international projects, particularly in the energy, infrastructure, ship, aircraft and real estate sectors.

As a federal state bank for the states of Lower Saxony and Saxony Anhalt, it performs the functions of a central and clearing bank for the savings banks (*Girozentrale*). The bank also handles promotional loans on behalf of the federal states through Investitionsbank Sachsen-Anhalt – Anstalt der Norddeutschen Landesbank Girozentrale – (institute of Norddeutsche Landesbank Girozentrale), and through Landesförderinstitut Mecklenburg-Vorpommern (LFI) – Geschäftsbereich der Norddeutschen Landesbank Girozentrale – (division of Norddeutsche Landesbank Girozentrale).

NORD/LB acts as a central savings bank for the savings banks in Mecklenburg-Western Pomerania, Saxony Anhalt and Lower Saxony and is the partner for all of the savings banks in these states. It also acts as a service provider for savings banks in other German states such as Schleswig-Holstein. NORD/LB provides all of the services which the savings banks require for their activities.

Business Segments

Since the beginning of 2015, the Issuer conducts its business through the following seven business segments:

- Private and Commercial Customers;
- Corporate Customers;
- Markets;
- Energy and Infrastructure Customers;
- Ship Customers;
- Aircraft Customers and
- Real Estate Banking Customers.

Private and Commercial Customers

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

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

Corporate Customers

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

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

Markets

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

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

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

Energy and Infrastructure Customers

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

Ship Customers

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

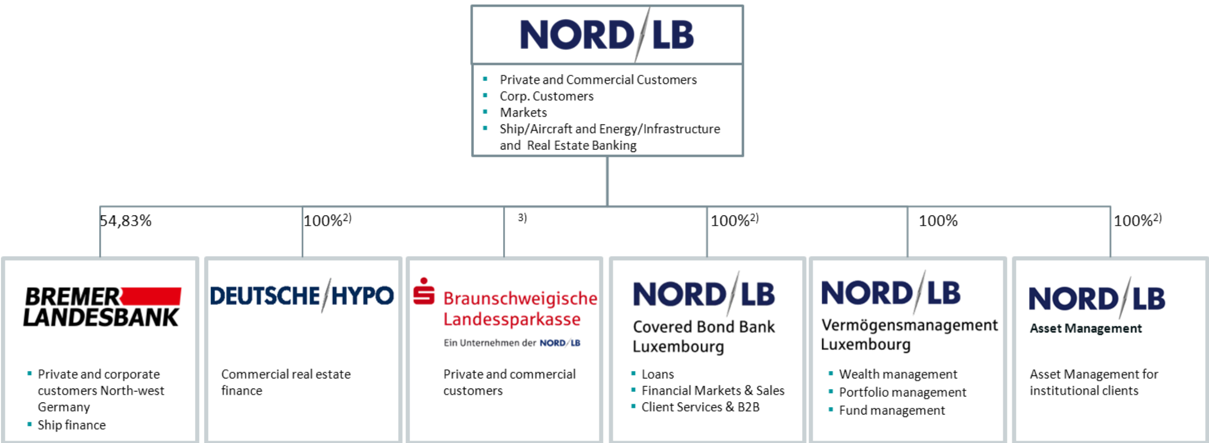
Aircraft Customers

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

Real Estate Banking Customers

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

1.2.6. Organisational Structure[1]



1) For additional information about equity holdings of the Issuer see part 3 "Financials" on pages F-275 to F-279. That information is current as of the date of this Registration Document.
2) "NORD/LB ensures that all banks and financial institutions included in the Group accounts as wholly-owned subsidiaries of NORD/LB can meet their obligations."
3) Incorporated under public law with partial legal capacity.

The Issuer is the parent company of NORD/LB Group. NORD/LB Group comprises, *inter alia*, the fully consolidated subsidiaries Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, NORD/LB Luxembourg S.A. Covered Bond Bank, Deutsche Hypothekenbank (Actien-Gesellschaft), NORD/LB Asset Management Holding GmbH and NORD/LB Vermögensmanagement Luxembourg S.A.

Further subsidiaries within NORD/LB Group in terms of German commercial law, are Braunschweigische Landessparkasse, Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern, the first two incorporated as an *Anstalt in der Anstalt*, "AidA", the last-mentioned as division.

NORD/LB acts as the parent company, managing all business activities in accordance with strategic goals, generating synergies, strengthening customer divisions and pooling services.

1.2.7. Information on trends

Since the date of its last published audited annual financial statements of 31 December 2015, there have been no material adverse changes in the prospects of Norddeutsche Landesbank – Girozentrale –.

1.2.8. Governing bodies of the Issuer

The governing bodies of the Issuer comprise:

- the **Managing Board** (*Vorstand*),
- the **Supervisory Board** (*Aufsichtsrat*) and
- the **Owners' Meeting** (*Trägerversammlung*)

The Managing Board

The Managing Board conducts the Issuer's business on its own responsibility and represents the Issuer both in and out of court.

The following chart shows the members of the Managing Board and the main mandates they hold outside the Issuer:

Name	**Company**	**Mandates (outside activities)**
Dr. Gunter Dunkel (Chairman)	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	1. Supervisory Board 2. Risk Committee (Chairman) 3. Owners' Meeting (*Trägerversammlung*) 4. Audit Committee 5. Nomination Committee (Chairman) 6. Remuneration Control Committee (*Vergütungskontrollausschuss*) (Chairman)
	Continental AG	Supervisory Board
	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board (Chairman) 2. Credit- and Risk Committee 3. Nomination Committee 4. Audit Committee 5. Remuneration Control Committee (*Vergütungskontrollausschuss*)
	NORD/LB Luxembourg S.A. Covered Bond Bank	1. Supervisory Board (Chairman) 2. Presidential Committee
	NORD/LB Vermögensmanagement Luxembourg S.A.	Supervisory Board (Chairman)
Ulrike Brouzi	NORD/LB Asset Management AG	Supervisory Board (Deputy Chairman)
	NORD/LB Luxembourg S.A. Covered Bond Bank	Supervisory Board
	Salzgitter AG, Stahl und Technologie	Supervisory Board
Eckhard Forst	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board (Deputy Chairman) 2. Credit- and Risk Committee 3. Nomination Committee 4. Audit Committee (Chairman) 5. Remuneration Control Committee (*Vergütungskontrollausschuss*)

Name	Company	Mandates (outside activities)
	Deutsche Factoring Bank GmbH & Co KG	Supervisory Board
Dr. Hinrich Holm	LBS Norddeutsche Landesbausparkasse Berlin/Hannover	1. Supervisory Board 2. Audit Committee
	NORD/LB Asset Management AG	Supervisory Board (Chairman)
	SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH	Supervisory Board (Deputy Chairman)
	Caplantic GmbH	Supervisory Board (Chairman)
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin/Hannover	1. Supervisory Board (Chairman) 2. Personnel Committee of the Supervisory Board
	NORD/LB Luxembourg S.A. Covered Bond Bank	1. Supervisory Board 2. Presidential Committee
	NORD/LB Vermögensmanagement Luxembourg S.A.	Supervisory Board
	Toto Lotto Niedersachsen GmbH	Supervisory Board (Chairman)
	Öffentliche Lebensversicherung Braunschweig	1. Supervisory Board (Chairman) 2. Advisory Council (*Beirat*) (Chairman)
	Öffentliche Sachversicherung Braunschweig	1. Supervisory Board (Chairman) 2. Advisory Council (*Beirat*) (Chairman)
Thomas S. Bürkle	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –	1. Supervisory Board 2. Owner's Meeting (*Trägerversammlung*) 3. Risk Committee 4. Nomination Committee 5. Audit Committee (Chairman) 6. Remuneration Control Committee (*Vergütungskontrollausschuss*)
	Deutsche Hypothekenbank (Actien-Gesellschaft)	1. Supervisory Board 2. Credit- and Risk Committee (Chairman) 3. Nomination Committee 4. Audit Committee (Deputy Member) 5. Remuneration Control Committee (*Vergütungskontrollausschuss*)

Name	Company	Mandates (outside activities)
	Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank	Supervisory Board

The Members of the Managing Board may be contacted at NORD/LB's business address.

The Supervisory Board

The Supervisory Board shall advise the Managing Board and monitor its management.

The following chart shows the members of the Supervisory Board and the main mandates they hold outside the Issuer:

Name	Company	Mandates (outside activities)
Peter-Jürgen Schneider,	Bremer Landesbank	Supervisory Board
Minister of Finance of the German Federal State of Lower Saxony (Chairman)		
	Deutsche Messe AG	Supervisory Board
	Salzgitter AG	Supervisory Board
	Kreditanstalt für Wiederaufbau	Administrative Board
Thomas Mang,	Berlin Hyp AG	Supervisory Board
President of Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*) (First Deputy Chairman)		
	Braunschweigische Landessparkasse	Administrative Board (Second Deputy Chairman)
	Bremer Landesbank	Supervisory Board
	DekaBank Deutsche Girozentrale	Administrative Board (Second Deputy Chairman)
	Landesbank Berlin AG	Supervisory Board
	Landwirtschaftliche Brandkasse Hannover	Supervisory Board
	Provinzial Lebensversicherung Hannover	Supervisory Board
Jens Bullerjahn,	Kreditanstalt für Wiederaufbau	Supervisory Board
Minister of Finance of the German Federal State of Saxony-Anhalt (Second Deputy Chairman)		
Frank Berg,	-	-
Chairman of the Managing Board of OstseeSparkasse Rostock		

Name	Company	Mandates (outside activities)
Norbert Dierkes, Chairman of the Managing Board of Sparkasse Jerichower Land	-	-
Edda Döpke, bank employee of Norddeutsche Landesbank – Girozentrale –	Braunschweigische Landessparkasse	Administrative Board
Ralf Dörries, bank employee of Norddeutsche Landesbank – Girozentrale –	Braunschweigische Landessparkasse	Administrative Board
Dr. Elke Eller, member of the Executive Board, Group HR and Labour Director, TUI AG	-	-
Frank Hildebrandt, bank employee of Norddeutsche Landesbank – Girozentrale –	Braunschweigische Landessparkasse	Administrative Board
Frank Klingebiel, Mayor of the City of Salzgitter	Braunschweigische Landessparkasse	Administrative Board
Professor Dr. Susanne Knorre, Management Consultant	Deutsche Bahn AG STEAG GmbH	Supervisory Board Supervisory Board
Ulrich Mädge, Mayor of the City of Lüneburg	Provinzial Lebensversicherung Hannover Sparkasse Lüneburg	Supervisory Board Administrative Board
Felix von Nathusius, Chief Executive Officer of IFA ROTORION – Holding GmbH	-	-

Name	Company	Mandates (outside activities)
Antje Niewisch-Lennartz, Minister of Justice of the German Federal State of Lower Saxony	Deutsche Messe AG	Supervisory Board
Freddy Pedersen, Assistant Managing Director of ver.di (*Vereinte Dienstleistungsgewerkschaft*)	Öffentliche Versicherung Braunschweig	Supervisory Board
Jörg Reinbrecht, Union Secretary of ver.di (*Vereinte Dienstleistungsgewerkschaft*)	-	-
Ilse Thonagel, bank employee of State Institute for Advancement of the Economy (*Landesförderinstitut*) of the German Federal State of Mecklenburg-Western Pomerania	-	-

The Members of the Supervisory Board may be contacted at NORD/LB's business address.

The Owners' Meeting (Trägerversammlung)

The Owners' Meeting represents the Owners of the Issuer.

The members of the Owners' Meeting hold the following main mandates outside the Issuer:

Name	Company	Mandates (outside activities)
Thomas Mang, President of Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*) (Chairman of the Owners' Meeting (*Trägerversammlung*))	Berlin Hyp AG	Supervisory Board
	Braunschweigische Landessparkasse	Administrative Board (Second Deputy Chairman)
	Bremer Landesbank	Supervisory Board
	DekaBank Deutsche Girozentrale	Administrative Board (Second Deputy Chairman)
	Landesbank Berlin AG	Supervisory Board
	Landwirtschaftliche Brandkasse Hannover	Supervisory Board

Name	Company	Mandates (outside activities)
	Provinzial Lebensversicherung Hannover	Supervisory Board
Frank Berg, Chairman of the Managing Board of OstseeSparkasse Rostock (First Deputy Chairman of the Owner's Meeting (*Trägerversammlung*))	-	-
Frank Bannert, District Administrator (*Landrat*) of the District of Saalekreis (Second Deputy Chairman of the Owner's Meeting (*Trägerversammlung*))	-	-
Ulrich Böckmann, Principal (*Ministerialrat*) of the Ministry of Finance of the German Federal State of Lower Saxony	-	-
Frank Doods, State Secretary (*Staatssekretär*) of the Ministry of Finance of the German Federal State of Lower Saxony	-	-
Dr. Ingolf Lange, Principal (*Ministerialrat*) in the Ministry of Finance of the German Federal State of Saxony-Anhalt	-	-
Michael Richter, State Secretary (*Staatssekretär*) of the Ministry of Finance of the German Federal State of Saxony-Anhalt	-	-
Norbert Dierkes, Chairman of the Managing Board of Sparkasse Jerichower Land	-	-

Name	Company	Mandates (outside activities)
Rolf Christiansen, District Administrator (*Landrat*) of the District of Ludwigslust-Parchim	-	-
Silke Korthals, Chairwoman of the Managing Board of Kreissparkasse Verden	-	-

The Members of the Owners' Meeting may be contacted at NORD/LB's business address.

No Conflicts of interests of administrative, management, and supervisory bodies

As of the date of this Registration Document, there are to the knowledge of the Issuer, no conflicts of interest or potential conflicts of interest of members of the administrative, management and supervisory bodies between their duties to the Issuer– and their private interests or other duties.

The Issuer has established comprehensive mechanisms and regulatory procedures in order to ensure that conflicts of interest are avoided.

1.2.9. Owners of the Issuer

The owners of Norddeutsche Landesbank – Girozentrale – are the German Federal States of Lower Saxony and Saxony-Anhalt and the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*), the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*) and the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungs-zweckverband Mecklenburg-Vorpommern*).The amount of share capital is determined by the Owner's Meeting.

The Issuer's capital stock amounts to EUR 1,607,257,810.00. EUR 950,426,575.00 (approximately 59.1334 per cent.) is held by the German Federal State of Lower Saxony, EUR 89,583,335.00 (approximately 5.5737 per cent.) is held by the German Federal State of Saxony-Anhalt, EUR 423,620,880.00 (approximately 26.3567 per cent.) is held by the Lower Saxony Savings Banks and Giro Association (*Niedersächsischer Sparkassen- und Giroverband*), EUR 84,787,100.00 (approximately 5.2753 per cent.) is held by the Saxony-Anhalt Savings Banks Holding Association (*Sparkassenbeteiligungsverband Sachsen-Anhalt*) and EUR 58,839,920.00 (approximately 3.6609 per cent.) is held by the Special Purpose Holding Association of the Mecklenburg-Western Pomerania Savings Banks (*Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern*).

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

1.3.1. Historical financial information

The Consolidated Financial Statements 2015 and the respective auditor's report (*Bestätigungsvermerk*) are included on pages F-147 to F-286, the Annual Accounts 2015 and the respective auditor's report (*Bestätigungsvermerk*) are included on pages F-287 to F-349 and the Consolidated Financial Statements 2014 and the respective auditor's report (*Bestätigungsvermerk*) are included on pages F-1 to F-146 in each case within section 3 "*Financials*" of this registration document.

The financial information contained in this Registration Document gives a true and impartial overview of the financial position of NORD/LB Group in accordance with the applicable accounting policies.

The Consolidated Financial Statements 2014 and the Consolidated Financial Statements 2015 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 2014 were prepared in accordance with German GAAP.

The Consolidated Financial Statements 2014 and the Consolidated Financial Statements 2015 and the respective auditor's reports (*Bestätigungsvermerke*) contained in this Registration Document have been taken from the annual report (*Geschäftsbericht)* of NORD/LB Group for the financial year 2014 and the financial year 2015 (see section *2.* "Important Information 2.4. Availability of documents").
The Annual Accounts 2015 and the auditor's report (*Bestätigungsvermerk*) have been taken from the annual report (*Geschäftsbericht*) of Norddeutsche Landesbank – Girozentrale – for the financial year 2015 (see section *2.* "Important Information 2.4. Availability of documents").

The auditor's reports (*Bestätigungsvermerke*) with respect to the Consolidated Financial Statements 2014 and the Consolidated Financial Statements 2015 were issued in accordance with Section 322 HGB on the audited consolidated financial statements and the group management reports (*Konzernlageberichte*) each as a whole, respectively. The respective group management reports *(Konzernlageberichte)* for 2014 and 2015 are neither included nor incorporated by reference in this Registration Document.

The auditor's report (*Bestätigungsvermerk*) with respect to the Annual Accounts 2015 of Norddeutsche Landesbank – Girozentrale – was issued in accordance with Section 322 HGB on the unconsolidated financial statements and the management report (*Lagebericht*) as a whole. The management report is neither included nor incorporated by reference in this Registration Document.

1.3.2. Court and arbitration proceedings

As a result of its extensive business activities, Norddeutsche Landesbank – Girozentrale – may regularly be involved in a range of different court proceedings concerning a variety of transactions.

There have been no governmental, legal or arbitration proceedings in the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Norddeutsche Landesbank – Girozentrale – or NORD/LB Group nor is Norddeutsche Landesbank – Girozentrale – aware of any such proceedings being pending or threatened.

1.3.3. Significant changes in the financial position

Since the date of its last published audited annual financial statements of 31 December 2015, there have been no significant changes in the financial position of the Issuer and NORD/LB Group.

1.3.4. Material contracts

In the usual course of its business, Norddeutsche Landesbank – Girozentrale – enters into numerous contracts with various other entities. However, Norddeutsche Landesbank – Girozentrale – has not, entered into any material contracts outside the ordinary course of its business.

1.3.5. Regulatory key figures

Requirements concerning minimum capital

In addition to the minimum capital ratios of the CRR that need to be met, the ECB has as the regulatory authority responsible for NORD/LB at Group level since March 2015 required that an individual minimum ratio for Common Equity Tier 1 capital was met, which until the end of 2015 was based on the logic of the CRR (transitional provisions not considered) and from the start of 2016 was adjusted in terms of method and amount to a minimum ratio for Common Equity Tier 1 capital in accordance with the CRR (transitional provisions considered). This individual minimum ratio for Common Equity Tier 1 capital was 9.25 per cent at the start of 2016 and will rise by the end of 2016 to 9.75 per cent. It includes the capital-maintenance buffer that has been required by law since the start of 2016.

LCR

The LRC of NORD/LB Group currently amounts to 100.7 per cent.

2. IMPORTANT INFORMATION

2.1. Responsibility

Norddeutsche Landesbank – Girozentrale – with its registered offices in Hanover, Braunschweig and Magdeburg accepts responsibility for the information contained in this registration document and declares that the information contained in this document is, to the best of its knowledge, in accordance with the facts and that no material circumstances have been omitted.

2.2. Third party information

The information relating to ratings and ratings definitions contained in this Registration Document has been sourced from third parties. The Issuer confirms that this information has been accurately reproduced and that – as far as the Issuer is aware and is able to ascertain from information published by that third party – no facts have been omitted which would render the reproduced information inaccurate or misleading. Apart from this no further information or statements contained in this Registration Document have been sourced from a third party.

2.3. BaFin Approval

This registration document has been approved by BaFin (the approval of documents by BaFin in accordance with Section 13 (1) German Securities Prospectus Act (*Wertpapierprospektgesetz*) only refers to completeness by means of coherence of the information given and its comprehensibility).

2.4. Availability of documents

As long as this registration document is valid, Norddeutsche Landesbank – Girozentrale – will provide copies of the following documents to be viewed upon request at the registered office at Norddeutsche Landesbank – Girozentrale -, Friedrichswall 10, 30159 Hanover during opening hours:

- the annual report (*Geschäftsbericht*) of NORD/LB Group for the financial years 2014 and 2015; each containing the consolidated financial statements for the corresponding financial years 2014 and 2015;

- the annual report (*Geschäftsbericht*) of Norddeutsche Landesbank – Girozentrale – for the financial year 2015; containing the Annual Accounts 2015;

- the Articles of Association (*Satzung*) of Norddeutsche Landesbank – Girozentrale – as amended on 2 December 2015 and 23 December 2015;

- the State Treaty between the German Federal States of Lower Saxony (*Niedersachsen*), Saxony-Anhalt (*Sachsen-Anhalt*) and Mecklenburg-Western Pomerania (*Mecklenburg-Vorpommern*) dated 22 August 2007, as amended on 12 July 2011.

The Articles of Association (*Satzung*) of Norddeutsche Landesbank – Girozentrale –, the State Treaty, the Consolidated Financial Statements 2014 and the Consolidated Financial Statements 2015 such as the annual report (*Geschäftsbericht*) of Norddeutsche Landesbank – Girozentrale – for the financial year 2015 are available on request in printed form at the above mentioned address or in electronic form on http://www.nordlb.de.

3. FINANCIALS

Consolidated Financial Statements for the 2014 Reporting Period of NORD/LB Group

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Income Statement

	Notes	1 Jan. – 31 Dec. 2014 (in € million)	1 Jan. – 31 Dec. 2013[1] (in € million)	Change (in %)
Interest income		8 919	9 787	– 9
Interest expenses		6 934	7 856	– 12
Net interest income	**21**	**1 985**	**1 931**	**3**
Loan loss provisions	22	735	846	– 13
Commission income		301	270	11
Commission expenses		116	107	8
Net commission income	**23**	**185**	**163**	**13**
Trading profit / loss		730	– 136	> 100
Profit / loss from the fair value option		– 643	219	> 100
Profit / loss from financial instruments at fair value through profit or loss	**24**	**87**	**83**	**5**
Profit / loss from hedge accounting	25	43	– 10	> 100
Profit / loss from financial assets	26	– 3	11	> 100
Profit / loss from investments accounted for using the equity method	27	– 37	33	> 100
Administrative expenses	28	1 125	1 167	– 4
Other operating profit / loss	29	– 75	49	> 100
Earnings before reorganisation and taxes		**325**	**247**	**32**
Reorganisation expenses	30	– 48	– 38	26
Expenses for public guarantees related to reorganisation	31	1	69	– 99
Earnings before taxes		**276**	**140**	**97**
Income taxes	32	71	– 84	> 100
Consolidated profit		**205**	**224**	**– 8**
of which: attributable to the owners of NORD/LB		303	171	
of which: attributable to non-controlling interests		– 98	53	

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

Statement of Comprehensive Income

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

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013[1)] (in € million)	Change (in %)
Consolidated profit	**205**	**224**	**– 8**
Other comprehensive income which is not recycled in the income statement in subsequent periods			
Revaluation of the net liability from defined benefit pension plans	– 684	73	> 100
Changes in value for investments accounted for using the equity method recognised directly in equity	– 2	–	–
Deferred taxes	180	– 23	> 100
	– 506	**50**	**> 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	325	322	1
Transfer due to realisation profit/loss	124	23	> 100
Translation differences of foreign business units			
Unrealised profit/losses	86	– 36	> 100
Changes in value investments accounted for using the equity method recognised directly in equity	65	– 27	> 100
Deferred taxes	– 129	– 82	57
	471	**200**	**> 100**
Other profit/loss	**– 35**	**250**	**> 100**
Comprehensive income for the period under review	**170**	**474**	**– 64**
of which: attributable to the owners of NORD/LB	266	409	– 35
of which: attributable to non-controlling interests	– 96	65	> 100

1) Information from the previous year was adjusted for individual items; see 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. 2014 (in € million)	31 Dec. 2013[1)] (in € million)	Change (in %)
Cash reserve	33	1 064	1 311	– 19
Loans and advances to banks	34	23 565	27 481	– 14
Loans and advances to customers	35	108 255	107 604	1
Risk provisioning	36	– 2 747	– 2 246	22
Balancing items for financial instruments hedged in the fair value hedge portfolio	37	114	– 171	> 100
Financial assets at fair value through profit or loss	38	16 306	13 541	20
Positive fair values from hedge accounting derivatives	39	3 483	3 872	– 10
Financial assets	40	45 120	47 043	– 4
Investments accounted for using the equity method		318	306	4
Property and equipment	41	568	623	– 9
Investment property	42	80	101	– 21
Intangible assets	43	139	136	2
Assets held for sale	44	56	–	–
Current income tax assets	45	57	69	– 17
Deferred income taxes	45	784	741	6
Other assets	46	445	412	8
Total assets		**197 607**	**200 823**	**– 2**

1) Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

Liabilities	Notes	31 Dec. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Liabilities to banks	47	58 986	59 181	–
Liabilities to customers	48	57 996	54 859	6
Securitised liabilities	49	40 714	50 228	– 19
Balancing items for financial instruments	50	1 176	351	> 100
Financial liabilities at fair value through profit or loss	51	18 169	15 131	20
Negative fair values from hedge accounting derivatives	52	3 926	3 344	17
Provisions	53	2 846	4 304	– 34
Liabilities held for sale	54	6	–	–
Current income tax liabilities	55	73	116	– 37
Deferred income taxes	55	100	48	> 100
Other liabilities	56	867	379	> 100
Subordinated capital	57	4 846	4 713	3
Equity	**58**			
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		1 957	2 052	– 5
Revaluation reserve		420	122	> 100
Currency translation reserve		– 10	– 6	67
Equity capital attributable to the owners of NORD/LB		**7 306**	**7 107**	**3**
Equity capital attributable to non-controlling interests		596	1 062	– 44
		7 902	**8 169**	**– 3**
Total liabilities and equity		**197 607**	**200 823**	**– 2**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

Statement of Changes in Equity

The individual components of equity and their development in 2013 and 2014 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 noncontrolling 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**
Consolidated profit	–	–	171	–	–	171	53	224
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
Adjusted comprehensive income for the period under preview	**–**	**–**	**22**	**219**	**– 3**	**238**	**12**	**250**
Distribution	**–**	**–**	**193**	**219**	**– 3**	**409**	**65**	**474**[1)]
Capital increases / decreases	–	–	1	–	–	1	– 5	– 4
Changes in the basis of consolidation	–	–	4	– 2	–	2	–	2
Consolidation effects and other changes in capital	–	–	– 3	–	–	– 3	–	– 3
Adjusted equity as at 31 Dec. 2013	**1 607**	**3 332**	**2 052**	**122**	**– 6**	**7 107**	**1 062**	**8 169**

1) Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncon-trolling interests	Consolidated equity
Equity as at 1 Jan. 2014	**1 607**	**3 332**	**2 052**	**122**	**– 6**	**7 107**	**1 062**	**8 169**
Consolidated profit	–	–	303	–	–	303	– 98	205
Increase / decrease from available for sale (AfS) financial instruments	–	–	–	421	– 70	351	98	449
Changes in the value of investments for using the equity method	–	–	64	–	–	64	– 1	63
Translation differences of foreign business units	–	–	–	–	74	74	12	86
Revaluation of the net liability from defined benefit pension plans	–	–	– 586	–	–	– 586	– 98	– 684
Deferred taxes	–	–	185	– 125	–	60	– 9	51
Comprehensive income for the period under preview	**–**	**–**	**– 337**	**296**	**4**	**– 37**	**2**	**– 35**
Distribution	**–**	**–**	**– 34**	**296**	**4**	**266**	**– 96**	**170**
Capital increases / decreases	–	–	– 1	–	–	– 1	– 1	– 2
Changes in the basis of consolidation	–	–	– 60	2	– 8	– 66	– 369	– 435
Equity as at 31 Dec. 2014	**1 607**	**3 332**	**1 957**	**420**	**– 10**	**7 306**	**596**	**7 902**

The consolidation effects and other changes in capital mainly comprise transactions which result in changes in shareholdings without changing the consolidation method. For a more detailed account, see Note (58) Equity.

Cash Flow Statement

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013[1] (in € million)	Change (in %)
Consolidated profit for the period	**205**	**224**	**– 8**
Adjustment for non-cash items			
Depreciation, impairment and write-ups of property and equipment and financial assets	307	156	97
Increase / decrease in provisions	229	171	34
Gains / losses from the disposal of property and equipment and financial assets	– 10	– 8	25
Increase / decrease in other non-cash items	694	817	– 15
Other adjustments net	– 1 868	– 2 077	– 10
Sub-total	**– 443**	**– 717**	**– 38**
Increase / decrease in assets and liabilities from operating activities after adjustment for non-cash item			
Loans and advances to banks and customers	2 849	13 768	– 79
Trading assets	– 2 754	4 298	> 100
Other assets from operating activities	– 1 651	7 908	> 100
Liabilities to banks and customers	2 998	– 7 145	> 100
Securitised liabilities	– 7 526	– 10 825	– 30
Other liabilities from operating activities	5 027	– 7 938	> 100
Interest received	6 676	7 238	– 8
Dividends received	28	21	33
Interest paid	– 4 754	– 5 616	– 15
Income taxes paid	– 32	– 38	– 16
Cash flow from operating activities	**418**	**954**	**– 56**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013[1] (in € million)	Change (in %)
Cash receipts from the disposal of			
financial assets	11	54	– 80
property and equipment	7	1	> 100
Payments for acquisition of			
financial assets	– 198	– 20	> 100
property and equipment	– 125	– 67	87
Cash flow from investing activities	**– 305**	**– 32**	**> 100**
Increase in funds from other capital	139	51	> 100
Decrease in funds from other capital	– 307	– 103	> 100
Interest expenses on subordinated capital	– 202	– 217	– 7
Dividends paid	– 2	– 4	– 50
Cash flow from financing activities	**– 372**	**– 273**	**36**
Cash and cash equivalents as at 1 January	**1 311**	**665**	**97**
Cash flow from operating activities	418	954	– 56
Cash flow from investing activities	– 305	– 32	> 100
Cash flow from financing activities	– 372	– 273	36
Total cash flow	**– 259**	**649**	**> 100**
Effects of changes in exchange rates	12	– 3	> 100
Cash and cash equivalents as at 31 December	**1 064**	**1 311**	**– 19**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

With regard to cash and cash equivalents as at 31 December, see Note (33) Cash reserve.

The assets and liabilities of subsidiaries over which control was acquired or lost during the financial year break down as follows:

Assets (in € million)	Takeover of control	Loss of control
Loans and advances to banks	–	600
Loans and advances to customers	–	324
Risik provisioning	–	1
Financial assets at fair value through profit or loss	–	25
Financial assets	–	4 488
Property and equipment	33	33
Investment property	–	22
Intangible assets	–	1
Income tax assets	–	77
Other assets	1	211
Total	**34**	**5 782**

Liabilities (in € million)	Takeover of control	Loss of control
Liabilities to banks	32	–
Liabilities to customers	–	28
Securitised liabilities	–	2 060
Financial assets at fair value through profit or loss	–	2
Provisions	–	2 110
Income tax liabilities	–	48
Other liabilities	6	85
Subordinated capital	–	20
Equity	– 4	1 429
Total	**34**	**5 782**

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 2014 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 2014 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. Income 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 (Note (7) Financial Instruments) in conjunction with Note (59) Fair Value Hierarchy), valuations of defined benefit obligations in order to establish the underlying parameters (Note (14) Provisions for Pensions and similar Obligations in conjunction with Note (53) Provisions), the assessment of risk provisions with regard to future cash flows (Note (8) Risk Provisions) in conjunction with Note (36) Risk Provisions), the calculation of deferred tax assets relating to the recoverability of tax losses not yet utilised (Note (17) Income Taxes) in conjunction with Note (32) Income Taxes, Note (45) Income tax assets and Note (55) Income Tax Liabilities), valuation of provisions Note (14) Provisions for Pensions and similar Obligations in conjunction with Note (53) Provisions). 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 (59) Fair Value Hierarchy are referred to.

Estimations and assessments and the underlying assessment factors and methods of estimation regularly are 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 abandonment of the categorisation of financial instruments as held-to-maturity (HtM), the non-use of the application of the reclassification provisions of IAS 39, the separation of finance lease and operating lease, the use of provisions, the existence of designated assets held for sale and the assessment of shares in companies.

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 17 March 2015 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:
Since the second quarter of 2014 the regulations of IAS 32.AG29A have been adopted as regards the presentation of interests of external limited partners in fully consolidated partnerships. Accordingly, the limited partners' interests in question are to be reported as liabilities in all cases. As the partnerships concerned have negative equity, this is allocated entirely to the Group. As a result, part of the portfolio previously reported under Equity attributable to the owners of NORD/LB is now reported under non controlling interests.
The initial application of IFRS 10 (cf. Note (3) Adopted IFRS) with retrospective effect has also resulted in changes in the figures for the previous year.

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 banks	114 577	– 15	–	114 562
Risk provisioning	– 1 949	2	–	– 1 947
Other Assets	649	13	–	662
Total Assets	**225 550**	**–**	**–**	**225 550**
Liabilities				
Equity				
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
	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**
Passiva				
Liabilities to Customers	54 861	– 2	–	54 859
Provisions	4 303	1	–	4 304
Equity				
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
	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 31 December 2013:

1 Jan. – 31 Dec. 2013 (in € million)	Prior to adjustment	Adjustment IFRS 10	Adjustment IAS 8	After Adjustment
Administrative expenses	1 166	1	–	1 167
Other operating profit/loss	69	– 20	–	49
Consolidated profit	**245**	**– 21**	**–**	**224**
of which: equity capital attributable to the owners of NORD/LB	185	– 21	7	171
Equity capital attributable to non-controlling interests	60	–	– 7	53
Total liabilities and equity	**495**	**– 21**	**–**	**474**
of which: equity capital attributable to the owners of NORD/LB	423	– 21	7	409
Equity capital attributable to non-controlling interests	72	–	– 7	65

Adjustment of the breakdown of the cash flow statement for the period 1 January to 31 December 2013:

1 Jan. – 31 Dec. 2013 (in € million)	Prior to adjustment	Adjustment IFRS 10	After Adjustment
Consolidated profit for the period	**245**	**– 21**	**224**
Adjustment for non-cash items			
Other adjustments net	– 2 056	– 21	– 2 077
Sub-total	**– 675**	**– 42**	**– 717**
Increase / decrease in assets and liabilities from operating activities after adjustment for non-cash item			
Loans and advances to banks and customers	13 711	57	13 768
Other assets from operating activities	7 923	– 15	7 908
Liabilities to banks and customers	– 7 144	– 1	– 7 145
Other liabilities from operating activities	– 7 939	1	– 7 938
Cash flow from operating activities	**954**	**–**	**954**

The respective adjustments were also taken into account in the following notes: (35) Loans and Advances to Customers, (36) Risk Provisioning, (41) Property and Equipment, (46) Other Assets, (48) Liabilities to Customers, (53) Provisions, (59) Fair Value Hierarchy, (69) Residual Terms of Financial Obligations and (74) Longer-term Assets and Liabilities.

(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 2014 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 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 authority 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 authority. The standard replaces the regulations of the former IAS 27 and SIC 12 that relate to this.

The NORD/LB Group started to prepare for the initial application of IFRS 10 in August 2011 as part of a project and, in accordance with the transitional provisions of IFRS 10, reassessed its control of associated companies and loan-financed project companies as at 1 January 2014. One focal point of the assessment was the significance of classic lender rights and credit securities vis-à-vis the borrower. Within the specialist discussion conducted at international level, it has transpired that the lender's rights of protection contained in a loan agreement are strengthened under certain circumstances to become rights of cooperation and may give the lender decision-making rights. The initial application under IFRS 10 showed that

the NORD/LB Group controls a total of seven credit-financed project companies. Accordingly, the NORD/LB Group included these project companies in the consolidated financial statements using the purchase method and adjusted the corresponding amounts to reflect the position had the project companies already been consolidated at the point at which the NORD/LB Group acquired control.
The initial application of IFRS 10 with retrospective effect results in the changes disclosed in Note (2) Adjustment of Figures for the Previous Year and in Note (5) 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 consolidated financial statements.

IFRS 12 – Disclosure of Interests in Other Entities
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 potential control on the balance sheet, income statement and cash flow. For the first time, information on non-consolidated structured companies must also be published.
The NORD/LB Group has complied with the enhanced disclosure requirement resulting from IFRS 12.

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 associated companies and joint ventures. This is primarily a consequential amendment to extend the scope in conjunction with IFRS 11. A further amendment relates to reporting under IFRS 5 if only a part of the interest in an associated company or a joint venture is designated for sale. IFRS 5 should be applied to the interest being sold, whilst the remaining (retained) share should continue to be reported using the equity method until sale.

The amendment to IAS 28 has not resulted in any material effects 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.

The amendment of IAS 32 does not have any effect on the consolidated financial statements as at 31 December 2014.

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 consolidated financial statements as at 31 December 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 these 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 2014:

IFRIC 21 – Levies

In May 2013 the IASB issued 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.

Due to its adoption in EU law, NORD/LB Group is required to apply IFRIC 21 from 1 January 2015 retrospectively.

IFRIC 21 concerns the bank levy to be paid by NORD/LB. However, this does not give rise to any significant effects on the reporting of the bank levy in NORD/LB's consolidated financial statements. See Note (29) Other Operating Profit/Loss for further details on the bank levy.

Amendments to IAS 19 –
Defined Benefit Plans: Employee Contributions

The amendment of IAS 19 – Employee Contributions (published in November 2013) clarifies the stipulations associated with the allocation of employee contributions of third-party contributions to the service periods if the contributions are linked to length of service. Additionally, waivers are available if the contributions are independent of the number of years of service. The amendments must be applied for the first time for financial years commencing on or after 1 February 2015.

The amendments to IAS 19 are not expected to have any significant effect on the NORD/LB Group's consolidated financial statements.

The following amended or new standards have also not been applied early:

- 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

Amendments relating to NORD/LB are mandatory in the Group for financial years starting on or after 1 February 2015 or 1 January 2015. The annual improvements to IFRS 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 been adopted into European Law by the EU Commission as at the date of the preparation of the consolidated financial statements:

IFRS 9 – Financial Instruments

In July 2014 the IASB completed its project to replace IAS 39 with the publication of the final version of IFRS 9 – Financial Instruments. IFRS 9 contains the following key regulatory areas:

Categorisation and measurement of financial assets and financial liabilities.

The second draft amendment of the categorisation and valuation rules of IFRS 9 was published in November 2012. In contrast to the first draft, this version includes in particular the proposal of introducing a further, third valuation model especially 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. This amendment to the categorisation and valuation rules was incorporated into the final standard.

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 use of 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.

Expected credit losses

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).

General hedge accounting

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.

Subject to its adoption in EU law, the application of IFRS 9 will be mandatory for financial years that start on or after 1 January 2018.

It is expected that IFRS 9 will have a significant impact on the accounting, valuation and reporting in future consolidated financial statements. The potential effects at NORD/LB Group will be quantified as part of the resumption of the implementation project in 2016.

IFRS 15 – Revenue from Contracts with Customers

In May 2014 IASB and FASB published a joint accounting standard for recording income which brings together the majority of former rules and at the same time sets down basic uniform principles that apply to all industry groups and categories of revenue-related transactions. Alongside the fulfilment of a new five-stage scheme for determining revenue recognition, the standard comprises provisions relating to detailed issues such as multi-component transactions and for handling service agreements and contractual amendments as well as an extension of the necessary disclosure requirements.

IFRS 15 will replace the content of IAS 18 – Revenue from Contracts and IAS 11 – Construction Contracts and the interpretations IFRIC 13, IFRIC 15 and IFRIC 18 as well as SIC 31 and – subject to its adoption in EU law – will take effect for reporting periods starting on or after 1 January 2017.

The divisions of NORD/LB that may be affected by the new standard are currently being analysed with reference to potential effects. The extent to which current reporting practice will have to be varied due to the new provisions under IFRS 15 can only be determined on conclusion of the investigations.

Amendments to IAS 1 – Presentation of the Financial Statements

The amended standard published on 18 December 2014 implements the initial proposals for the amendment of IAS 1 – Presentation of the Financial Statements, which require implementation at short notice. The amendments foreground the concept of materiality to facilitate the communication of relevant information in IFRS financial statements. This is to be achieved by waiving the requirement for non-material information, and providing the option for supplementary sub-totals and greater flexibility in structuring the appendix. Further, the organisation of the other comprehensive income (OCI) in the statement of comprehensive income will be clarified.

Subject to the adoption in EU law, the amendments must be applied for the first time for financial years commencing on or after 1 January 2016. The amendments to IAS 1 will not have any significant effect on the NORD/LB Group's consolidated financial statements.

The following amendments to standards have not yet been adopted in European law:

- Amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets between an Investor and its Associate / Joint Venture
- Amendments to IFRS 11 – Joint Arrangements
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- Improvements to IFRS (2012 – 2014 Cycle) Within the Scope of the IASB's Annual Improvements Process

Subject to its adoption in EU law, the application of the amendments will be mandatory for financial years that start on or after 1 January 2016.

The amendments to these standards 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

The NORD/LB Group'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 and the subsidiaries it controls. Control is deemed present if one group company has the power to take decisions relating to the material business activities of another company, is entitled to variable returns and is able to influence such returns by exercising its decision-making authority.

Alongside original investments, the NORD/LB Group is also examining customer relationships for control issues.

The assessment of whether the Group controls loan-financed project companies that are in financial difficulties due to e. g. the ongoing difficult situation on the shipping markets and thus is required to include them in the consolidated financial statements as a subsidiary represents a significant discretionary decision. Due to its lending relationships with these companies, the NORD/LB Group is consistently exposed to variable returns. What is key to the question of whether it controls a specific company is whether its rights under the loan agreement give it a right of determination over the company and whether the shareholders act as principal or agent of NORD/LB. NORD/LB assesses the latter criterion using the following three factors: (1) Type and scope of the participation of the shareholders in the company's opportunities and risks, (2) extent of decision-making authority and (3) the Bank's rights of termination. The NORD/LB Group will re-evaluate the duty to consolidate if an event of default occurs or the structure of the company changes.

A further key discretionary decision is the assessment of whether the NORD/LB Group controls a fund due to its activity as a fund manager or capital management company. The NORD/LB Group will satisfy the first two criteria of the definition of control (decision-making authority and variable returns). In terms of the duty to consolidate this fund, the key issue is whether the Group acts as the principal or merely as the agent the investors, because these delegate their decision-making authority to the NORD/LB Group. In terms of this assessment, the scope of the decision-making authority of the NORD/LB Group, the investor's rights of termination and its overall participation in the returns of the fund as compared to other investors will be taken into account.

Company mergers are reported using the purchasing method of accounting, 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 at the level of their share in the identifiable net assets of the acquired company.

Receivables and liabilities and expenses and income generated within the Group are eliminated in the consolidation of intercompany balances and income 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.

A joint venture is a joint agreement whereby the parties responsible for the joint management of the agreement have rights to the net assets of the agreement.

An associated company is a company over which the investor has material influence.

Joint ventures and associated companies are accounted for using the equity method and are reported as shares in companies accounted for using the equity method. Under the equity method the shares of the NORD/LB Group in the associated company or joint venture are initially set at the level of the purchase costs. Thereafter the shares are increased or reduced by the company's share in the accrued profit or loss or the associated company's or joint venture's other profit/loss. If the shareholding of the NORD/LB Group in the losses of an associated company or joint venture corresponds to or exceeds the value of the shares in this company, no further loss components are measured unless the Group has entered into legal or de facto obligations or makes payments instead of the company valued at equity.

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 a controlling influence over the subsidiary ceases to exist. The assets and liabilities of the subsidiary are derecognised at their carrying amounts. The non-controlling interests in the former subsidiary are also derecognised. A fair value of the consideration received is recorded. Any interest retained in the former subsidiary is recorded at fair value. Any differences arising from the recording and derecognising processes are recorded in the Group's income statement. Amounts recorded in the other comprehensive income (OCI) in earlier periods in connection with this subsidiary are derecognised in the Group income statement or, if required by a different IFRS, directly in the retained earnings.

(5) Basis of Consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 50 (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 control in another manner. Additionally, 2 (1) joint ventures and 12 (10) associated companies are recorded. A joint venture is held for sale and, pursuant to IFRS 5.15, valued at the lower of carrying value and fair value less selling costs. The remaining associated companies and the other joint venture are accounted for using the equity method.

Due to the initial application of IFRS 10, the following companies were included for the first time in the basis of consolidation in the first quarter of 2014. MS „HEDDA Schulte“ Shipping GmbH & Co. KG, Hamburg, and Niraven B.V. Gruppe, Amsterdam (6 companies). The companies are associated with credit commitments by the NORD/LB Group.

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

The subsidiaries NOB Beteiligungs KG, Hanover, and NORD/LB Vermögensmanagement S.A., Luxembourg-Findel set up in December 2014, are included in the consolidated financial statements for the first time at year end as part of the full consolidation process.

The control criteria pursuant to IFRS 10 were satisfied in the following three shipping companies: KG Schifffahrtsgesellschaft MS Klara mbH & Co., Jork, Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG, Hamburg, and Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG, Hamburg. These companies were included in the consolidated financial statements for the first time as at 31 December 2014.

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.

Furthermore, 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 NORD/LB no longer has a majority of votes in the decision-making committee of the ÖVBs. As a result the two previously fully-consolidated companies were accounted for as associated companies at equity in a transitional consolidation period with effect of 30 September 2014. The shares of the capital held in ÖVB Leben and ÖVB Sach were recognised at fair value and will be accounted for using the equity method in the following periods. 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.

The special fund NORD/LB AM 65 was dissolved and deconsolidated in December 2014.

The transitional consolidation of ÖVB Sach and ÖVB Leben generated a transitional profit of € 31 million that is fully attributable to the valuation of the remaining capital investment at fair value and was recorded in the other operating income using the equity method. Net assets fell by € 433 million due to the transitional consolidation.

The initial consolidation and deconsolidation of the remaining companies had no noticeable effect on the asset, financial and earnings position of the NORD/LB Group.

Subsidiaries, joint ventures and associated companies included in the consolidated financial statements are shown in Note (86) 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 income 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. Income 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 (AFV) 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 (AFV) or loss or available for sale (AFS). 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 Provisions, (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. Interest income is recorded in the net interest income, and commission income in the net commission income.

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 hedging 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. Interest income and expenses are recorded in the net interest income. Effects from changes to the fair value and the net commission income are recorded in the profit/loss from financial instruments at fair value.

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 (52) 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. Interest income and expenses are recorded in the net interest income. Profit/loss from fair value and net commission income are recorded in the profit/loss from financial instruments at fair value.

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 10, IAS 11 or IAS 28. 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 revaluation reserve 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. Interest income is recorded in the net interest income, and commission income in the net commission income.

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. Interest expenses are recorded in the net interest income, and commission expenses in the net commission income.

The carrying amounts and gains/losses for each measurement category are presented in Notes (60) Carrying Amount by Measurement Category and (61) Net Gains or Losses by Measurement Category.

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-stage fair value hierarchy is used with the Level 1, Level 2 and Level 3 terminology of 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 fair value 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.

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

The financial instruments in the NORD/LB Group to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are included in measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible. The measurement model for financial instruments for which no prices listed in active markets can be used is based on term-related interest rates, the credit rating of the respective issuer and where applicable further components such as foreign currency premiums.

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

Level 3

Financial instruments for which there is no longer an active market and for which measurement can no longer be based completely on observable market parameters are allocated to Level 3. In comparison and in differentiation to Level 2 measurement, the Level 3 valuation employs models that are specific to the bank as well as data which is not observable on the market. The input parameters used in these methods include among other things assumptions about cash flows, loss estimates and the discount rate and are gathered as far as possible on a near-market basis.

The Level 3 method is partly used to measure interest-bearing securities, derivatives and asset-backed securities (ABS)/mortgage-backed securities (MBS) for which the market has been classified as being inactive. Additionally, loans intended for syndication and associated derivatives are allocated to Level 3. Individual tranches of collateralised debt obligations (CDO) and equity structures are also measured in accordance with Level 3. Level 3 financial instruments include trading assets and liabilities, financial instruments designated at fair value and financial assets recognised at fair value.

Establishing fair values

All measurement models applied in the Group are reviewed regularly. The fair values are subject to internal controls and processes in the NORD/LB Group. These controls and processes are carried out and coordinated in the Finance and Risk Control Division. The models, the data used in them and the resulting fair values are reviewed regularly.

In 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.

Secured OTC derivatives are primarily measured by the NORD/LB Group using the current market standard of overnight index swap discounting (OIS discounting). This means that secured derivatives are not 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) are used. The discounted cashflow model is used as a rule. In order to establish the value 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.

Further information on the fair value hierarchy and the fair values of financial instruments can be found in Note (59) Fair value hierarchy.

e) Measurement of investments which do not fall under IFRS 10, IFRS 11 or IAS 28

Investments which do not fall under IFRS 10, IFRS 11 or IAS 28 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.

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. The NORD/LB Group uses the income-value method. This method is allocated in the fair value hierarchy in accordance with IFRS 13 to Level 3 (cf. Note (59) Fair value hierarchy).

The fair value is calculated in the income-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 the current year, a detailed plan for the following year and where applicable the medium-term plan for up to the following four years (planning phase I). For the following years beyond the planning horizon of planning phase I 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 associated company (planning phase II). These anticipated future profits are discounted taking into account the anticipated distributions on the reporting date.

The discount rate used reflects the yield from an adequate alternative investment in respect of maturity and risk to the investment in the associated company and is derived on the basis of a capital market model. It comprises the components of risk-free interest according to the base curve 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 associated 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 factor 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) and Note (52) Positive and 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 fair-value 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 interest-rate risk in the fair-value hedge-accounting portfolio 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 (68).

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 (63) Offsetting of financial assets and liabilities and Note (64) Transfer and derecognition of financial assets are 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 at the NORD/LB Group 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 Group's consolidated balance sheet.

(8) Risk Provisioning

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

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 there is no specific valuation allowance 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 deemed the lessee, the leased property is capitalised at fair value or the present value of the future leasing payments if this is lower than the fair value; at the same time an obligation for rent instalments payable in future is reported as a liability. Any initial direct costs incurred are capitalised along with the asset (leased property). The asset is reported under property and equipment, investment property or intangible assets, and the liability (future rent instalments) as liabilities to banks or customers.

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 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 25 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

Mainly software that is either purchased or internally developed is reported as intangible assets.

Intangible assets which are acquired by the NORD/LB Group are reported at cost of acquisition Intangible assets internally developed are capitalised at the production cost if the accrual of an economic benefit is probable and the expenditure can be reliably determined. If the capitalisation criteria are not satisfied, the costs are immediately reported though profit and loss. The capitalised costs for internally developed software cover both expenditure for internal and external services during the development phase and are directly allocable (especially for customising and test activities).

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 depreciation 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 two 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).

There are no intangible assets with an indefinite useful life at NORD/LB Group.

(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 if they are immediately saleable in their present condition and a sale is highly likely. A sale is considered to be highly likely if the relevant management level has set a plan for the sale and the search for a purchaser and implementation of the plan has actively commenced. Further, the long-term assets or disposal groups are being offered at a price that is proportionate to the current fair value. Further, it must be possible to consider the sale complete as expected within a year of the date of its classification for recognition and the measures required for implementing the plan must permit the conclusion to be drawn that material changes to or cancellation of the plan appear unlikely. 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 2014 or in 2013.

(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. 2014	31 Dec. 2013
Domestic		
Actuarial interest rate	2.20	3.70
Increase in salaries	2.08	2.00
Increase in pensions (contingent on the occupational pension scheme)	2.75 / 2.87 / 1.00 / 2.0 / 2.50 / 3.50	2.75 / 2.87 / 1.00 / 2.0 / 2.25 / 3.25
Cost increase rate for allowance payments	3.50	–
Mortality, invalidity, etc.	Based on Heubeck 2005G mortality tables	Based on Heubeck 2005G mortality tables
Abroad (weighted parameters)		
Actuarial interest rate	3.47	4.49
Increase in salaries	4.15	4.43
Increase in pensions	2.82	2.81
Mortality, invalidity, etc.	USA RP-2014, GB S1PMA Light/ S1PFA light base tables with CMI 2014 projections basis, LUX DAV 2004 R	USA RP-2000, GB S1PMA Light/ S1PFA light base tables with CMI 2013 projections basis LUX DAV 2004 R
Inflation	3.21	3.48

(15) Other Provisions

Other provisions are established for uncertain liabilities to third parties and anticipated losses on pending transactions if a current legal or de facto obligation arises from a past event, utilisation is likely and if its amount can be reliably determined. The valuation of provisions is measured using the best-possible assessment on reasonable consideration of the amount needed for fulfilment of the current obligation (or transfer of the obligation to an independent third-party) on the reporting date. Management is responsible for making this assessment. Empirical values from similar transactions and, as need be, reports or opinions from experts are included. Risks and uncertainties are acknowledged by valuing the obligation with the most likely event from a range of possible events. 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. Please refer in particular to Note (23) Net commission income, (29) Other operating profit/loss, (46) Other assets, (53) Provisions, (56) Other liabilities. 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 unsettled 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 loan loss provisions.

(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. From a regulatory perspective, these are recognised as Common Equity Tier 1 as defined in CRR as part of the transitional provisions.

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 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 (2) Adjustment of figures for the previous year).

Segment reporting by business segment

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

An important criterion for the formation of business segments is the greatest possible homogeneity of the customers aggregated in the segment in relation to financing and investment requirements and the products demanded. It is not possible to recognise dependencies on individual customers. The product ranges offered in the segments are described below and the earnings generated are shown in the overview. The product range 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 business segments of the Bank but to the segment "Group Controlling/Others".

In addition to figures relating to the statement of comprehensive income, the segment report also shows Total risk exposure amount (TREA) 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 TREA 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 30 September 2014 the current results of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are also recognised here (see also Note (5) 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 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 for their projects, 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 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 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 EUR-110 million in the fourth quarter of 2014.

Positive contributions were made by net interest income in the amount of € 295 million, and in particular € 273 million from Financial Markets activities recorded here. Also recognised in this segment under risk provisioning are reversals, primarily related to the consolidations, in the amount of approx. € 37 million.

Net commission income had a negative effect in the amount of € – 45 million, due in particular to guarantees relating to securitisation transactions and consolidations.The profit / loss from financial instruments at fair value is negative in the amount of € 41 million due in particular to the central valuation effects reported here; variables are valuation losses from the counterparty-specific default risk with derivatives and US-$ / € base spread changes for currency derivatives and valuation results due to fair value option. 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 (€ – 23 million, in particular from impairments from AfS items) and the profit/loss from investments accounted for using the equity method (€ – 37 million due to negative changes in the value of investments). The bank levy has a particular impact on the other operating profit / loss (€ – 36 million).

Administrative expenses in this business segment total € 254 million. Administrative expenses in this segment result in the amount of € 95 million from the Financial Markets activities reported here and € 49 million from other Group companies. Further administrative expenses (€ 192 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 € – 82 million.

Furthermore, in the fourth quarter of 2014 reorganisation expenses (€ 49 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 TREA within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory TREA report flows into the reconciliation.

Regions

The earnings before risk provisioning, earnings before taxes, segment assets and segment liabilities are allocated regionally based on the respective location of the branch or Group company. Consolidations are shown separately.

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(19) Segment Reporting by Business Segments

1 Jan.–31 Dec. 2014/ 31 Dec. 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	271	536	171	463	245	295	5	1 985
Loan loss provisions	– 3	2	–	721	50	– 37	4	735
Net interest income after loan loss provisions	**274**	**534**	**171**	**– 257**	**195**	**332**	**1**	**1 250**
Net commission income	39	110	66	45	4	– 45	– 35	185
Profit/loss from financial instruments at fair value through profit or loss	3	21	– 9	15	8	– 41	91	87
Profit/loss from hedge accounting	–	–	–	–	–	43	–	43
Profit/loss from financial assets	16	–	–	–	–	– 23	4	– 3
Profit/loss from investments accounted for using equity method	–	–	–	–	–	– 37	–	– 37
Administrative expenses	291	284	87	127	71	254	12	1 125
Other operating profit/loss	– 17	13	4	1	–	– 36	– 40	– 75
Profit/Loss before reorganisation and taxes	**24**	**394**	**146**	**– 324**	**136**	**– 60**	**10**	**325**
Reorganisation expenses	–	–	–	–	–	– 49	–	– 48
Expenses for public guarantees related to reorganisation	–	–	–	–	–	– 1	–	– 1
Earnings before taxes (EBT)	**24**	**394**	**146**	**– 324**	**136**	**– 110**	**10**	**276**
Taxes	–	–	–	–	–	–	71	71
Consolidated profit	**24**	**394**	**146**	**– 324**	**136**	**– 110**	**– 61**	**205**
Segment assets	7 729	62 799	15 535	28 238	16 487	65 712	1 107	197 607
of which: investments at equity	44	–	–	–	–	273	–	318
Segment liabilities	7 270	51 918	3 152	5 225	667	125 797	3 579	197 607
Total risk exposure amount	4 690	17 016	7 258	43 311	9 812	10 608	– 23 463	69 231
Capital employed[1]	387	1 353	581	3 466	771	1 423	– 703	7 277
CIR	98.4 %	41.8 %	37.3 %	24.3 %	27.6 %			51.4 %
RoRaC/RoE[2]	5.0 %	26.5 %	22.2 %	– 9.4 %	14.6 %			3.8 %

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	272	13	1 167
Other operating profit / loss	32	8	4	5	–	41	– 41	49
Profit / Loss before reorganisation and taxes	**38**	**332**	**144**	**– 242**	**128**	**– 94**	**– 59**	**247**
Reorganisation expenses	–	–	–	–	–	– 38	–	– 38
Expenses for public guarantees related to reorganisation	–	–	–	–	–	– 69	–	– 69
Earnings before taxes (EBT)	**38**	**332**	**144**	**– 242**	**128**	**– 201**	**– 59**	**140**
Taxes	–	–	–	–	–	–	– 85	– 84
Consolidated profit	**38**	**332**	**144**	**– 242**	**128**	**– 201**	**25**	**224**
Segment assets	10 801	65 457	14 047	26 335	16 374	67 583	226	200 823
of which: investments at equity	–	–	–	–	–	306	–	306
Segment liabilities	11 145	43 364	2 952	4 974	733	136 308	1 346	200 823
Total risk exposure amount	5 489	15 422	7 231	43 287	13 018	14 156	– 30 103	68 500
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 %			51.9 %
RoRaC / RoE[2]	8.2 %	19.8 %	19.1 %	– 7.0 %	10.1 %			1.8 %

(in € million)	31 Dec. 2014	31 Dec. 2013
Long-term equity under commercial law	7 277	7 822
Revaluation reserve	420	122
Silent participations in reported equity	205	224
Reported equity	**7 902**	**8 169**

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

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

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

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

(20) Segment Reporting by Geographical Segment

1 Jan.–31 Dec. 2014 / 31 Dec. 2014 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolida-tion	NORD/LB Group
Earnings before risk provisioning [1]	2 098	252	88	63	– 313	2 188
Earnings before taxes (EBT)	152	187	70	52	– 185	276
Segment assets	193 858	27 165	4 604	4 025	– 32 044	197 607
Segment liabilities	195 050	25 973	4 604	4 025	– 32 044	197 607
Total risk exposure amount	61 191	9 211	2 176	1 921	– 5 268	69 231
Capital employed	6 718	737	174	154	– 506	7 277
CIR	51.5 %	31.1 %	38.4 %	23.5 %		51.4 %
RoRaC / RoE [1]	2.3 %	25.4 %	40.3 %	33.6 %		3.8 %

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 risk provisioning [1]	2 034	176	100	63	– 125	2 249
Earnings before taxes (EBT)	– 50	88	68	49	– 17	140
Segment assets	200 095	27 729	4 547	4 223	– 35 771	200 823
Segment liabilities	202 114	26 704	4 547	4 223	– 36 766	200 823
Total risk exposure amount	61 533	7 343	2 130	1 517	– 4 023	68 500
Capital employed	7 380	587	170	121	– 437	7 822
CIR	55.7 %	43.3 %	34.0 %	23.0 %		51.9 %
RoRaC / RoE [2]	– 0.7 %	15.1 %	39.9 %	40.6 %		1.8 %

[1] Earnings before risk provisioning are defined as the sum of 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.

[2] RoRaC at business level:
Earnings before taxes / committed core capital 8 %) of the higher of the RWA limit and the amount called on)

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

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

Notes to the Income Statement

(21) Net Interest Income

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

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	3 866	4 190	– 8
Interest income from debt securities and other fixed-interest securities	828	973	– 15
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	3 567	4 067	– 12
Interest income from fair value option	51	50	2
Current income			
from shares and other non fixed-interest securities	18	12	50
from investments	14	11	27
Interest income from other amortisations	574	482	19
Other interest income and similar income	1	2	– 50
	8 919	**9 787**	**– 9**
Interest expense			
Interest expenses from lending and money market transactions	1 886	2 127	– 11
Interest expenses from securitised liabilities	759	1 107	– 31
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit/loss and hedge accounting derivatives	3 225	3 646	– 12
Interest expenses from fair value option	295	323	– 9
Interest expenses from subordinated capital	240	229	5
Interest expenses from other amortisations	439	346	27
Interest expenses from provisions and liabilities	71	71	–
Other interest expenses and similar expenses	19	7	> 100
	6 934	**7 856**	**– 12**
Total	**1 985**	**1 931**	**3**

Interest income from lending and money market transactions includes interest income relating to impaired loans (unwinding) of € 82 million (€ 77 million).

The interest income includes € 5,269 million (€ 5,646 million) relating to income from financial instruments which are not measured at fair value through profit or loss. The interest expenses include € 3,325 million (€ 3,809 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. 2014 (in € million)	1 Jan. – 31 Dec. 2013 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowances	535	336	59
Reversal of lumpsum specific loan loss provisions	9	10	– 10
Reversal of general loan loss provisions	199	25	> 100
Reversal of loan loss provisions	60	65	– 8
Additions to receivables written off	37	21	76
	840	**457**	**84**
Expenses for provisions for lending business			
Allocation to specific valuation allowances	1 232	1 030	20
Allocation to lumpsum specific loan loss provisions	2	5	– 60
Allocation to general loan loss provisions	218	80	> 100
Allocation to loan loss provisions	20	54	– 63
Direct write-offs of bad debts	103	134	– 23
	1 575	**1 303**	**21**
Total	**735**	**846**	**– 13**

(23) Net Commission Income

	1 Jan. – 31 Dec. 2014 (in € million)	1 Jan. – 31 Dec. 2013 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	126	106	19
Account management and payment transactions	40	41	– 2
Trust activities	5	5	–
Security transactions and custody service	38	36	6
Brokerage business	30	31	– 3
Insurance business	11	8	38
Other commission income	51	43	19
	301	**270**	**11**
Commission expense			
Lending and guarantee business	57	19	> 100
Account management and payment transactions	2	2	–
Security transactions and custody service	24	23	4
Brokerage business	5	9	– 44
Insurance business	23	32	– 28
Other commission expenses	5	22	– 77
	116	**107**	**8**
Total	**185**	**163**	**13**

Commission income includes earnings from financial instruments which are not measured at fair value in the amount of € 205 million (€ 183 million). Commission expenses include expenses from financial instruments which are not measured at fair value through profit/loss in the amount of € 83 million (€ 45 million).

(24) Profit/loss from Financial Instruments at Fair Value through Profit/loss

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013 (in € million)	Change (in %)
Trading profit/loss			
Profit/loss from debt securities and other fixed-interest securities	164	– 66	> 100
Profit/loss from shares and other non fixed-interest securities	1	4	– 75
Profit/loss from derivatives	385	– 80	> 100
Interest-rate risks	338	– 130	> 100
Currency risks	– 5	– 108	– 95
Share-price and other price risks	10	57	– 82
Credit derivatives	42	101	– 58
Profit/loss from receivables held for trading	178	– 41	> 100
Profit/loss from other trading activities	–	2	– 100
	728	**– 181**	**> 100**
Foreign exchange result	– 2	39	> 100
Other income	4	6	– 33
	730	**– 136**	**> 100**
Profit/loss from the fair value option			
Profit/loss from receivables to customers and banks	17	– 13	> 100
Profit/loss from debt securities and other fixed-interest securities	89	– 45	> 100
Profit/loss from shares and other non fixed-interest securities	1	1	–
Profit/loss from liabilties to banks and customers	– 667	383	> 100
Profit/loss from securitised liabilties	– 84	– 108	– 22
Profit/loss from subordinated capital	1	1	–
	– 643	**219**	**> 100**
Total	**87**	**83**	**5**

Net commission income from trading activities in the amount of € 4 million (€ 6 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 hedging instruments in effective fair value hedge relationships.

	1 Jan.–31 Dec. 2014 (in € million)	1 Jan.–31 Dec. 2013 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	706	–395	>100
from derivatives employed as hedging instruments	–719	373	>100
	–13	**–22**	**–41**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	–428	136	>100
from derivatives employed as hedging instruments	484	–124	>100
	56	**12**	**>100**
Total	**43**	**–10**	**>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. 2014 (in € million)	1 Jan.–31 Dec. 2013 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**2**	**–12**	**>100**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	74	50	48
shares and other non fixed-interest securities	5	18	–72
Other financial assets classified as AfS	–	–2	–100
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	–85	–	–
shares and other non fixed-interest securities	–5	–14	–64
Other financial assets classified as AfS	6	–4	>100
	–5	**48**	**>100**
Profit/loss from shares in companies (not consolidated)	**–**	**–25**	**–100**
Profit/loss from shares of subsidiaries	**1**	**–**	**–**
Profit/loss of joint ventures and associated companies	**–1**	**–**	**–**
Total	**–3**	**11**	**>100**

(27) Profit / Loss from Investments Accounted for using the Equity Method

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

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013 (in € million)	Change (in %)
Shares in joint ventures			
Earnings	5	2	> 100
Expenses	3	–	–
	2	**2**	**–**
Shares in associated companies			
Earnings	34	37	– 8
Expenses	73	6	> 100
	– 39	**31**	**> 100**
Total	**– 37**	**33**	**> 100**

(28) Administrative Expenses

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013[1)] (in € million)	Change (in %)
Staff expenses			
Wages and salaries	486	490	– 1
Social insurance contributions	68	68	–
Expenditure on pension schemes and other benefits	46	52	– 12
Other staff expenses	6	6	–
	606	**616**	**– 2**
Other administrative expenses			
Costs for IT and communications	212	237	– 11
Building occupancy costs	45	48	– 6
Expenses for marketing, communications and entertainment	27	28	– 4
Personnel-related material expenses	20	22	– 9
Costs for legal, auditing, appraisal and consulting services	72	67	7
Levies and contributions	26	18	44
Expenses for operating and office equipment	5	6	– 17
Other services	5	9	– 44
Other administrative expenses	33	37	– 11
	445	**472**	**– 6**
Amortisation and depreciation			
Property and equipment	40	40	–
Intangible assets	32	37	– 14
Investment properties	2	2	–
	74	**79**	**– 6**
Total	**1 125**	**1 167**	**– 4**

[1)] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

Included under staff expenses are expenses for defined contribution plans in the amount of € 1 million (€ 1 million).

(29) Other Operating Profit/Loss

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013[1] (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	312	327	– 5
from insurance business	422	540	– 22
from other business	181	226	– 20
	915	**1 093**	**– 16**
Other operating expenses			
from allocation to provisions	504	455	11
from insurance business	271	344	– 21
from other business	215	245	– 12
	990	**1 044**	**– 5**
Total	**– 75**	**49**	**> 100**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

Income from the 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 (€ 427 million)) and income from insurance business (€ 18 million (€ 83 million)).
Income from other business includes income from the disposal of receivables (€ 41 million (€ 84 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 38 million (€ 35 million)), rental income from investment property (€ 12 million (€ 11 million)), reimbursements of costs (€ 12 million (€ 10 million)), income from the repurchase of the Bank's debt securities (€ 6 million (€ 1 million)), and income from the disposal of property and equipment (€ 0 million (€ 17 million)).

Other operating expenses from insurance business mainly comprise indemnity expenses (€ 218 million (€ 284 million)) and expenses from reinsurance contracts (€ 38 million (€ 50 million)).

Expenses from other business essentially comprise expenses from the disposal of other liabilities (€ 58 million (32 million), expenses to generate charter income from ships (€ 28 million (€ 27 million)), expenses from the redemption of debt securities (€ 15 million (€ 46 million)), expenses from the disposal of claims (€ 8 million (€ 5 million)) and expenses from investment property (€ 6 million (€ 3 million)). 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).
The expenses from other business also include unscheduled depreciation in the amount of € 15 million (€ 0 million). This is primarily the result of a fall in the market value of ships due to the ongoing 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 € 46 million (€ 35 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 € 2 million (€ 3 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 totalling € 1 million (€ 69 million) concern the NORD/LB Group's capital-boosting programme. The amount is attributable to the payment of € 10 million (€ 69 million) for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt, which ended in the second quarter, and associated expenses for services. This is contracted by income of € 9 million (€ 0 million) from the partial reversal of a provision made in the previous year.

(32) Income Taxes

	1 Jan.– 31 Dec. 2014 (in € million)	1 Jan.– 31 Dec. 2013 (in € million)	Change (in %)
Current taxes on income and earnings			
Tax expenses / income for the current year	80	81	– 1
Tax expenses / income for previous years	– 58	– 61	– 5
	22	**20**	**10**
Deferred taxes			
Deferred taxes due to the accrual / reversal of temporary differences and tax losses / tax credits not previously considered	45	– 122	> 100
Deferred taxes due to changes in tax legislation / tax rates	– 3	3	> 100
Deferred taxes due to temporary differences in previous periods not previously considered	7	15	– 53
	49	**– 104**	**> 100**
Total	**71**	**– 84**	**> 100**

The current tax expense for the current financial year is reduced by € 0 million (€ 25 million) due to the utilisation of tax losses previously not considered. Deferred taxes include income from tax losses previously not considered, tax credits and temporary differences of € 9 million (€ 90 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. 2014	1 Jan. – 31 Dec. 2013
IFRS earnings before taxes	**276**	**140**
Anticipated income tax expenditure	87	51
Effects of reconciliation:		
Effects of differing tax rates	– 5	– 7
Taxes from previous years reported in the reporting period	– 51	– 46
Effects of changes in tax rates	– 3	3
Non-creditable income taxes	2	1
Non-deductible operational expenditure	28	22
Effects of tax-free earnings	– 9	– 37
Effect of permanent accounting-related effects	16	– 2
Effects of write-ups / write-downs / recognition adjustments	– 9	– 82
Other effects	15	13
Reported income tax expenses	**71**	**– 84**

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 2014. 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 valuation allowances / 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. 2014 Amount before taxes	1 Jan.– 31 Dec. 2014 Income tax effect	1 Jan.– 31 Dec. 2014 Amount after taxes	1 Jan.– 31 Dec. 2013 Amount before taxes	1 Jan.– 31 Dec. 2013 Income tax effect	1 Jan.– 31 Dec. 2013 Amount after taxes
Revaluation of the net liability from defined benefit pension plans	– 684	180	– 504	73	– 23	50
Changes in value for investments accounted for using the equity method recognised directly in equity	63	–	63	– 27	–	– 27
Increase/decrease from available for sale (AfS) financial instruments	449	– 129	320	345	– 82	263
Translation differences of foreign business units	86	–	86	– 36	–	– 36
Other	**– 86**	**51**	**– 35**	**355**	**– 105**	**250**

Notes to the Balance Sheet

(33) Cash Reserve

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Cash on hand	97	146	– 34
Balances with central banks	967	1 165	– 17
Total	**1 064**	**1 311**	**– 19**

Of the balances with central banks, € 844 million (€ 775 million) are credit balances with Deutsche Bundesbank.

(34) Loans and Advances to Banks

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	1 991	4 415	– 55
Foreign banks	2 845	2 172	31
	4 836	**6 587**	**– 27**
Other loans and advances			
German banks			
Due on demand	1 143	1 253	– 9
With a fixed term or period of notice	13 703	15 803	– 13
Foreign Banks			
Due on demand	2 117	1 823	16
With a fixed term or period of notice	1 766	2 015	– 12
	18 729	**20 894**	**– 10**
Total	**23 565**	**27 481**	**– 14**

(35) Loans and Advances to Customers

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)[1]	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1 287	1 846	– 30
Customers abroad	21	14	50
	1 308	**1 860**	**– 30**
Other loans and advances			
Domestic customers			
Due on demand	3 131	3 253	– 4
With a fixed term or period of notice	74 209	75 896	– 2
Customers abroad			
Due on demand	667	431	55
With a fixed term or period of notice	28 940	26 164	11
	106 947	**105 744**	**1**
Total	**108 255**	**107 604**	**1**

[1] Information from the previous year was adjusted for individual positions; see Note (2) Adjustment of figures for the previous year.

(36) Risk Provisioning

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)[1]	Change (in %)
Specific valuation allowance			
Domestic customers	1 890	1 420	33
Customers abroad	353	334	6
	2 243	**1 754**	**28**
Lumpsum specific loan loss provisions			
Domestic customers	7	14	– 50
	7	**14**	**– 50**
General loan loss provisions			
German banks	1	1	–
Foreign banks	1	2	– 50
Domestic customers	446	382	17
Customers abroad	49	93	– 47
	497	**478**	**4**
Total	**2 747**	**2 246**	**22**

[1] Information from the previous year was adjusted for individual positions; see Note (2) Adjustment of figures for the previous year.

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

(in € million)	Specific valuation allowances 2014	Specific valuation allowances 2013 [1]	Lumpsum specific loan loss provisions 2014	Lumpsum specific loan loss provisions 2013	General loan loss provisions 2014	General loan loss provisions 2013	Loan loss provisions 2014	Loan loss provisions 2013	Total 2014	Total 2013
1 January	**1 754**	**1 491**	**14**	**19**	**478**	**437**	**124**	**136**	**2 370**	**2 083**
Allocations	1 232	1 030	2	5	218	80	20	54	1 472	1 169
Reversals	535	336	9	10	199	25	60	65	803	436
Utilisation	214	343	–	–	–	–	3	–	217	343
Unwinding	– 82	– 77	–	–	–	–	–	–	– 82	– 77
Effects of changes of foreign exchange rates and other changes	102	– 11	–	–	1	– 14	– 7	– 1	96	– 26
Changes of the basis of consolidation	– 14	–	–	–	– 1	–	–	–	– 15	–
31 December	**2 243**	**1 754**	**7**	**14**	**497**	**478**	**74**	**124**	**2 821**	**2 370**

[1] Information from the previous year was adjusted for individual positions; see Note (2) Adjustment of figures for the previous year.

(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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Money market instruments			
issued by other borrowers	–	10	– 100
Bonds and debt securities			
issued by public-sector borrowers	361	918	– 61
issued by other borrowers	2 590	2 623	– 1
	2 951	**3 551**	**– 17**
Shares and other non fixed-interest securities			
Shares	55	46	20
	55	**46**	**20**
Positive fair values from derivatives			
Interest-rate risks	8 060	5 698	41
Currency risks	639	723	– 12
Share-price and other price risks	181	169	7
Credit derivatives	18	13	38
	8 898	**6 603**	**35**
Trading portfolio claims	2 451	2 320	6
	14 355	**12 520**	**15**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	257	246	4
Debt securities and other fixed-interest securities	1 694	765	> 100
Shares and other non fixed-interest securities	–	10	– 100
	1 951	**1 021**	**91**
Total	**16 306**	**13 541**	**20**

For receivables designated at fair value there is a maximum default risk of € 257 million (€ 246 million).

The change in the fair value, which is attributable to changes in the credit risk of receivables designated at fair value, amounts to € 7 million (€ 0 million) in the period under review; the cumulative change is € 11 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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Micro fair value hedge derivatives	2 498	2 116	18
Portfolio fair value hedge derivatives	985	1 756	– 44
Total	**3 483**	**3 872**	**– 10**

(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 10, IAS 11 or IAS 28 and financial assets classified as loans and receivables (LaR).

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Financial assets classified as LaR	**3 181**	**3 117**	**2**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	1 603	1 450	11
issued by other borrowers	1 578	1 667	– 5
	3 181	**3 117**	**2**
Financial assets classified as AfS	**41 939**	**43 926**	**– 5**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	17 963	18 024	–
issued by other borrowers	23 349	24 893	– 6
	41 312	**42 917**	**– 4**
Shares and other non fixed-interest securities			
Shares	55	385	– 86
Investment certificates	104	138	– 25
Participation certificates	5	13	– 62
	164	**536**	**– 69**
Shares in companies (not consolidated)	334	348	– 4
Other financial assets classified as AfS	129	125	3
	463	**473**	**– 2**
Total	**45 120**	**47 043**	**– 4**

(41) Property and Equipment

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)[1]	Change (in %)
Land and buildings	295	343	– 14
Operating and office equipment	53	59	– 10
Ships	198	210	– 6
Other property and equipment	22	11	100
Total	**568**	**623**	**– 9**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

The development of property and equipment is shown under Note (42) Investment property.

(42) Investment Property

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

(in € million)	1 Jan.– 31 Dec. 2014	1 Jan.– 31 Dec. 2013
Rental income	12	11
Direct operating expenses	6	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 [1]	Other property and equipment	**Total**	Investment property
Cost as at 1 January 2013	**713**	**302**	**268**	**9**	**1 292**	**108**
Additions	35	11	–	3	**49**	24
Disposals	63	47	–	–	**110**	18
Transfers	–	–	23	–	**23**	–
Changes from foreign exchange rates	–	– 1	– 4	–	**– 5**	–
Totals 31 December 2013	**685**	**265**	**287**	**12**	**1 249**	**114**
Accumulated depreciation as at 1 January 2013	**360**	**228**	**68**	**1**	**657**	**14**
as at 1 January 2012	13	17	10	–	**40**	2
Depreciations	–	6	–	–	**6**	–
Impairments (non-scheduled)	31	45	–	–	**76**	3
Changes from foreign exchange rates	–	–	– 1	–	**– 1**	–
Disposals	**342**	**206**	**77**	**1**	**626**	**13**
Totals 31 December 2013	**343**	**59**	**210**	**11**	**623**	**101**
Closing balance as at 31 December 2013	**714**	**265**	**285**	**12**	**1 276**	**118**
Additions	–	15	–	12	**27**	9
Disposals	19	27	–	–	**46**	15
Transfers	–	1	–	– 1	**–**	–
Changes of the basis of consolidation	– 59	– 9	–	–	**– 68**	– 46
Changes from foreign exchange rates	–	1	13	–	**14**	–
Total 31 Dec. 2014	**636**	**246**	**298**	**23**	**1 203**	**66**
Accumulated depreciation as at 1 January 2014	**371**	**206**	**76**	**1**	**654**	**16**
Depreciations	12	16	12	–	**40**	2
Impairments (non-scheduled)	6	–	9	–	**15**	6
Disposals	19	22	–	–	**41**	14
Changes of the basis of consolidation	– 29	– 7	– 1	–	**– 37**	– 24
Changes from foreign exchange rates	–	–	4	–	**4**	–
Total 31 Dec. 2014	**341**	**193**	**100**	**1**	**635**	**– 14**
Endbestand per 31 Dec. 2014	**295**	**53**	**198**	**22**	**568**	**80**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

The transfers to other property and equipment relate entirely to assets under construction. € 5 million (€ 24 million) of the additions of investment property relates to an acquisition and € 4 million (€ 0 million) to the capitalisation of retrospective amortised costs.

(43) Intangible Assets

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Software			
Purchased	25	20	25
Internally developed	42	64	– 34
	67	**84**	**– 20**
Intangible assets under development	60	39	54
Other intangible assets	12	13	– 8
Total	**139**	**136**	**2**

Intangible assets under development refer primarily to internally generated software. Fully amortised software is still in use.
Expenses for research and development in the amount of € 74 million (€ 83 million) have been incurred. The research expenditure on internally developed software which is not eligible for capitalisation totals € 45 million (€ 76 million).

Impairments of intangible assets of € 2 million (€ 0 million) result from purchases of software.
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. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Migration of IT applications	15	38	2	3
Internally developed software	11	11	12	13
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 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
Impairments (non-scheduled)	–	–	–	–	–
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**
Cost as at 1 January 2014	**134**	**239**	**18**	**39**	**430**
Additions	10	2	3	23	38
Disposals	2	–	–	–	2
Transfers	4	2	– 4	– 2	–
Changes of the basis of consolidation	– 23	–	–	–	– 23
Total 31 December 2014	**123**	**243**	**17**	**60**	**443**
Accumulated depreciation as at 1 January 2014	**114**	**175**	**5**	**–**	**294**
Depreciations	6	26	–	–	32
Impairments (non-scheduled)	2	–	–	–	2
Disposals	2	–	–	–	2
Changes of the basis of consolidation	– 22	–	–	–	– 22
Total 31 December 2014	**98**	**201**	**5**	**–**	**304**
Closing balance as at 31 December 2014	**25**	**42**	**12**	**60**	**139**

(44) Assets Held for Sale

As at 31 December 2014 the designated assets held for sale pursuant to IFRS 5 with a carrying amount totalling € 56 million (€ 0 million) include property and equipment (ships) in an amount of € 33 million (€ 0 million), financial assets in an amount of € 22 million (€ 0 million) and other assets in an amount of € 1 million (€ 0 million).

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

The financial assets designated for sale relate to interests in an associated company that were previously valued using the equity method. Contractual negotiations are currently underway. Closing is anticipated for the first half of 2015. In accordance with IFRS 5.20, a value reduction of € 3 million was recorded in earnings at equity. Other comprehensive income includes € 1 million from assets designated for sale.

(45) Income Tax Assets

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Current income tax assets	57	69	– 17
Deferred tax assets	784	741	6
Total	841	810	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 (OCI) totalled € 216 million as at 31 December 2014 (€ 217 million).

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets			
Loans and advances to banks	147	13	> 100
Risk provisioning	148	132	12
Financial assets at fair value through profit or loss	644	328	96
Financial assets	51	277	– 82
Property and equipment	64	64	–
Other assets	216	221	– 2
Liabilities			
Liabilities to customers	559	375	49
Securitised liabilities	116	109	6
Financial liabilities at fair value through profit or loss	529	282	88
Negative fair values from hedge accounting derivatives	1 276	864	48
Provisions	522	368	42
Other liabilities	233	77	> 100
Tax losses carried forward	64	69	– 7
Total	**4 569**	**3 179**	**44**
Net	3 785	2 438	55
Total	**784**	**741**	**6**

In addition to deferred taxes recognised in the income statement, netted deferred income tax assets also comprise financial assets of € 0 million (€ 198 million) and provisions of € 216 million (€ 19 million) recognised in other comprehensive income. Active deferred taxes were applied in the reporting period for all losses carried forward from corporation tax and trade tax. There is no time limit on the utilisation of existing tax losses carried forward.

(46) Other Assets

	31 Dec. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Loans and advances on interim accounts	100	20	> 100
Collection items	–	5	– 100
Assets from insurance business	–	193	– 100
Rights to reimbursement from defined benefit plans	19	17	12
Other assets including prepaid expenses	326	177	84
Total	**445**	**412**	**8**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

The receivables in interim accounts primarily relate to receivables in lending business and transactions in payment accounts.

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 € 246 million (€ 82 million).

(47) Liabilities to Banks

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Deposits from other banks			
German banks	1 407	2 046	– 31
Foreign banks	887	183	> 100
	2 294	**2 229**	**3**
Liabilities resulting from money market transactions			
German banks	20 012	18 128	10
Foreign banks	8 389	7 809	7
	28 401	**25 937**	**9**
Other liabilities			
German banks			
Due on demand	3 117	2 671	17
With a fixed term or period of notice	21 491	22 374	– 4
Foreign banks			
Due on demand	1 512	2 037	– 26
With a fixed term or period of notice	2 171	3 933	– 45
	28 291	**31 015**	**– 9**
Total	**58 986**	**59 181**	**–**

(48) Liabilities to Customers

	31 Dec. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 650	1 558	6
Customers abroad	15	18	– 17
With an agreed notice period of more than three months			
Domestic customers	78	343	– 77
Customers abroad	1	2	– 50
	1 744	**1 921**	**– 9**
Liabilities resulting from money market transactions			
Domestic customers	10 896	8 164	33
Customers abroad	1 940	2 172	– 11
	12 836	**10 336**	**24**
Other liabilities			
Domestic costumers			
Due on demand	13 719	11 738	17
With a fixed term or period of notice	27 523	29 309	– 6
Customers abroad			
Due on demand	791	692	14
With a fixed term or period of notice	1 383	863	60
	43 416	**42 602**	**2**
Total	**57 996**	**54 859**	**6**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

(49) Securitised Liabilities

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Issued debt securities			
Pfandbriefe	9 350	8 947	5
Municipal debentures	10 106	13 417	– 25
Other debt securities	19 216	25 730	– 25
	38 672	**48 094**	**– 20**
Money market instruments			
Commercial paper	1 726	1 790	– 4
Certificates of deposit	316	344	– 8
	2 042	**2 134**	**– 4**
Total	**40 714**	**50 228**	**– 19**

Repurchased debt securities issued by the Bank itself have been directly deducted from securitised liabilities in the amount of € 5,140 million (€ 6,984 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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives relating to			
interest-rate risks	7 147	5 666	26
currency risks	1 821	443	> 100
share-price and other price risks	2	3	– 33
credit derivatives	26	66	– 61
	8 996	**6 178**	**46**
Delivery obligations from short-sales	122	110	11
	9 118	**6 288**	**45**
Financial liabilities designated at fair value			
Liabilities to banks and customers	6 429	5 680	13
Securitised liabilities	2 598	3 138	– 17
Subordinated capital	24	25	– 4
	9 051	**8 843**	**2**
Total	**18 169**	**15 131**	**20**

The change in the fair value of liabilities designated at fair value is the result of changes in the credit risk and amounts to € –49 million (€ –24 million) in the period under review; the cumulative change is € –106 million (€ –73 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 2014 is € 1,074 million higher (€ 466 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 hedging instruments in effective micro fair value hedge relationships and portfolio fair value hedges.

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Micro fair value hedge derivatives	3 506	2 498	40
Portfolio fair value hedge derivatives	420	846	– 50
Total	**3 926**	**3 344**	**17**

(53) Provisions

Provisions are broken down as follows:

	31 Dec. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Provisions for pensions and other obligations	**2 478**	**1 955**	**27**
Other provisions			
Provisions in lending business	74	124	– 40
Provisions for reorganisation measures	9	11	– 18
Provisions for contingent losses	1	27	– 96
Provisions for uncertain liabilities	284	244	16
Provisions for insurance business	–	1 943	– 100
	368	**2 349**	**– 84**
Total	**2 846**	**4 304**	**– 34**

[1] Deductions from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

The fall in provisions from insurance business is due to deconsolidation of the companies Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig.

Pensions and similar obligations

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Present value of defined benefit obligations	2 550	2 021	26
Less fair value of plan assets	– 71	– 66	8
Negative balance (net indebtness)	**2 479**	**1 955**	**27**

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. Plan assets of pension commitments are primarily supported by plan assets in the form of fixed interest securities. 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 to German civil service law, the benefit ordinance from 1973 and the benefit ordinance from 2000.

The defined pension commitment based on has also applied for members of the Managing Board since 1 January 2000 under the 2000 regulation. 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.

Both the 1973 and the 2000 regulation do not include any other employees. The 2000 was recently concluded with effect as at 31 December 2013.

Since 1 January 2014 the pension commitments for new starters at NORD/LB AöR have been mapped via the BVV Versorgungskasse des Bankgewerbes e.V., Berlin, (BVV) as a reinsured provident fund.

Additionally, all employees of the Bank may finance an additional pension via deferred remuneration through the BVV Versicherungsverein des Bankgewerbes a.G. (pension fund).

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 market and investment risk is countered by means of observing the minimum rating (AA) of the investments and the investment type (predominantly government bonds). The control of liquidity risk which is due among other things to the pension payments is described in the risk report.

Joint schemes from multiple employers

Along with other financial institutions in German, the NORD/LB Group is a member of the BVV Versorgungskasse des Bankgewerbes e.V. (BVV). Both the Group as an employer and also the employees with the requisite entitlement regularly make pension contributions to the BVV. The BVV's tariffs permit fixed pension payments with surplus contributions. The Group classifies the BVV plan as a benefit plan and treats it for accounting purposes as a contribution-defined plan as the available information is not sufficient for reporting as a benefit plan.

The employer's subsidiary liability vis-à-vis its own employees applies in the case of BVV. NORD/LB considers the likelihood of a claim arising from the subsidiary liability to be extremely low and thus has created neither a contingent liability nor a reserve for this eventuality.

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:

(in € million)	Defined benefit obligation 2014	2013	Fair value of plan assets 2014	2013	Negative balance (net indebtness) 2014	2013	Change (in %)
Opening balance	**2 021**	**2 040**	**66**	**65**	**1 955**	**1 975**	**– 1**
Current service cost	38	42	–	–	38	42	– 10
Interest expense	73	73	– 3	– 2	76	71	7
Additional accounting current service costs	–	1	–	–	–	1	– 100
Consolidation adjustments	– 205	–	–	–	– 205	–	–
Effects from settlements / assignments (compensation payments)	–	1	–	–	–	1	– 100
Increase / decrease resulting from changes in foreign exchanges rates	3	– 1	2	– 1	1	–	–
Benefits paid	– 66	– 63	– 16	– 15	– 50	– 48	4
Employer contributions	–	–	14	14	– 14	– 14	–
	1 864	**2 093**	**69**	**65**	**1 795**	**2 028**	**– 11**
Revaluation							
Adjustments made on the basis of experience	33	– 11	–	–	33	– 11	> 100
Profit / losses from the change in demographic assumptions	1	1	–	–	1	1	–
Profit / losses from the change in financial assumptions	652	– 62	–	–	652	– 62	> 100
Without interest income	–	–	2	1	– 2	– 1	100
Closing balance	**2 550**	**2 021**	**71**	**66**	**2 479**	**1 955**	**27**

In addition to pension commitments, the present value of defined benefit obligations includes allowance payments in the amount of € 209 million (€ 147 million).

The defined benefit obligation is broken down as at the balance sheet date into amounts for defined benefit plans in the amount of € 2,012 million (€ 1,581 million) which are not financed through a fund and into amounts from defined benefit obligations in the amount of € 538 million (€ 440 million) which are either fully or partially financed through a fund.

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Equity instruments			
active market	19	18	6
Debt instruments			
active market	25	35	– 29
inactive market	12	–	–
	37	**35**	**6**
Other assets			
active market	11	10	10
inactive market	4	3	33
	15	**13**	**15**
Total	**71**	**66**	**8**

The fair value of plan assets includes the bank's own debt instruments in the amount of € 1 million (€ 2 million). Real estate used by the Bank is not included in the fair value of plan assets.

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

(in € million)	Pensions expenses 31 Dec. 2014	Pensions expenses 31 Dec. 2013
Less than 1 year	– 62	– 61
between 1 and 2 years	– 65	– 64
between 2 and 3 years	– 67	– 67
between 3 and 4 years	– 70	– 70
between 4 and 5 years	– 72	– 73
Total	**– 336**	**– 335**

The duration of the defined benefit pension obligation is 20 (15) years and is reviewed every year by an actuarial expert.

The contribution payments for plans are expected to be € 11 million (€ 11 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 31 Dec. 2014	Decline 31 Dec. 2014	Increase 31 Dec. 2013	Decline 31 Dec. 2013
Actuarial interest rate	267	230	311	319
Wages	31	30	180	175
Pensions	70	67	205	196
Cost increase rate for allowance payments	50	38	31	24
Mortality, invalidity, etc.	101	90	59	212

A sensitivity of –/+ 0.50 (0.50) per cent was applied to the interest rate, –/+ 0.25 (0.25) per cent for both the salary and pension trend and 1 (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 (90) per cent. This results in an increase in life expectancy of 0.8 to 1.2 years (0.8 to 1.2 years) in the 20 to approx. 70 age range, an increase of 0.4 to 0.8 years (0.4 to 0.8 years) in the approx. 70 to 90 age range and less than 0.4 years (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 reorganisation	Provisions for contingent losses	Provisions for uncertain liabilities: Provisions for liabilities to personnel	Provisions for uncertain liabilities: Other provisions for uncertain liabilities	Insurance business provisions	Total
1 January	**124**	**11**	**27**	**165**	**79**	**1 943**	**2 349**
Utilisation	3	5	14	12	20	33	87
Reversals	60	–	13	2	5	305	385
Allocations	20	3	1	53	31	499	607
Transfers	– 8	–	–	2	–	–	– 6
Changes from foreign exchange rates	1	–	–	– 6	– 1	– 2 104	– 2 110
31 December	**74**	**9**	**1**	**200**	**84**	**–**	**368**

Provisions for reorganisation relate to the implementation of the business model initiated in 2005. Reported under provisions for liabilities to personnel are provisions for restructuring measures in the amount of € 90 million (€ 56 million) which are a result of the efficiency improvement programmed launched in 2011 (cf. Note (30) Reorganisation expenses). Of the provisions for liabilities to personnel, provisions due to early retirement schemes account for € 28 million (€ 31 million) and provisions for long-service awards account for € 4 million (€ 8 million).

The other provisions for uncertain liabilities include provisions for litigation and regress risks of € 38 million (€ 27 million). Uncertainty regarding the amount and time of these provisions result from low empirical values and the differentiated nature of the underlying circumstances.
The other provisions are mainly due in the long term.

(54) Liabilities Held for Sale

This position contains obligations of several companies held for sale totalling € 6 million (€ 0 million).

(55) Income Tax Liabilities

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Current Income tax liabilities	73	116	– 37
Deferred tax liabilities	100	48	> 100
Total	**173**	**164**	**5**

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 € 79 million as at 31 December 2014 (€ 183 million).
Deferred tax liabilities relate to the following balance sheet items:

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets			
Loans and advances to banks	30	31	– 3
Loans and advances to customers	329	162	> 100
Risk provisioning	45	25	80
Financial assets at fair value through profit or loss	181	114	59
Fair values from hedge accounting derivatives	979	992	– 1
Financial assets	789	543	45
Intangible assets	24	26	– 8
Property and equipment	21	29	– 28
Other assets	11	12	– 8
Liabilities			
Liabilities to banks	179	4	> 100
Liabilities to customers	59	25	> 100
Securitised liabilities	6	5	20
Financial liabilities at fair value through profit or loss	1 211	484	> 100
Provisions	4	5	– 20
Other liabilities	17	29	– 41
Total	**3 885**	**2 486**	**56**
Net	3 785	2 438	55
Total	**100**	**48**	**> 100**

In addition to deferred taxes recognised in the income statement, deferred tax liabilities also comprise financial assets of € 79 million (€ 181 million) and provisions of € 0 million (€ 2 million) recognised in other comprehensive income.

(56) Other Liabilities

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Liabilities resulting from outstanding invoices	49	35	40
Liabilities from premiums	1	1	–
Liabilities from short-term employee remuneration	58	60	– 3
Deferred income	14	26	– 46
Liabilities from payable taxes and social insurance contributions	15	21	– 29
Liabilities from interim accounts	45	49	– 8
Liabilities from insurance contracts	–	44	– 100
Other liabilities	685	143	> 100
Total	**867**	**379**	**> 100**

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 2015.

The liabilities in interim accounts primarily relate to liabilities in lending business and transactions in payment accounts.

(57) Subordinated Capital

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Subordinated liabilities	3 666	3 540	4
Participatory capital	188	209	– 10
Silent participations	992	964	3
Total	**4 846**	**4 713**	**3**

Subordinated liabilities are not paid back until the claims of all senior creditors have been satisfied. At € 2,632 million they satisfy the requirements of Art. 63 of EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) valid since the start of 2014 for the inclusion as supplementary capital pursuant to Art. 62 CRR as at the reporting date. As at 31 December 2013 the subordinated liabilities totalling € 2,786 million satisfied the stipulations of §10 para. 5a of the old version of the German banking Act in force at that time (o.v. KWG) for the attribution to supplementary capital as per §10 para. 2b German Banking Act. Interest expenses for subordinated liabilities amount to € 154 million (€ 149 million).

Participatory capital comprises solely registered participatory capital. At € 53 million the participatory capital satisfies the requirements of Art. 63 CRR for attribution to supplementary capital pursuant to Art. 62 CRR as at the reporting date. As at 31 December 2013 the participatory capital in the amount of € 60 million meets the requirements of § 10 para. 5 of the German Banking Act as applicable at the time for attribution to supplementary capital in accordance with § 10 para. 2b of the German Banking Act. Interest expenses for participatory capital amount to € 11 million (€ 13 million).

Silent participations represent borrowed capital under IAS 32 due to their contractual structure and economic character. Of this, € 476 million satisfies the requirements of Art. 63 CRR for permanent attribution to supplementary capital pursuant to Art. 62 CRR as at the reporting date. In derogation therefrom, silent participations are attributed pro rate to the additional core capital under the applicable transitional arrangements under Art. 484 para. 4 CRR in conjunction with § 31 of the Solvabilitätsverordnung (German Solvency Regulation) until no later than the end of 2021 pursuant to Art. 51 CRR as at the reporting date. As at the reporting date, this ratio is 80 percent of the sum of the regulatory carrying amounts of the silent participations or € 709 million. As at 31 December 2013, the sum total of the regulatory carrying values of the silent participations at that time of € 813 million satisfied the requirements for recognition as Common Equity Tier 1 pursuant to §10 para. 2a sentence 1 no. 10 o.v. KWG. Interest expenses relating to silent participations amount to € 75 million (€ 68 million).

The actual attribution in the regulatory capital is additionally dependent on further conditions (e. g. residual terms and can be found in the regulatory disclosures on equity).

(58) Equity

The equity is made up as follows:

	31 Dec. 2014 (in € million)	31 Dec. 2013[1] (in € million)	Change (in %)
Issued capital	1 607	1 607	–
Capital reserves	3 332	3 332	–
Retained earnings	1 957	2 052	– 5
Revaluation reserve	420	122	> 100
Reserve for the change on foreign exchanges rates	– 10	– 6	67
Equity capital attributable to the owners of NORD/LB	7 306	7 107	3
Equity capital attributable to non-controlling interests	596	1 062	– 44
Total	**7 902**	**8 169**	**– 3**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

As at 31 December 2014 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).

The capital reserves include the amounts paid in capital increases by the owners of NORD/LB in addition to the subscribed capital and silent participations totalling € 10 million (€ 10 million), which due to their economic character represent equity in accordance with IAS 32. The profit share for silent participations in capital reserves is € 1 million (€ 1 million).

Retained profit include retained profit from previous reporting periods, allocations from profit less the share of minority interests in profit, 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 currency translation reserve 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 2013 the dividend rate is 0.8 per cent (4.9 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 2014 it is proposed that a dividend of € 137 million be distributed.

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 income which has no effect on cash in the year under review is deducted. Furthermore, all cash expenses and income which are not allocated to operating activities are eliminated. These payments are taken into account in cash flows from investing 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 investing 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 owners 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

(59) Fair Value Hierarchy

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

(in € million)	31 Dec. 2014 Fair Value	31 Dec. 2014 Carrying amount	31 Dec. 2014 Difference	31 Dec. 2013 Fair Value [3]	31 Dec. 2013 Carrying amount [3]	31 Dec. 2013 Difference
Assets						
Cash reserve	1 064	1 064	–	1 311	1 311	–
Loans and advances to banks	24 455	23 565	890	28 216	27 481	735
Loans and advances to customers	110 532	108 255	2 277	106 397	107 604	– 1 207
Risk provisioning	[1]	– 2 747	–	[1]	– 2 246	–
Sub-total of loans and advances to banks / customers (net after loan loss provisions)	**134 987**	**129 073**	**5 914**	**134 613**	**132 839**	**1 774**
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	114	–	[2]	– 171	–
Financial assets at fair value through profit or loss	16 306	16 306	–	13 541	13 541	–
Positive fair values from hedge accounting derivatives	3 483	3 483	–	3 872	3 872	–
Financial assets not reported at fair value	2 968	3 220	– 252	2 864	3 164	– 300
Financial assets reported at fair value	41 901	41 901	–	43 879	43 879	–
Assets held for sale reported at fair value	56	56	–	–	–	–
Other assets not reported at fair value	20	20	–	17	17	–
Other assets reported at fair value	25	25	–	25	25	–
Total	**200 810**	**195 262**	**5 662**	**200 122**	**198 477**	**1 474**

[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 reported in the fair values of the hedged financial instruments.
[3] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

(in € million)	31 Dec. 2014 Fair Value	31 Dec. 2014 Carrying amount	31 Dec. 2014 Difference	31 Dec. 2013 Fair Value [3]	31 Dec. 2013 Carrying amount [3]	31 Dec. 2013 Difference
Liabilities						
Liabilities to banks	60 251	58 986	1 265	59 836	59 181	655
Liabilities to customers	61 756	57 996	3 760	57 177	54 859	2 318
Securitised liabilities	41 691	40 714	977	51 116	50 228	888
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	1 176	–	[2]	351	–
Financial liabilities at fair value through profit or loss	18 169	18 169	–	15 131	15 131	–
Negative fair values from hedge accounting derivatives	3 926	3 926	–	3 344	3 344	–
Other liabilities not reported at fair value	16	16	–	44	44	–
Other liabilities reported at fair value	1	1	–	–	–	–
Nachrangkapital	5 360	4 846	514	5 037	4 713	324
Total	**191 170**	**185 830**	**6 516**	**191 685**	**187 851**	**4 185**

[2] Amounts relating to the assets and liabilities item "Adjustment item for financial instruments hedged in the fair value hedge portfolio" are reported in the fair values of the hedged financial instruments.
[3] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

It was not possible to reliably determine a fair value for € 39 million (€ 47 million) of financial instruments. These are mainly investments. It is intended that these financial instruments remain fully retained in the company.

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. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Assets								
Assets held for trading	847	1 569	13 311	10 935	197	16	14 355	12 520
Debt securities and other fixed-interest securities	792	1 519	2 159	2 032	–	–	2 951	3 551
Shares and other non fixed-interest securities	55	46	–	–	–	–	55	46
Positive fair values from derivatives	–	4	8 898	6 599	–	–	8 898	6 603
Interest-rate risks	–	1	8 060	5 697	–	–	8 060	5 698
Currency risks	–	3	639	720	–	–	639	723
Share-price and other price risks	–	–	181	169	–	–	181	169
Credit derivatives	–	–	18	13	–	–	18	13
Trading portfolio claims	–	–	2 254	2 304	197	16	2 451	2 320
Financial assets as at fair value through profit or loss	935	111	1 016	910	–	–	1 951	1 021
Loans and advances to banks	–	–	–	6	–	–	–	6
Loans and advances to customers	–	–	257	240	–	–	257	240
Financial assets	935	111	759	664	–	–	1 694	775
Debt securities and other fixed-interest securities	935	101	759	664	–	–	1 694	765
Shares and other non fixed-interest securities	–	10	–	–	–	–	–	10
Positive fair values from hedge accounting derivatives	–	–	3 483	3 872	–	–	3 483	3 872
Positive fair values from employed micro fair value hedge derivatives	–	–	2 498	2 116	–	–	2 498	2 116
Interest-rate risks	–	–	2 383	1 948	–	–	2 383	1 948
Currency risks	–	–	115	168	–	–	115	168
Positive fair values from employed portfolio fair value hedge derivatives	–	–	985	1 756	–	–	985	1 756
Interest-rate risks	–	–	985	1 756	–	–	985	1 756
Financial assets at fair value	11 124	9 259	30 412	34 213	365	407	41 901	43 879
Debt securities and other fixed-interest securities	10 918	8 681	30 391	34 147	5	57	41 314	42 885
Shares and other non fixed-interest securities	162	527	2	9	–	–	164	536
Shares in companies (not consolidated)	44	43	19	25	231	227	294	295
Other financial assets classified as AfS	–	8	–	32	129	123	129	163
Assets held for sale reported at fair value	–	–	56	–	–	–	56	–
Other financial assets reported at fair value	17	17	8	8	–	–	25	25
Total	**12 923**	**10 956**	**48 286**	**49 938**	**562**	**423**	**61 771**	**61 317**

(in € million)	Level 1 31 Dec. 2014	Level 1 31 Dec. 2013	Level 2 31 Dec. 2014	Level 2 31 Dec. 2013	Level 3 31 Dec. 2014	Level 3 31 Dec. 2013	Total 31 Dec. 2014	Total 31 Dec. 2013
Liabilities								
Trading liabilities	80	41	9 021	6 242	17	5	9 118	6 288
Negative fair values from derivatives relating to	3	4	8 976	6 169	17	5	8 996	6 178
interest-rate risks	2	2	7 129	5 664	16	–	7 147	5 666
currency risks	–	–	1 820	442	1	1	1 821	443
share-price and other price risks	1	2	1	1	–	–	2	3
credit derivatives	–	–	26	62	–	4	26	66
Delivery obligations from short-sales and other trading assets	77	37	45	73	–	–	122	110
Financial liabilities reported at fair value	26	100	9 016	8 735	9	8	9 051	8 843
Liabilities to banks	–	–	564	590	–	–	564	590
Liabilities to customers	–	–	5 865	5 090	–	–	5 865	5 090
Securitised liabilities	26	100	2 563	3 030	9	8	2 598	3 138
Subordinated capital	–	–	24	25	–	–	24	25
Negative fair values from hedge accounting derivatives	–	–	3 926	3 344	–	–	3 926	3 344
Negative fair values from employed micro fair value hedge derivatives	–	–	3 506	2 498	–	–	3 506	2 498
Interest-rate risks	–	–	3 123	2 268	–	–	3 123	2 268
Currency risks	–	–	383	230	–	–	383	230
Negative fair values from employed portfolio fair value hedge derivatives	–	–	420	846	–	–	420	846
Interest-rate risks	**–**	**–**	**420**	**846**	**–**	**–**	**420**	**846**
Other financial liabilities reported at fair value	1	–	–	–	–	–	1	–
Total	**107**	**141**	**21 963**	**18 321**	**26**	**13**	**22 096**	**18 475**

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

The designated assets held for sale at fair value are non-recurrent fair value valuations (cf. Notes (44) Assets held for sale).

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

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	47	–	18	–	–	–
Debt securities and other fixed-interest securities	47	–	18	–	–	–
Financial assets at fair value	386	–	3 782	6	–	–
Debt securities and other fixed-interest securities	386	–	3 782	6	–	–
Trading liabilities	–	–	–	–	–	3
Negative fair values from derivatives relating to	–	–	–	–	–	3
– interest-rate risks	–	–	–	–	–	3
Designated financial liabilities reported at fair value	77	–	13	–	–	–
Securitised liabilities	77	–	13	–	–	–

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 risk	–	–	–	1	–	–
– interest-rate risks	–	–	–	2	–	–
Designated financial liabilities reported at fair value	160	–	53	5	–	–
Securitised liabilities	160	–	53	5	–	–

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

When measuring the Bank’s own structured issues (DFV), the use of market prices is reviewed as at the reporting date. Following this review, some issues generally move between Level 1 and 2 due to a change in trading activity. Transfers from Level 2 in Level 3 result from the unavailability of adequate market data for a Level 2 valuation.

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

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

	Trading assets Loans and advances to trading and other trading assets	
(in € million)	2014	2013
1 January	**16**	**–**
Effect on the income statement [1]	16	–
Addition from purchase or issuance	181	–
Repayment/exercise	16	–
Addition from Level 1 and 2	–	16
31 December	**197**	**16**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1]	17	– 1

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

(in € million)	Financial assets at fair value Fixed-income and book entry securities 2014	2013	Shares in companies (not consolidated) 2014	2013	Other financial assets classified as AfS 2014	2013
1 January	**57**	**60**	**227**	**217**	**123**	**146**
Effect on the income statement [1)]	– 4	–	– 2	– 18	6	– 5
Effect on the equity capital	13	– 1	8	3	–	– 1
Addition from purchase or issuance	–	–	1	16	–	–
Disposal from sale	67	–	5	–	–	–
Repayment/exercise	–	–	– 2	1	–	17
Addition from Level 1 and 2	6	–	–	11	–	–
Disposal to Level 1 and 2	–	2	–	1	–	–
31 December	**5**	**57**	**231**	**227**	**129**	**123**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1)]	–	–	– 1	– 18	6	– 5

[1)] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement in positions (21) Net interest income and (26) Profit/loss from Financial Assets.

(in € million)	Trading liabilities Trading liabilities Interest-rate risk 2014	2013	Trading liabilities Currency risks 2014	2013	Trading liabilities Credit derivatives 2014	2013
1 January	**–**	**–**	**1**	**–**	**3**	**4**
Effect on the income statement [1)]	–	–	–	–	–	– 3
Addition from purchase or issuance	16	–	–	–	–	–
Addition from Level 1 and 2	–	–	–	1	–	2
Disposal to Level 1 and 2	–	–	–	–	3	–
31 December	**16**	**–**	**1**	**1**	**–**	**3**

[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	**9**	**–**
Addition from purchase or issuance	–	4
Addition from Level 1 and 2	–	5
31 December	**9**	**9**

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

Product	Fair value 31 Dec. 2014 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bonds (assets)	5	Fair Value	–	–
Interest-bearing bond (liabilities)	9	historical volatilities	15–35 %	22 %
Silent participations	114	Credit Spread	+ / – 100 Basispoints	+ / – 100 Basispoints
Participations	217	Spread	+ / – 100 Basispoints	+ / – 100 Basispoints
	29	Adjusted Beta	+ / – 60 Basispoints	+ / – 600 Basispoints
Loans	86	Rating	Ratingklassen (25er DSGV-Skala) 1 A	gemitteltes Rating 1(A)
	111	Rating	Ratingklassen (25er DSGV-Skala) 8–12	gemitteltes Rating 9,30
Forward transactions (liabilities)	16	Rating	Ratingklassen (25er DSGV-Skala) 8–10	gemitteltes Rating 8,53
Derivatives (liabilities)	1	historical volatilities	5 %	5 %

Interest-bearing securities that were previously valued in part via an intensity spread can currently be subjected to a Level 2 valuation. Additionally, there are further interest-bearing securities that qualify as Level 3 due to a lack of market data and corresponding recourse to counterparty prices. The sensitivity is approximated via a price amendment of 10 per cent and totals € 0.5 million.

Significant unobservable data in the fair value measurement of silent participations is the credit spread. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the credit spread was stressed in the measurement by increasing or reducing it by 100 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of all silent participations in Level 3 of € 3.8 million (€ 6 million).

Significant unobservable data in the fair value measurement of silent participations is the spread or adjusted beta. 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. The adjusted beta was also stressed in the measurement by increasing or reducing it by 60 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of investments in Level 3 of € 5 million (€ 1 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).

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

Significant non-observable input data in the fair value measurement of these derivatives are the rating and historic volatilities. Details concerning the sensitivity of historic volatilities are permissibly not given, as the historic volatilities are not calculated by the company itself, but are based on original market transactions. Significant changes in the ratings result in a significantly higher or lower fair value. As part of the sensitivity analysis, the rating was stressed by being moved up and down a level. Accordingly an imputed change would result in a change in the fair value of the derivatives in Level 3 of € 0.6 million (€ 0 million).

The sensitivity of the loans and derivatives of in each case approx. € 1 or 0.6 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 between individual underlying and hedging transactions. These concern loans intended for syndication and associated derivatives, which reflect the fixed forward sale. Changes in the value of loans are partly compensated for by changes in the value of derivatives. This compensation results in a net (income-statement-relevant) sensitivity of only € 0,4 million (€ 0 million).

The interest-bearing securities, investments and silent participations are mainly reported under financial assets, while derivatives and loans are reported under financial assets and liabilities at fair value through profit or loss.

For the fair value measurement of Level 3 financial instruments, there are no relevant correlations between significant Level 3 input parameters and as a result there is no impact on the fair value.

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. 2014	Level 1 31 Dec. 2013	Level 2 31 Dec. 2014	Level 2 31 Dec. 2013	Level 3 31 Dec. 2014	Level 3 31 Dec. 2013	Total 31 Dec. 2014	Total 31 Dec. 2013
Assets								
Cash reserve	1 064	1 311	–	–	–	–	1 064	1 311
Loans and advances to banks	817	755	281	789	23 357	26 672	24 455	28 216
Mortage loans	–	–	–	47	23	26	23	73
Public-sector loans	–	–	–	297	5 464	8 185	5 464	8 482
Mortage-backed loans	–	–	–	–	46	43	46	43
Other loans	–	–	281	328	9 511	10 643	9 792	10 971
Current account and forward contracts	725	699	–	–	6 239	5 045	6 964	5 744
Other advances to banks	92	56	–	117	2 074	2 730	2 166	2 903
Loans and advances to customers	1 857	1 600	935	1 656	107 740	103 141	110 532	106 397
Mortage loans	–	–	–	25	14 552	14 020	14 552	14 045
Public-sector loans	168	–	798	1 456	31 646	33 702	32 612	35 158
Mortage-backed loans	–	–	–	2	5 360	5 015	5 360	5 017
Other loans	1	16	137	173	51 590	45 903	51 728	46 092
Current account and forward contracts	121	118	–	–	4 521	4 225	4 642	4 343
Other advances to customers	1 567	1 466	–	–	71	276	1 638	1 742
Financial assets not reported at fair value	12	10	2 950	2 781	6	73	2 968	2 864
Debt securities and other fixed-interest securities	12	3	2 950	2 781	6	32	2 968	2 816
Shares in companies (not consolidated)	–	7	–	–	–	41	–	48
Investment property	–	–	96	130	–	1	96	131
Other assets reported at fair value	–	1	–	–	20	16	20	17
Total	**3 750**	**3 677**	**4 262**	**5 356**	**131 123**	**129 903**	**139 135**	**138 936**

(in € million)	Level 1 31 Dec. 2014	31 Dec. 2013	Level 2 31 Dec. 2014	31 Dec. 2013	Level 3 31 Dec. 2014	31 Dec. 2013	Total 31 Dec. 2014	31 Dec. 2013
Liabilities								
Liabilities to banks	277	325	5 262	4 393	54 712	55 118	60 251	59 836
Liabilties to customers	1 230	190	11 050	10 518	49 476	46 469	61 756	57 177
Securitised liabilities	1 630	4 451	38 335	44 644	1 726	2 021	41 691	51 116
Issued debt securities	30	2 927	37 891	44 184	1 726	1 872	39 647	48 983
Money market instruments	1 600	1 524	444	460	–	149	2 044	2 133
Other liabilities not reported at fair value	–	–	–	–	16	44	16	44
Subordinated capital	344	555	3 276	2 591	1 740	1 891	5 360	5 037
Subordinated liabilities	–	273	3 109	2 426	954	1 126	4 063	3 825
Participatory capital	–	–	88	86	100	123	188	209
Silent participations	344	282	79	79	678	634	1 101	995
Other subordinated capital	–	–	–	–	8	8	8	8
Total	**3 481**	**5 521**	**57 923**	**62 146**	**107 670**	**105 543**	**169 074**	**173 210**

(60) Carrying Amounts by Measurement Category

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets			
Financial assets held for trading	14 355	12 520	15
Financial assets designated at fair value	1 951	1 021	91
Available for sale assets	41 939	43 926	– 5
Loans and receivables	132 273	136 028	– 3
Total	**190 518**	**193 495**	**– 2**
Liabilities			
Financial liabilities held for trading	9 118	6 288	45
Financial liabilities designated at fair value	9 051	8 843	2
Other liabilities	162 558	169 028	– 4
Total	**180 727**	**184 159**	**– 2**

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.

(61) Net Gains or Losses by Measurement Category

	1 Jan.–31 Dec. 2014 (in € million)	1 Jan.–31 Dec. 2013 (in € million)	Change (in %)
Financial Instruments Held for Trading	730	–136	> 100
Financial Instruments designated at Fair Value through Profit or Loss	–643	219	> 100
Available for Sale Assets	–4	23	> 100
Loans and Receivables	–741	–790	–6
Other Liabilities	–68	–38	79
Total	**–726**	**–722**	**1**

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 classified as AfS 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 income 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 profit/loss from hedge accounting is not included in the gains/losses since hedge accounting is not allocated to any of the categories.

(62) Impairments/Reversals of Impairment by Measurement Category

	1 Jan.–31 Dec. 2014 (in € million)	1 Jan.–31 Dec. 2013 (in € million)	Change (in %)
Available for Sale Assets			
Profit/loss from impairment of financial assets classified as AfS	–84	–18	> 100
Profit/loss from shares in not consilidated companies	–3	–25	–88
Loans and Receivables	**–87**	**–43**	**> 100**
Other liabilities			
Profit/loss from impairment of financial assets classified as AfS	–1	–9	–89
Profit/loss from impairment of advances	–776	–857	–9
	–777	**–866**	**–10**
Total	**–864**	**–909**	**–5**

(63) 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. 2014 (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	Master netting arrangements and other without financially balancing: Collaterals – Securities collateral	Master netting arrangements and other without financially balancing: Collaterals – Cash collateral	Net amount
Assets							
Offsetting of current accounts	4 806	3 453	1 353	–	–	–	1 353
Derivatives	15 887	3 843	12 044	7 907	–	1 692	2 445
Securities lending and repos	1613	–	1 613	713	888	–	12
Liabilities							
Offsetting of current accounts	4 942	3 453	1 489	–	–	–	1 489
Derivatives	16 624	3 731	12 893	7907	–	4 320	666
Securities lending and repos	12 969	–	12 969	887	11 738	1	343

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	Master netting arrangements and other without financially balancing: Collaterals – Securities collateral	Master netting arrangements and other without financially balancing: Collaterals – Cash collateral	Net amount
Assets							
Offsetting of current accounts	5 958	4 482	1 476	–	–	–	1 476
Derivate	10 086	–	10 086	6 309	311	1 855	1 611
Securities lending and repos	3 704	–	3704	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	–	2 735	354
Securities lending and repos	11 565	–	11 565	934	10 599	6	26

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 due on demand is reported under the offsetting of current accounts measured at amortised cost 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. The 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. Selected derivative financial instruments financial instruments are entered into with central counterparties (clearing houses). A corresponding offsetting of claims, liabilities and collateral provided or received measured at amortised cost pursuant to IAS 32.42 for these financial instruments at fair value.

Assets and liabilities from securities lending and repos are measured at amortised cost.

(64) 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. 2014	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	1 401	–	1 401	–	1 401
Financial assets at fair value through profit or loss	111	79	111	79	32
Financial assets not reported at fair value	122	–	–	–	–
Financial assets reported at fair value	15 815	16 591	9 528	10 008	– 480
Total	**17 449**	**16 670**	**11 040**	**10 087**	**953**

31 Dec. 2013 (in € million)	Full recognition of financial assets despite transfer		The transferee's right of recourse relates only to the respective transferred assets		
	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**

Transferred financial assets within the positions Financial assets at fair value through profit or loss and Financial assets at fair value are primarily true repos and securities lending transactions. These continue to be reported on the Group balance sheet as the interest-rate, creditworthiness and other material risks and opportunities from growth in value and interest income remain within the Bank. The collateral furnished is subject to a full transfer of rights, i. e. the assignee may act as an owner and in particular effect disposals in the form of assignments and pledges. In the case of securities collateral, securities of the same type and value must be to be returned or supplied. A return of the issued collateral in the form of liquid funds is not permissible without the assignor's consent in the case of securities collateral.

(65) 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. Counter to their representation on the balance sheet, the market values are specified prior to offsetting in the balance sheet pursuant to IAS 32.42.

The portfolio of derivative financial instruments comprises the following:

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Interest-rate risk						
Interest rate swaps	236 597	230 059	14 295	8 874	12 107	7 484
FRAs	2 000	1 729	–	–	–	–
Interest options						
Call	3 600	3 097	798	338	4	4
Put	7 668	7 934	20	4	2 011	1 101
Caps, floors	6 664	7 203	89	98	55	64
Stock exchange contracts	1 752	905	–	1	2	2
Other forward interest rate transactions	1 316	1 986	70	87	243	125
	259 597	**252 913**	**15 272**	**9 402**	**14 422**	**8 780**
Currency risk						
Forward exchange contracts	25 580	23 545	465	219	480	240
Currency swaps and interest rate/currency swaps	29 056	33 311	283	668	1 718	429
Currency options						
Call	170	141	4	3	1	1
Put	190	142	1	1	4	3
	54 996	**57 139**	**753**	**891**	**2 203**	**673**
Share price and other price risks						
Share price and other price risks	270	290	180	167	1	1
Stock options						
Call	28	87	1	2	–	–
Put	–	7	–	–	–	1
Stock exchange contracts	34	51	–	–	1	1
	332	**435**	**181**	**169**	**2**	**3**
Credit risk						
Assignor	218	239	1	3	1	1
Assignee	3 346	4 577	17	10	25	65
	3 564	**4 816**	**18**	**13**	**26**	**66**
Total	**318 489**	**315 303**	**16 224**	**10 475**	**16 653**	**9 522**

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

Nominalwerte	Interest-rate risk		Currency risk		Share price and other price risk		Credit risk	
(in € million)	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Up to 3 months	18 852	25 491	21 899	20 934	41	85	445	61
More than 3 months up to 1 year	29 580	28 714	8 632	9 452	201	109	705	903
More than 1 year up to 5 years	97 987	91 805	14 250	16 253	82	234	2 083	3 429
More than 5 years	113 178	106 903	10 215	10 500	8	7	331	423
Total	**259 597**	**252 913**	**54 996**	**57 139**	**332**	**435**	**3 564**	**4 816**

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 gross fair values of derivative transactions by counterparty.

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Banks in the OECD	178 057	271 271	8 826	8 231	11 490	8 744
Banks outside the OECD	666	585	12	5	3	7
Public institutions in the OECD	6 075	7 380	512	283	187	122
Other counterparties (including stock exchange contracts)	133 691	36 067	6 874	1 956	4 973	649
Total	**318 489**	**315 303**	**16 224**	**10 475**	**16 653**	**9 522**

(66) Concessions due to Financial Difficulties

Financial assets may be restructured or their contractual conditions modified for a range of reasons, including change of market conditions, customer loyalty and other factors not connected to customers' current or anticipated financial difficulties.

The NORD/LB Group shall restructure or modify the contractual conditions of financial assets in order to enable debtors to continue to perform capital service in full or in part, despite current or anticipated financial difficulties. These concessions are entered into if it can be assumed that the debtor can meet the modified terms as contractually agreed.

In the case of concessions, the NORD/LB Group agrees more favourable contractual terms for the debtor that it would not have granted to comparable customers.

The amendment of contractual terms includes term extensions, changes to the payment dates for interest and redemption and amendments to the covenant.

31 Dec. 2014	Gross carrying amount of exposures with forbearance measures		Accumulated impairment	
(in € million)	Performing Exposure with borbearance measuries	Non-Performing Exposure with borbearance measuries	Performing Exposure with borbearance measuries	Non-Performing Exposure with borbearance measuries
Loans and advances	2 234	7 138	9	1 716
Debt instruments at amortised cost	2 234	7 138	9	1 716
Debt instruments other than held for trading	2 234	7 138	9	1 716
Loan commitments given	36	29	–	–

(67) Disclosures concerning to Selected Countries

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

	Financial Instruments Held for Trading		Financial Instruments designated at Fair Value through Profit or Loss		Available for Sale Assets	
(in € million)	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Ireland						
Country	– 1	– 5	–	95	22	27
Financing institutes/insurance companies	4	– 14	–	5	169	238
Companies/other	42	11	–	–	–	2
	45	**– 8**	**–**	**100**	**191**	**267**
Italy						
Country	26	–	269	221	1 455	1 274
Financing institutes/insurance companies	14	– 5	–	–	439	832
Companies/other	4	2	–	–	82	43
	44	**– 3**	**269**	**221**	**1 976**	**2 149**
Portugal						
Country	– 6	– 19	–	–	157	164
Financing institutes/insurance companies	– 3	9	–	–	–	126
Companies/other	–	–	–	–	21	21
	– 9	**– 10**	**–**	**–**	**178**	**311**
Slowenia						
Country	–	–	–	–	31	32
	–	**–**	**–**	**–**	**31**	**32**
Spain						
Country	40	–	–	–	215	329
Financing institutes/insurance companies	72	33	–	–	1 528	1 586
Companies/other	11	7	–	–	14	30
	123	**40**	**–**	**–**	**1 757**	**1 945**
Hungary						
Country	–	– 1	–	–	165	189
Companies/other	–	–	–	–	–	41
	–	**– 1**	**–**	**–**	**165**	**230**
Cyprus						
Country	14	13	–	–	–	–
	14	**13**	**–**	**–**	**–**	**–**
Total	**217**	**31**	**269**	**321**	**4 298**	**4 934**

For financial instruments categorised as available for sale with acquisition costs totalling € 3,914 million (€ 4,947 million), the cumulative valuation result of the selected countries reported in equity totals € 294 million (€ 82 million). In addition to this, depreciation of € 0 million (€ 1 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. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Egpyt								
Financing institutes / insurance companies	–	9	–	–	–	–	–	9
	–	**9**	**–**	**–**	**–**	**–**	**–**	**9**
Greece								
Companies / other	214	229	51	21	1	5	181	188
	214	**229**	**51**	**21**	**1**	**5**	**181**	**188**
Ireland								
Financing institutes / insurance companies	233	270	–	–	–	3	238	263
Companies / other	2 217	1 862	–	–	3	3	2 260	1 873
	2 450	**2 132**	**–**	**–**	**3**	**6**	**2 498**	**2 136**
Italy								
Financing institutes / insurance companies	84	111	–	–	–	–	68	86
Companies / other	47	46	–	–	–	–	49	46
	131	**157**	**–**	**–**	**–**	**–**	**117**	**132**
Portugal								
Financing institutes / insurance companies	8	12	–	–	1	1	8	12
Companies / other	30	35	–	–	–	–	30	35
	38	**47**	**–**	**–**	**1**	**1**	**38**	**47**
Russia								
Financing institutes / insurance companies	158	130	–	–	–	–	157	129
Companies / other	48	50	5	–	–	–	48	50
	206	**180**	**5**	**–**	**–**	**–**	**205**	**179**

(in € million)	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Slowenia								
Financing institutes / insurance companies	–	25	–	–	–	–	–	25
	–	**25**	**–**	**–**	**–**	**–**	**–**	**25**
Spain								
Country	52	52	–	–	–	1	54	53
Financing institutes / insurance companies	98	125	5	–	–	1	99	123
Companies / other	301	442	38	44	–	1	339	425
	451	**619**	**43**	**44**	**–**	**3**	**492**	**601**
Hungary								
Financing institutes / insurance companies	1	3	–	–	–	–	1	3
Companies / other	38	47	–	–	–	–	38	47
	39	**50**	**–**	**–**	**–**	**–**	**39**	**50**
Cyprus								
Companies / other	1 216	1 156	51	16	29	20	935	928
	1 216	**1 156**	**51**	**16**	**29**	**20**	**935**	**928**
Total	**4 745**	**4 604**	**150**	**81**	**34**	**35**	**4 505**	**4 295**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 709 million (€ 1,446 million). Of this, states account for € 423 million (€ 495 million), financing institutions/insurance companies for € 260 million (€ 950 million) and companies / others for € 26 million (€ 1 million). The Group acts as both a provider and recipient of collateral. The netted fair value of the credit derivatives is € –11 million (€ –41 million).

(68) 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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets			
Loans and advances to banks	850	1 016	– 16
Loans and advances to customers	7 700	7 333	5
Financial assets	10 337	12 868	– 20
Total	**18 887**	**21 217**	**– 11**
Liabilities			
Liabilities to banks	891	1 023	– 13
Liabilties to customers	8 363	8 802	– 5
Securitised liabilities	9 660	10 863	– 11
Subordinated capital	312	849	– 63
Total	**19 226**	**21 537**	**– 11**

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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets			
Loans and advances to customers	14 734	5 336	> 100
Financial assets	816	1 008	– 19
Total	**15 550**	**6 344**	**> 100**
Liabilities			
Securitised liabilities	21 175	14 342	48
Total	**21 175**	**14 342**	**48**

(69) Residual Terms of Financial Liabilities

31 Dec. 2014 (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	21 822	8 758	7 784	10 583	11 055	60 002
Liabilties to customers	23 057	3 940	7 147	10 601	17 577	62 322
Securitised liabilities	2 072	2 035	12 472	23 187	6 103	45 869
Financial liabilities at fair value through profit or loss (no derivatives)	184	211	1 522	1 796	9 046	12 759
Negative fair values from derivatives held for trading	355	388	1 347	4 481	5 305	11 876
Negative fair values from hedge accounting derivatives	87	126	472	1 954	2 084	4 723
Liabilities held for sale (financial assets only)	–	–	6	–	–	6
Other liabilities (financial instruments only)	1	1	–	–	–	2
Subordinated capital	3	18	1 315	1 276	3 139	5 751
Financial guarantees	4 417	33	100	646	1 103	6 299
Irrevocable credit commitments	6 069	61	147	2 581	480	9 338
Total	**58 067**	**15 571**	**32 312**	**57 105**	**55 892**	**218 947**

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	12 596	19 718	60 834
Securitised 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	**54 135**	**12 365**	**29 222**	**72 016**	**57 638**	**225 376**

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

(70) NORD/LB Group as Assignor and Assignee

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances to banks	15 894	16 073	– 1
Loans and advances to customers	37 040	40 330	– 8
Financial assets at fair value through profit or loss	830	798	4
Financial assets	21 215	26 270	– 19
Total	**74 979**	**83 471**	**– 10**

Collateral has been provided for borrowing undertaken within the scope of genuine repos. Additionally, collateral such as the cover assets in the cover pool of the Pfandbrief banks of the NORD/LB Group and the loans underlying securitisation transactions was provided for refinancing funds for specific purposes. Also, collateral for securities lending transactions as well as for transactions with clearing brokers and at stock exchanges was furnished.

Financial assets deposited as collateral for which the assignee has the contractual or customary right to sell or re-pledge the collateral amount to € 6,118 million (€ 5,101 million). This is primarily cash collateral and / or securities collateral.

Assets were assigned as collateral to the amounts shown for the following liabilities:

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Liabilities to banks	19 869	21 235	– 6
Liabilties to customers	9 209	8 956	3
Securitised liabilities	19 237	20 956	– 8
Financial liabilities at fair value through profit or loss	15 041	8 462	78
Total	**63 356**	**59 609**	**6**

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 € 1,685 million (€ 2,702 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 € 948 million (€ 206 million).

Repo and securities lending transactions are monitored daily from the perspective of the collateralisation via a valuation of the transactions. If a negative balance arises, the assignee may demand that the assignor furnishes additional collateral to increase the coverage if a specific threshold defined in the contract is exceeded. If the assignor has furnished collateral and if the market situation changes such that over-collateralisation arises, it is entitled to request that the assignee provides a release of collateral if a specific threshold defined in the contract is exceeded. The collateral furnished is subject to a full transfer of rights, i.e. the assignee may act as an owner and in particular effect disposals in the form of assignments and pledges. In the case of securities collateral, securities of the same type and value must be to be returned or supplied. A return of the issued collateral in the form of liquid funds is not permissible without the assignor's consent in the case of securities collateral.

Other Notes

(71) Equity Management

Equity is managed for the NORD/LB 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. In the reporting period key capital figures for equity management were the "long-term equity under commercial law" derived from the reported equity as a factor for measuring the return on equity, the regulatory Common Equity Tier 1 pursuant to EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) valid since the start of 2014 including the transitional arrangements until the end of 2017 provided therein, the arithmetic Common Equity Tier 1 pursuant to CRR without taking account of the transitional arrangements, the regulatory Common Equity Tier 1 pursuant to CRR and the attributable regulatory Common Equity Tier 1 under CRR.

Statutory minimum capital ratios apply to the regulatory capital figures under which numerator represents the respective capital figure and the denominator consists of the respective total risk exposure from Art.92 para. 3 CRR. Under CRR these minimum capital ratios were 4.0 per cent for the regulatory Common Equity Tier 1, 5.5 per cent for the regulatory core capital and 8.0 per cent for the regulatory capital in 2014. For 2015 to 2019 the CRR provides for an incremental rise in the minimum ratios of each of the regulatory Common Equity Tier 1, regulatory core capital and regulatory capital by up to 3.0 percentage points.

Additionally, until December 2014 there was an individual capital-side stipulation of the European Banking Authority (EBA) that anticipates compliance with a Common Equity Tier 1 ratio of at least 7.0 per cent at NORD/LB Group level as per CRR with no recourse to the transitional arrangements. The European Central Bank (ECB), which has been responsible for the supervision of the NORD/LB Group since November 2014 (ECB), announced the approval of its own capital-side stipulation in January 2015.

Alongside these regulatory stipulations, internal target equity ratios have been specified internally at Group level for some of the above capital figures that are in part higher. For example, at Group level the target value for the Common Equity Tier 1 ratio including transitional provisions was 9.5 per cent to the end of 2014. From the start of 2015, this target will rise to a corridor value of 10.0 to 10.5 per cent.

In the year under review 2014, the core task of capital management lay both in further optimising the capital structure and also in the ongoing control of capital in order to achieve the internal target equity ratios and to permanently comply with the regulatory minimum capital ratios expected by the EBA.

In future the equity management requirements will increase further, driven both by the provisions of CRR as well as special regulatory requirements (e.g. stress tests). The most important capital figure, in terms of both regulatory laws and control within the Group, will be the Common Equity Tier 1 as defined by the CRR. 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 owners of the bank, procurement or optimisation measures will be taken for individual capital figures.

In 2013 and 2014 NORD/LB complied with the regulatory minimum Common Equity Tier 1 ratios at Group and individual bank level at all times. The regulatory Common Equity Tier 1 ratio (taking the transitional arrangements into account), the regulatory core capital ratio and the regulatory capital ratio at the end of each year are reported in Note (72) Regulatory data. In the reporting year, the regulatory Common Equity Tier 1 ratio without taking the transitional arrangements into account was above the minimum ratio of 7.0 per cent expected by the banking supervisory authorities until the end of 2014.

(72) 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)	31 Dec. 2014	31 Dec. 2013
Total risk expusure amount	**69 231**	**68 500**
Capital requirements for credit risk	4 837	4 933
Capital requirements for operational risks	382	392
Capital requirements for market risks	220	155
Capital requirements for loan amount adjustments	99	–
Capital requirements	**5 538**	**5 480**

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

(in € million)	31 Dec. 2014	31 Dec. 2013
Paid-up capital including premium	4 960	4 980
Reserves	2 187	2 063
Eligible components of CET 1 capital at subsidiaries	786	–
Other components of CET 1 capital	85	1 517
– Deductible items (from CET 1 capital)	– 2 199	–
Adjustments due to transition rules	1 710	–
Balancing item to prevent negative AT 1 capital	– 148	– 448
Common Equity Tier 1 capital	**7 381**	**8 112**
Paid-up instruments of AT 1 capital	–	813
Grandfathered AT1 instruments	709	–
– Deductible items (from AT 1 capital)	–	– 1 261
Adjustments due to transition rules	– 857	–
Balancing item to prevent negative AT 1 capital	148	448
Tier 1 capital	**7 381**	**8 112**
Paid-up instruments of Tier 2 capital	2 788	2 846
Eligible components of Tier 2 capital at subsidiaries	387	–
Other components of Tier 2 capital	–	3
– Deductible items (from Tier 2 capital)	– 1	– 1 150
Adjustments due to transition rules	– 1 432	–
Tier 2 capital	**1 742**	**1 699**
Own funds	**9 123**	**9 811**

(in %)	31 Dec. 2014	31 Dec. 2013
Common equity tier 1 capital ratio	10.66 %	11.84 %
Tier 1 capital ratio	10.66 %	11.84 %
Total capital ratio	13.18 %	14.32 %

(73) Foreign Currency Volume

As at 31 December 2014 and 31 December 2013 the NORD/LB Group had the following assets and liabilities in foreign currency:

(in € million)	USD	GBP	JPY	Other	Total 31 Dec. 2014	Total 31 Dec. 2013
Assets						
Loans and advances to banks	1 552	232	24	217	2 025	1 692
Loans and advances to customers	24 046	3 738	140	1 827	29 751	27 540
Risk provisioning	– 984	– 1	– 4	– 11	– 1 000	– 427
Financial assets at fair value through profit or loss	12 543	2 125	713	3 134	18 515	18 145
Financial assets	3 259	639	340	1 010	5 248	5 146
Other	229	41	40	102	412	360
Total	**40 645**	**6 774**	**1 253**	**6 279**	**54 951**	**52 456**
Liabilities						
Liabilities to banks	6 994	1 665	4	112	8 775	7 534
Liabilties to customers	2 386	196	5	231	2 818	2 981
Securitised liabilities	3 990	8	795	1 022	5 815	5 872
Financial liabilities at fair value through profit or loss	25 777	3 719	642	4 120	34 258	31 202
Other	1 678	144	47	148	2 017	910
Total	**40 825**	**5 732**	**1 493**	**5 633**	**53 683**	**48 499**

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

(74) 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. 2014 (in € million)	31 Dec. 2013 (in € million)[1]	Change (in %)
Assets			
Loans and advances to banks	12 174	16 949	– 28
Loans and advances to customers	85 184	84 130	1
Balancing items for financial instruments hedged in the fair value hedge portfolio	54	– 171	> 100
Assets held for trading	15 574	5 983	> 100
Loans and advances to banks reported at fair value	–	6	– 100
Loans and advances to customers reported at fair value	202	235	– 14
Financial assets reported at fair value	586	723	– 19
Positive fair values from hedge accounting derivatives	4 492	3 273	37
Financial assets classified as LaR	2 977	3 052	– 2
Financial assets classified as AfS	28 278	37 277	– 24
Other assets	34	45	– 24
Total	**149 555**	**151 502**	**– 1**

Liabilities			
Liabilities to banks	20 334	19 882	2
Liabilities to customers	25 634	28 105	– 9
Securitised liabilities	27 446	36 277	– 24
Balancing items for financial instruments hedged in the fair value hedge portfolio	868	228	> 100
Liabilities held for trading	9 809	5 353	83
Liabilities to banks reported at fair value	430	582	– 26
Liabilities to customers reported at fair value	5 561	4 988	11
Securitised liabilities reported at fair value	1 804	2 430	– 26
Subordinated capital reported at fair value	–	25	– 100
Negative fair values from hedge accounting derivatives	4 941	3 014	64
Provisions	77	1 812	– 96
Other liabilities	–	34	– 100
Subordinated capital	3 180	3 774	– 16
Total	**100 084**	**106 504**	**– 6**

[1] Information from the previous year was adjusted for individual items; see Note (2) Adjustment of figures for the previous year.

(75) Lease Agreements

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

A service contract exists which includes 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). Further, there is a lease for a building in the scope of the operating lease agreement with a term of 15 years. The lease may be extended up to two times by a further two or five years. Rent adjustments are possible from the fourth year and are based on the consumer price index for Germany produced by the German Federal Statistical Office.

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

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Future minimum leasing lease payments up to 1 year	7	5	40
Future minimum leasing lease payments more than 1 year up to 5 years	23	20	15
Future minimum leasing lease payments more than 5 years	22	1	> 100
Total future minimum leasing lease payments	**52**	**26**	**100**

In the year under review minimum lease payments from operating lease agreements totalled € 5 million (€ 3 million). Earnings of € 6 million (€ 0 million) are expected from non-terminable sub-leases.

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

No operating lease agreements have been concluded in 2014 with the NORD/LB Group as the lessee.

The NORD/LB Group is the lessor in finance lease agreements.

NORD/LB has bought water pipelines that are let under a finance lease agreement. The debtor is subject to an obligation to pay an annual rent. The variable interest rate is adjusted on the basis of the current LIBOR rate. The debtor may repurchase the leased property during or at the end of the leasing period. The lease term is 30 years and ends in 2035.

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Present value of outstanding minimum lease payments up to 1 year	7	7	–
Present value of outstanding minimum lease payments 1 year to 5 years	16	15	7
Present value of outstanding minimum lease payments over 5 years	21	20	5
Total present value of outstanding minimum lease payments	**44**	**42**	**5**
plus interest	22	22	–
Total minimum lease payments	**66**	**64**	**3**
Total gross investment	**66**	**64**	**3**
of which: up to 1 year	7	7	–
of which: 1 year to 5 years	17	16	6
of which: over 5 years	41	41	–
less financial income not yet realised	1	1	–
Net investment	**65**	**63**	**3**

The minimum lease payments guarantee residual values of € 3 million (€ 3 million).

(76) Contingent Liabilities and Other Obligations

	31 Dec. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	5 315	6 779	– 22
	5 315	**6 779**	**– 22**
Other obligations			
Irrevocable credit commitments	9 337	10 566	– 12
Total	**14 652**	**17 345**	**– 16**

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.

(77) Other Financial Obligations

The Group vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony, SVN) 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 (SVN) 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.
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.

An obligation towards two companies (two companies) involves the granting of a shareholder loan to the amount of € 3 million (€ 7 million).

The Group is also obliged to make additional contributions up to an amount of € 120 million (€ 135 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.

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 € 22 million at year-end (€ 64 million).

In the course of normal business activities NORD/LB has provided collateral in the nominal amount of € 1,505 million (€ 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 ("Northvest") to an external third party. The finance guarantee will result in a financial burden with charges in the amount of € 40 million in 2015. In the next few years the fees will fall steadily until the guarantee ends.

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. On 1 January 2015 the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 with regard to ex ante contributions to resolution financing arrangements entered into force. The regulation supplements the Bank Recovery and Resolution Directive (BRRD; Directive 2014/59/EU) and will result in a permanently higher bank levy.

(78) Subordinated Assets

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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances to banks and customers	63	14	> 100
Financial assets at fair value through profit or loss	32	79	– 59
Financial assets	634	580	9
Total	**729**	**673**	**8**

(79) 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. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Assets held in trust			
Loans and advances to customers	57	65	– 12
Financial instruments at fair value through profit or loss	–	10	– 100
Other assets held in trust	46	55	– 16
Total	**103**	**130**	**– 21**
Liabilities held in trust			
Liabilities to banks	40	44	– 9
Liabilities to customers	17	31	– 45
Other liabilities held in trust	46	55	– 16
Total	**103**	**130**	**– 21**

Related Parties

(80) 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. 2014	Male 1 Jan.– 31 Dec. 2013	Female 1 Jan.– 31 Dec. 2014	Female 1 Jan.– 31 Dec. 2013	Total 1 Jan.– 31 Dec. 2014	Total 1 Jan.– 31 Dec. 2013
NORD/LB	2 069	2 101	2 152	2 190	4 221	4 291
Bremer Landesbank	579	569	574	575	1 153	1 144
NORD/LB Luxembourg	138	137	64	64	202	201
Deutsche Hypothenbank	223	237	165	173	388	410
ÖVBS	102	145	160	201	262	346
Other	**3 111**	**3 189**	**3 115**	**3 203**	**6 226**	**6 392**

(81) Disclosure of Interests in Other Entities

Consolidated subsidiaries

Of 50 (57) subsidiaries included in the consolidated financial statements, 25 (25) are structured companies. Interests in 14 (11) consolidated companies are also held by third parties (non-controlling interests). Non-controlling interests in 1 (1) subsidiary were of significant importance for the NORD/LB Group as at 31 December 2014 or 31 December 2013 due to their share in the consolidated equity or consolidated profit and can be seen in the following table.

Registered office and name	Shareholding in non-controlling interest (in %)		Voting rights in non-controlling interest (in %)	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –; Bremen	45,17	45,17	45,17	45,17

For Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen (Bremer Landesbank), the following financial information is provided on the basis of the contributions of the IFRS sub-group accounts applying uniform accounting and valuation methods, but prior to internal eliminations.

(in € million)	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – 31 Dec. 2014	31 Dec. 2013
Interest income	1 425	1 654
Interest expenses	988	1 224
Commission income	50	49
Commission expenses	7	8
Trading profit / loss	– 14	49
Other income / expenses	– 435	– 471
Earnings after taxes	**31**	**49**
of which: Income attributable to non-controlling interests	14	22
Comprehensive income	**– 57**	**73**
Loans and advances to banks	3 637	4 180
Loans and advances to customers	22 933	22 726
Other assets	5 570	6 109
Liabilities to banks	11 186	10 972
Liabilities to customers	9 027	10 009
Other liabilities	10 235	10 286
Net assets	**1 692**	**1 748**
of which: Net assets attributable to non-controlling interests	764	790
Cash flow from operating activities	– 475	– 894
Cash flow from investment activities	641	872
Cash flow from financing activities	– 20	11
Change in cash and cash equivalents	**146**	**– 11**

No dividend was paid to non-controlling interests in either 2013 or 2014. Statutory, contractual or regulatory restrictions as well as protective rights of non-controlling interests may limit the ability of the NORD/LB Group to gain access to the Group's assets or transfer these between companies unimpeded and settle the Group's obligations. At the NORD/LB Group there are restrictions in terms of the collateral provided. There are also restrictions in terms of the plan assets pursuant to IAS 19 and the minimum liquidity reserve. In terms of the restrictions relating to collateral provided, please refer to Note (70) NORD/LB Group as protection seller and protection buyer. The disclosures also relate to the cover assets of the Pfandbrief banks of the NORD/LB Group contained in the cover pool as well as loans pooled due to securitisation transactions.

Limitations as part of plan assets can be found in Note (53) Provisions.

On the reporting date substantial stakes attributable to non-controlling interests existed at the subsidiary Bremer Landesbank. Restrictions due to protective rights of these shareholders existed to the extent that, alongside the articles of association, a state treaty governs the extent to which changes to the ownership and interests held are subject to additional rules. Desired changes require qualified majorities or the approval of all other owners.

As set out at Note (4) Consolidation principles, structured companies are consolidated if the relationship between the Group and the structured companies shows that the latter are controlled by the Group.

As at the reporting date, 1 (1) structured company, Conduit Hannover Funding Company LLC (Hannover Funding), was consolidated. The Group is contractually obliged to provide financial assistance to the company as need be. The company Hannover Funding buys claims from corporate customers and finances these transactions by issuing commercial papers. NORD/LB grants the company a liquidity facility to the extent that, in the event of finance and liquidity bottlenecks, Hannover Funding may have recourse to NORD/LB. This arrangement is governed by the Liquidity Asset Purchase Agreement (LAPA). Contractual arrangements mean that NORD/LB has no access to the assets and liabilities of Hannover Funding.

Associated companies and joint ventures

Of the 12 (10) associated companies and 2 (1) joint ventures included in the consolidated financial statements, 1 (1) associated company is of material importance to the Group due to the proportional income and the proportional comprehensive income of the associated company.

As at the reporting date, the NORD/LB Group holds the following interests in this company:

Registered office and name	Nature of the relationship	Shareholding (in %)		Voting rights (in %)	
		31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
LBS Norddeutsche Landesbausparkasse Berlin-Hannover; Hanover	LBS Norddeutsche Landesbausparkasse Berlin-Hannover; Hanover	44.00	44.00	44.00	44.00

The following table presents the financial information from the IFRS statement of this company following continual amendments via the use of the equity method pursuant to IAS 28.32-35.

	LBS	
(in € million)	31 Dec. 2014	31 Dec. 2013
Interest income	271	290
Interest expenses	131	153
Commission income	44	43
Commission expenses	63	59
Trading profit / loss	– 1	–
Other income / expenses	– 86	– 92
Profit / loss from continuing operations	**34**	**29**
Other comprehensive income	102	– 63
Comprehensive income	**136**	**– 34**
Short-term assets	1 043	1 017
Long-term assets	7 407	6 798
Short-term liabilities	1 039	929
Long-term liabilities	6 761	6 371
Net assets	**650**	**515**
of which: NORD/LB Group’s share	286	226
Accumulated unscheduled write-downs to the investment book value	180	114
Carrying amount of NORD/LB Group’s share	**106**	**112**

No dividends were taken from LBS in 2013 nor in 2014. Summarised financial information on the non-material associated companies when considered individually can be found in the following table:

(in € million)	31 Dec. 2014	31 Dec. 2013
Carrying amount of the shares of non-significant associated companies	210	168
NORD/LB Group’s share in		
Profit/loss from continuing operations	20	23
Other income	– 1	1
Comprehensive income	**19**	**24**

Summarised financial information on the non-material joint ventures when considered individually can be found in the following table:

(in € million)	31 Dec. 2014	31 Dec. 2013
Carrying amount of the shares of non-significant joint ventures	2	27
NORD/LB Group's share in		
Profit/loss from continuing operations	1	2
Comprehensive income	**1**	**2**

There were contingent liabilities to associated companies of € 4 million (€ 2 million) on the reporting date.

Non-consolidated structured companies
The NORD/LB Group is involved in structured companies that are not included as subsidiaries in the consolidated financial statements.
Structured companies are companies that are designed in such a way that voting or comparable rights are not the dominant factor in the assessment of who controls these companies. This would be the case e. g. if voting rates only apply to administrative tasks and relevant activities are managed by contractual agreements.
At the NORD/LB Group, structured companies exist in the form of securitisation companies, investment companies, Leasing companies and other loan-financed real estate and project companies.
The subject matter of this Notes disclosure are structured companies that the Group does not consolidate because it does not control them via voting rights, contractual rights, finance agreements or other means.

Securitisation companies
Securitisation companies invest finance in diversified pools of assets. These include fixed-interest securities, company loans and commercial and private real-estate loans. The securitisation vehicles finance these purchases through the issue of various tranches of debt and equity securities, the repayment of which is coupled to the performance of the assets of the vehicles. The Group can assign assets synthetically or actually to securitisation companies and provide these with liquid funds in the form of finance.

Investment companies
The NORD/LB Group invests in funds that are sponsored by third parties. A Group company can also perform the function of a fund manager, a capital-management company or another function. The financing of the fund is usually collateralised via the assets underlying the fund. Group companies also provide start-up finance in the form of seed money.

Leasing companies
The NORD/LB Group acts as creditor to companies that are founded exclusively for the purpose of acquiring or developing different commercial properties, usually by renowned leasing companies. The finance is collateralised by the financed real estate. The leasing companies are typically managed under the corporate form of a GmbH & Co. KG. Under the contractual arrangements, these are usually managed by the respective lessee. The financing of leasing companies also takes place in the area of project finance and aircraft commitments.

Property and project finance

The company provides funding for structured companies that usually each hold one asset such as a real estate or an aircraft. These structured companies usually operate as partnerships. The equity of these companies is very low compared to the third-party funding provided.

Shares in structured companies

Shares held by the Group in non-consolidated structured companies consist of contractual or non-contractual commitments in these companies via which the Group is subject to variable remuneration from the performance of the structured companies. Examples of shares in non-consolidated structured companies comprise debt or equity instruments, liquidity facilities, guarantees and various derivative instruments via which the Group absorbs risks from structured entities.

Shares in non-consolidated structured companies do not contain any instruments via which the Group solely transfers risks to the structured company. If for instance the Group buys credit default insurance from the non-consolidated structured companies that has the aim of transferring credit risks to an investor, the Group transfers this risk to the structured company and no longer bears it itself. Such credit default insurance thus does not represent a share in a structured company.

Income from shares in structured companies

The Group generates income from fund-linked asset-management services that are based on the change in value of the fund assets and are to an extent also performance related. Further, dividend income including distributions and foreign-exchange profits are received from the funds. Interest income is generated from the financing of structured companies. All earnings from the trade in derivatives with structured companies and the change in value of the securities held are recorded in the income statement under the Trading profit / loss item.

Size of structured companies

The size of a structured company is determined by the type of business activity of the structured company. It may be specified differently from company to company. The NORD/LB Group considers the following key figures to be appropriate indicators of the size of the structured companies:

- Securitisation companies: the current overall volume of the tranches issued
- Investment funds: Fund assets
- (Leasing) property companies:
  Total assets of the (leasing) property company
- Other companies: Sum of assets

Maximum risk of loss

The maximum risk of loss is the maximum loss that the company may have to record from its involvement in non-consolidated structured companies in the income statement as well as the statement of comprehensive income. The consideration of collateral or hedging transactions is dependent on the likelihood of occurrence of a loss. The maximum possible risk of loss need therefore not correspond to the economic risk.

The maximum possible risk of loss is determined based on the type of involvement in a structured company. The maximum possible risk of loss from claims from loan transactions including debt securities exists in the carrying amount recorded on the balance sheet. The same apples to trading assets and ABS, MBS and CDO positions. The maximum possible loss of off-balance-sheet transactions, such as guarantees, liquidity facilities and loan commitments, is represented by the nominal value. The nominal value also represents the maximum possible risk of loss for derivatives.

The following table shows, by type of non-consolidated structured company, the carrying amounts of the Group's commitments that are recorded in the consolidated balance sheet as well as the maximum possible loss that could result from these interests. It also provides an indication of the size of the non-consolidated structured companies. The values do not depict the Group's economic risk from these investments, as they do not take into account any collateral or hedging transactions.

	Securitisation companies (lenders)	Investment companies	Leasing companies	Property and project finance	Other	Total
(in € million)	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014	31 Dec. 2014
Size of the non-consolidated structured company	63 581	50 528	1 885	74	5	116 073
Loans and advances to customers	1 297	–	724	21	–	2 042
Risk provisioning	–	–	–	–	–	–
Financial assets at fair value through profit or loss	211	60	–	–	–	271
Positive fair values from hedge accounting derivatives	–	–	–	–	–	–
Financial assets	586	94	–	–	5	685
Other assets	–	17	–	–	–	17
Assets reported in the balance sheet of the NORD/LB Group	**2 094**	**171**	**724**	**21**	**5**	**3 015**
Maximum risk of loss	2 094	1 597	724	21	5	4 441

The NORD/LB Group is deemed the sponsor of a structured company if the market participant is justified in linking it to the structured company. Sponsorship exists at the NORD/LB Group if

- the NORD/LB Group was involved in setting up the structured company and cooperated in its objectives and design,
- the designation of the structured company contains elements creating a connection with NORD/LB Group;
- management of the assets and liabilities of the structured company is done on the basis of a strategy developed by the Group;
- the NORD/LB Group issued or purchased the assets before they were incorporated into the structured company (i. e. NORD/LB is the originator of the structured company).

Earnings of € 4 million from sponsored non-consolidated structured companies in which the NORD/LB Group had no share as at the reporting date exist. These are connected to securitisation companies in the founding of which the NORD/LB Group was involved or is the originator. The earnings include earnings of € 2 million from transfers of assets; the carrying value of these assets were € 38 million at the point of transfer. A sum of € 2 million further relates to the derecognition of a specific risk provision relating to a company being wound up.

(82) 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 2013 and 2014, excluding those to be eliminated under consolidation, can be seen in the following statements:

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

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

1 Jan.–31 Dec. 2014 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	50	54	–	36	–	14
Interest income	149	1	–	26	–	43
Commission expenses	1	–	–	–	–	–
Commission income	–	–	–	1	–	–
Other income and expenses	164	–	–	26	– 6	– 23
Total contributions to income	**262**	**– 53**	**1**	**17**	**– 6**	**6**

31 Dec. 2013 (in € million)	Companies with significant influence	Subsidiaries	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
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
of which: public-sector loans	2 915	–	–	16	–	820
of which: mortage-backed loans	–	15	–	106	–	27
of which: 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	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Loans and advances to customers	**–**	**–**	**–**	**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**	**555**
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	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expenses	40	49	–	36	–	16
Interest income	160	3	1	38	–	42
Commission expenses	18	–	–	–	–	–
Commission income	–	–	–	–	–	–
Other income and expenses	– 136	–	–	– 13	– 5	13
Total contributions to income	**– 34**	**– 46**	**1**	**– 11**	**– 5**	**39**

As at the balance sheet date there are valuation allowances for loans and advances to associated 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.

The table below shows the maximum balances for NORD/LB transactions with related parties in the period under review and the previous year.

(in € million)	2014	2013
Assets		
Loans and advances to banks	868	1 037
Loans and advances to customers	4 432	4 302
Other unsettled assets	2 554	2 776
Total	**7 854**	**8 115**
Liabilities		
Liabilities to banks	520	575
Liabilties to customers	1 829	1 152
Other unsettled assets	788	723
Total	**3 137**	**2 450**
Guarantees and sureties received	541	4 194
Guarantees and sureties granted	32	5 271

The remuneration of persons in key positions is broken down as follows:

(in € million)	2014	31 Dec. 2013
Employment-related payments due in the short term	6	5
Post-employment payments	1	1
Other long-term benefits	2	–
Total remuneration	**9**	**6**

Total remuneration of and loans to governing bodies in accordance with commercial law are presented in Note (84) Remuneration of and Loans to Governing Bodies.

(83) Members of Governing Bodies and List of Mandates

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

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

Ulrike Brouzi

Thomas S. Bürkle
(since 1 January 2014)

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

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

Thomas Mang (First Deputy Chairman)
President of Sparkassenverband Niedersachsen

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

Frank Berg
Chairman of the Managing Board
OstseeSparkasse Rostock

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land

Edda Döpke
Bank employee, NORD/LB Hanover

Ralf Dörries
Senior Bank Director, NORD/LB Hanover

Dr. Elke Eller
Personnel Director, VW Commercial Vehicles,
Volkswagen AG (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
(to 30 June 2014)

Frank Klingebiel
Mayor of Salzgitter

Prof. Dr. Susanne Knorre
Management Consultant

Ulrich Mägde
Mayor of the Hanseatic City of Lüneburg

Antje Niewisch-Lennartz
Justice Minister of Lower Saxony

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Trade Union

Jörg Reinbrecht
ver.di Trade Union

Ilse Thonagel
Bank employee, Landesförderinstitut
Mecklenburg-Vorpommern

As at 31 December 2014 the following mandates were held at large corporations by appointed members of the Managing Board of the NORD/LB Group. Banks are treated as large corporations.

Name	Company
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel Continental AG, Hanover
Ulrike Brouzi	Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel NORD/LB Asset Management, Hanover Salzgitter AG Stahl und Technologie, Salzgitter
Thomas Bürkle	Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover LHI Leasing GmbH, Pullach
Eckhard Forst	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen LHI Leasing GmbH, Pullach
Dr. Hinrich Holm	NORD/LB Asset Management, Hanover Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Liquiditäts- und Konsortialbank GmbH (until 1 June 2014) Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg
Christoph Schulz	Norddeutsche Landesbank Luxembourg S. A., Luxembourg-Findel NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Toto-Lotto Niedersachsen GmbH, Hanover

(84) Remuneration of and Loans to Governing Bodies

(in € million)	1 Jan. – 31 Dec. 2014	1 Jan. – 31 Dec. 2013
Total emoluments paid to active members of governing bodies		
Managing Board	4	4
Total emoluments paid to former members of governing bodies and their dependants		
Managing Board	4	4
Advance payments, loans and contingencies		
Managing Board	1	1

Total remuneration of the active members of the Supervisory Board is € 478k (€ 431k).
In 2014 commitments of € 1 million (€ 0 million) were made for remuneration which are dependent on the occurrence or expiry of future conditions.

Pension obligations to previous executive board members and their surviving dependants exist in the amount of € 64 million (€ 52 million).

(85) Group Auditor's Fees

(in € 000)	1 Jan. – 31 Dec. 2014	1 Jan. – 31 Dec. 2013
Group Auditor's Fees for		
the statutory audit	5 418	5 187
other audit-related services	2 038	2 098
other services	2 460	1 761

(86) 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 disclosures on equity holdings represent an additional disclosure under § 315a 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	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	54.83
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover [2)]	–	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
NOB Beteiligungs GmbH & Co. KG, Hanover [3)]	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 AG, Hanover	100.00	–
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB COVERED FINANCE BANK S. A., Luxembourg-Findel / Luxembourg	100.00	–
NORD/LB Vermögensmanagement Luxembourg S. A., Luxembourg-Findel / Luxembourg [3)]	–	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	–

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	–	–
KG Schifffahrtsgesellschaft MS Klara mbH & Co., Jork	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
MS „Hedda Schulte“ Shipping GmbH & Co. KG, Hamburg	–	–
MT „BALTIC CHAMPION“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC COMMODORE“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SCORPIUS“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SOLAR“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC STAR“ Tankschifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
Niraven Gruppe	–	–
Niraven B.V., Badhoevedorp / Netherland	–	–
Olympiaweg 4 BV, Rotterdam / Netherland	–	–
Rochussen CV, Amstelveen / Netherland	–	–
Rochussenstraat 125 BV, Badehoevedorp / Netherland	–	–
Zender CV, Amstelveen / Netherland	–	–
Zenderstraat 27 BV, Amstelveen / Netherland	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach im Isartal	–	–
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 ALCO	–	100.00

Company name and registered office	Shares (%) direct	Shares (%) indirect
ad) Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint ventures		
caplantic GmbH, Hanover	–	50.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27.50	–
GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover	44.00	–
LINOVO Productions GmbH & Co. KG, Pöcking	–	45.17
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
Öffentliche Lebensversicherung Braunschweig, Braunschweig [12)]	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig[12)]	–	75.00
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [5)]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investment funds		–
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
ae) After IFRS 5 valuated companies		
Subsidiaries		
KG Schifffahrtsgesellschaft MS Klara mbH & Co., Jork	–	–
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG	–	–
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG	–	–
Joint ventures		
LHI Leasing GmbH, Pullach im Isartal [4)]	43.00	6.00

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	100.00	8 015	907
Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [2]	100.00	9 061	–
Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig [10]	66.67	1 052	444
Deutsche Hypo Delaware Blocker Inc., Wilmington (Delaware) / USA	100.00	8 018	– 2 798
LBT Holding Corporation Inc., Wilmington (Delaware) / USA [10]	100.00	7 875	– 146
LHI Leasing GmbH & Co. Immobilien KG, Pullach im Isartal [10]	90.00	1 023	17
Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [10]	100.00	15 272	4
NORD/LB RP Investments LLC, Wilmington (Delaware) / USA [10]	100.00	10 769	3 590
Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg / Weser [2) 10]	98.00	3 088	–
Terra Grundbesitzgesellschaft am Aegi mbH, Hanover [10]	100.00	1 121	679
Themis 1 Inc., Wilmington (Delaware) / USA [10]	100.00	3 225	441
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [10]	100.00	31 006	3 212
Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [2) 11]	100.00	1 278	–
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [9) 10]	72.70	– 2 623	564
c) Capital share of greater or equal 20 % in companies with an equity capital of greater or equal +/– € 1 million			
Joint ventures / associated companies / other			
Adler Funding LLC, Dover / USA [10]	21.88	5 630	– 958
Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [10]	50.00	4 100	403
Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [10]	20.89	15 794	306
Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [10]	20.44	14 782	2 157
Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [10]	20.46	11 090	306
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen	50.00	– 2 698	– 379
Grundstücksgemeinschaft Escherweg 8 GbR, Bremen	50.00	– 1 035	– 279
Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. – Objekt Zietenterrassen – KG, Göttingen [6) 10]	52.56	6 825	3 596
INI International Neuroscience Institute Hannover GmbH, Hanover [10]	22.70	– 15 172	– 3 655
LUNI Productions GmbH & Co. KG, Pöcking [9) 10]	24.29	– 115 633	– 48
Medical Park Hannover GmbH, Hanover [10]	50.00	2 735	250
Medicis Nexus GmbH & Co. KG, Icking [7) 11]	66.01	8 142	– 1 575
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [10]	26.00	11 876	835
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [10]	39.82	10 938	501
NBV Beteiligungs-GmbH, Hanover [10]	42.66	14 996	2 218
Öffentliche Versicherung Bremen, Bremen [10]	20.00	5 050	– 910
Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [10]	21.72	19 086	419

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 Grundstücksentwicklungsgesellschaft mbH, Braunschweig	50.00
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
Galimondo S.a.r.l., Luxemburg-Findel, Luxembourg [3]	100.00
General Partner N666DN GP, LLC, 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 G-MTN S.A., Luxemburg-Findel / Luxembourg	100.00
NORD/LB Informationstechnologie GmbH, Hanover [2]	100.00
NORD/LB Project Holding Ltd., London / Great Britain	100.00
N666DN LP LLC, Wilmington (Delaware) / USA	100.00
PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover	100.00
Ricklinger Kreisel Beteiligungs GmbH, Hanover	100.00
Skandifinanz AG, Zurich / Switzerland	100.00
Schiffsbetriebs-Gesellschaft Bremen mbH i. L., Bremen	100.00
SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main	100.00
TANGENS Grundstücksverwaltung GmbH & Co. Vermietungs-KG, Pullach im Isartal	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover	79.80
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs KG, Hanover	90.00

Notes:
[1] Equity definition in accordance with §§ 266 and 272 HGB less outstanding participations.
[2] A profit/loss transfer agreement exists with the company.
[3] Established in the financial year.
[4] Due to the joint management, this company is classified as a joint venture.
[5] Due to the “potential voting rights” of third parties, this company is classified as an associated company.
[6] Due to the share in voting rights of 50.00 per cent, this company is not classified as a subsidiary.
[7] Due to the rebuttal of the definition of control/significant influence, this company is allocated to other investments.
[8] No disclosures relating to equity and earnings are made in accordance with § 313 para. 2 no. 4 clause 3 of the German Commercial Code.
[9] The company is not actually overindebted.
[10] No data is available as at 31 December 2013
[11] No data is available as at 31 December 2012
[12] Due to the structure under company law, this company is classified as an associated company.

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

Auditor's Opinion

We have audited the condensed consolidated financial statements, consisting of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and notes to the consolidated financial statements as well as the Group management report prepared by Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig and Magdeburg (NORD/LB) for the financial year of 1 January to 31 December 2014. 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 in accordance with § 315a para. 1 of the German Commercial Code, is the responsibility of NORD/LB's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated 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 consolidated financial statements taking into account applicable accounting regulations 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 information in the consolidated financial statements and Group management report are examined primarily on a random sample basis within the framework of the audit. The audit includes assessing the annual financial statements of those companies included in consolidation, the determination of companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, 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 opinion, 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 in accordance with § 315a para. 1 of the German Commercial Code and give a true and fair view of the assets, financial and earnings position of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and on the whole conveys a true picture of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, 19 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer
Wirtschaftsprüfer
[German Public Auditor]

Leitz
Wirtschaftsprüfer
[German Public Auditor]

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Consolidated Financial Statements as at 31 December 2015

Income Statement

	Notes	1 Jan. - 31 Dec. 2015 (in € million)	1 Jan. - 31 Dec. 2014 (in € million)	Change (in %)
Interest income		8 262	8 919	– 7
Interest expenses		6 288	6 934	– 9
Net interest income	**20**	**1 974**	**1 985**	**– 1**
Loan loss provisions	21	698	735	– 5
Commission income		340	301	13
Commission expenses		106	116	– 9
Net commission income	**22**	**234**	**185**	**26**
Trading profit / loss		– 82	730	> 100
Profit / loss from the fair value option		218	– 643	> 100
Profit / loss from financial instruments at fair value through profit or loss	**23**	**136**	**87**	**56**
Profit / loss from hedge accounting	24	144	43	> 100
Profit / loss from financial assets	25	72	– 3	> 100
Profit / loss from investments accounted for using the equity method	26	8	– 37	> 100
Administrative expenses	27	1 114	1 125	– 1
Other operating profit / loss	28	– 97	– 75	29
Earnings before reorganisation and taxes		**659**	**325**	**> 100**
Reorganisation expenses	29	– 6	– 48	– 88
Expenses for public guarantees related to reorganisation	30	–	1	– 100
Earnings before taxes		**653**	**276**	**> 100**
Income taxes	31	135	71	90
Consolidated profit		**518**	**205**	**> 100**
of which: attributable to the owners of NORD/LB		547	303	
of which: attributable to non-controlling interests		– 29	– 98	

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 (OCI).

	1 Jan.-31 Dec. 2015 (in € million)	1 Jan.-31 Dec. 2014 (in € million)	Change (in %)
Consolidated profit	**518**	**205**	**> 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	242	– 684	> 100
Investments accounted for using the equity method –Share of other operating profit / loss	6	– 2	> 100
Deferred taxes	– 74	180	> 100
	174	**– 506**	**> 100**
Other comprehensive income which is recycled in the income statement in subsequent periods on certain conditions			
Increase / decrease from available for sale (AfS) financial instruments			
Unrealised profit / losses	– 36	325	> 100
Transfer due to realisation profit / loss	59	124	– 52
Translation differences of foreign business units			
Unrealised profit / losses	35	86	– 59
Changes in value investments accounted for using the equity method recognised directly in equity	– 33	65	> 100
Deferred taxes	– 21	– 129	– 84
	4	**471**	**– 99**
Other profit / loss	**178**	**– 35**	**> 100**
Comprehensive income for the period under review	**696**	**170**	**> 100**
of which: attributable to the owners of NORD/LB	702	266	
of which: attributable to non-controlling interests	– 6	– 96	

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.2015 (in € million)	31 Dec.2014 (in € million)	Change (in %)
Cash reserve	32	872	1 064	– 18
Loans and advances to banks	33	21 194	23 565	– 10
Loans and advances to customers	34	107 878	108 255	–
Risk provisioning	35	– 2 919	– 2 747	6
Balancing items for financial instruments hedged in the fair value hedge portfolio	36	91	114	– 20
Financial assets at fair value through profit or loss	37	14 035	16 306	– 14
Positive fair values from hedge accounting derivatives	38	2 507	3 483	– 28
Financial assets	39	34 515	45 120	– 24
Investments accounted for using the equity method		290	318	– 9
Property and equipment	40	573	568	1
Investment property	41	77	80	– 4
Intangible assets	42	149	139	7
Assets held for sale	43	58	56	4
Current income tax assets	44	37	57	– 35
Deferred income taxes	44	663	784	– 15
Other assets	45	978	445	> 100
Total assets		**180 998**	**197 607**	**– 8**

Liabilities	Notes	31 Dec.2015 (in € million)	31 Dec.2014 (in € million)	Change (in %)
Liabilities to banks	46	48 810	58 986	– 17
Liabilities to customers	47	60 597	57 996	4
Securitised liabilities	48	35 877	40 714	– 12
Balancing items for financial instruments	49	753	1 176	– 36
Financial liabilities at fair value through profit or loss	50	16 057	18 169	– 12
Negative fair values from hedge accounting derivatives	51	3 148	3 926	– 20
Provisions	52	2 428	2 846	– 15
Liabilities held for sale	53	7	6	17
Current income tax liabilities	54	116	73	59
Deferred income taxes	54	87	100	– 13
Other liabilities	55	306	867	– 65
Subordinated capital	56	4 299	4 846	– 11
Equity	**57**			
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		2 493	1 957	27
Revaluation reserve		454	420	8
Currency translation reserve		– 9	– 10	– 10
Equity capital attributable to the owners of NORD/LB		**7 877**	**7 306**	**8**
Additional equity		50	–	
Equity capital attributable to non-controlling interests		586	596	– 2
		8 513	**7 902**	**8**
Total liabilities and equity		**180 998**	**197 607**	**– 8**

Statement of Changes in Equity

The individual components of equity and their development in 2014 and 2015 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	Additional equity components	Equity attributable to non-controlling interests	Consoli-dated equity
Equity as at 1 Jan. 2014	**1 607**	**3 332**	**2 052**	**122**	**– 6**	**7 107**	**–**	**1 062**	**8 169**
Consolidated profit	–	–	303	–	–	303	–	– 98	205
Increase / decrease from available for sale (AfS) financial instruments	–	–	–	421	– 70	351	–	98	449
Changes in the value of investments for using the equity method	–	–	64	–	–	64	–	– 1	63
Translation differences of foreign business units	–	–	–	–	74	74	–	12	86
Revaluation of the net liability from defined benefit pension plans	–	–	– 586	–	–	– 586	–	– 98	– 684
Deferred taxes	–	–	185	– 125	–	60	–	– 9	51
Other comprehensive income	**–**	**–**	**– 337**	**296**	**4**	**– 37**	**–**	**2**	**– 35**
Adjusted comprehensive income for the period under preview	**–**	**–**	**– 34**	**296**	**4**	**266**	**–**	**– 96**	**170**
Distribution	–	–	– 1	–	–	– 1	–	– 1	– 2
Changes in the basis of consolidation	–	–	– 60	2	– 8	– 66	–	– 369	– 435
Equity as at 31 Dec. 2014	**1 607**	**3 332**	**1 957**	**420**	**– 10**	**7 306**	**–**	**596**	**7 902**

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Additional equity components	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2015	**1 607**	**3 332**	**1 957**	**420**	**– 10**	**7 306**	**–**	**596**	**7 902**
Consolidated profit	–	–	547	–	–	547	–	– 29	518
Increase / decrease from available for sale (AfS) financial instruments	–	–	–	55	– 36	19	–	4	23
Changes in the value of investments for using the equity method	–	–	– 27	–	–	– 27	–	–	– 27
Translation differences of foreign business units	–	–	–	1	37	38	–	– 3	35
Revaluation of the net liability from defined benefit pension plans	–	–	212	–	–	212	–	30	242
Deferred taxes	–	–	– 65	– 22	–	– 87	–	– 8	– 95
Other comprehensive income	**–**	**–**	**120**	**34**	**1**	**155**	**–**	**23**	**178**
Adjusted comprehensive income for the period under preview	**–**	**–**	**667**	**34**	**1**	**702**	**–**	**– 6**	**696**
Distribution	–	–	– 127	–	–	– 127	–	2	– 125
Capital increases / decreases	–	–	–	–	–	–	–	– 7	– 7
Changes in the basis of consolidation	–	–	– 4	–	–	– 4	–	1	– 3
other changes in capital	–	–	–	–	–	–	50	–	50
Equity as at 31 Dec. 2015	**1 607**	**3 332**	**2 493**	**454**	**– 9**	**7 877**	**50**	**586**	**8 513**

Other changes in capital mainly relate to net income from the issue of additional equity components. For a more detailed account, see Note (57) Equity.

Cash Flow Statement

	1 Jan.-31 Dec. 2015 (in € million)	1 Jan.-31 Dec. 2014 (in € million)	Change (in %)
Consolidated profit for the period	**518**	**205**	**> 100**
Adjustment for non-cash items			
Depreciation, impairment and write-ups of property and equipment and financial assets	– 496	307	> 100
Increase / decrease in provisions	– 43	229	> 100
Gains / losses from the disposal of property and equipment and financial assets	– 30	– 10	> 100
Increase / decrease in other non-cash items	455	694	– 34
Other adjustments net	– 1 878	– 1 868	1
Sub-total	**– 1 316**	**– 443**	**> 100**
Increase / decrease in assets and liabilities from operating activities after adjustment for non-cash item			
Loans and advances to banks and customers	2 999	2 849	5
Trading assets	789	– 2 754	> 100
Other assets from operating activities	10 054	– 1 651	> 100
Liabilities to banks and customers	– 8 122	2 998	> 100
Securitised liabilities	– 4 970	– 7 526	– 34
Other liabilities from operating activities 5 027	– 696	5 027	> 100
Interest received	7 870	6 676	18
Dividends received	22	28	– 21
Interest paid	– 5 704	– 4 754	20
Income taxes paid	– 64	– 32	100
Cash flow from operating activities	**704**	**418**	**68**

	1 Jan.-31 Dec. 2015 (in € million)	1 Jan.-31 Dec. 2014 (in € million)	Change (in %)
Cash receipts from the disposal of			
financial assets	36	11	> 100
property and equipment	–	7	– 100
Payments for acquisition of			
financial assets	– 1	– 198	– 99
property and equipment	– 77	– 125	– 38
Cash flow from investing activities	**– 42**	**– 305**	**– 86**
Increase in funds from other capital	480	139	> 100
Decrease in funds from other capital	– 1 119	– 307	> 100
Net proceeds from issued additional equity components	50	–	
Interest expenses on subordinated capital	– 153	– 202	– 24
Dividends paid	– 125	– 2	> 100
Cash flow from financing activities	**– 867**	**– 372**	**> 100**
Cash and cash equivalents as at 1 January	**1 064**	**1 311**	**– 19**
Cash flow from operating activities	704	418	68
Cash flow from investing activities	– 42	– 305	– 86
Cash flow from financing activities	– 867	– 372	> 100
Total cash flow	**– 205**	**– 259**	**– 21**
Effects of changes in exchange rates	13	12	8
Cash and cash equivalents as at 31 December	**872**	**1 064**	**– 18**

With regard to cash and cash equivalents as at 31 December, see Note (32) Cash reserve.

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

The assets and liabilities of subsidiaries over which control was lost during the financial year break down as follows:

Assets (in € million)	Loss of control
Financial assets	2
Property and equipment	5
Total	**7**

Liabilities (in € million)	Loss of control
Liabilities to banks	0
Total	**0**

No fees were received for transactions that resulted in the lose of control of subsidiaries in the period under review.

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 2015 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 2015 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 (18) Segment reporting by business segment and Note (19) 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. Income 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 (Note (7) Financial instruments) in conjunction with Note (58) fair value hierarchy), valuations of defined benefit obligations in order to establish the underlying parameters (Note (14) Provisions for pensions and similar obligations in conjunction with Note (52) Provisions), the assessment of risk provisions with regard to future cash flows (Note (8) Risk provisioning) in conjunction with Note (35) Risk provisioning), the calculation of deferred tax assets relating to the recoverability of tax losses not yet utilised (Note (16) Income taxes) in conjunction with Note (31) Income taxes, Note (44) Income tax assets and Note (54) Income tax liabilities. 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 regularly 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. With regard to the amended estimate for pension provisions, the change in the Mercer method to establish the discount rate is referred to. For more detailed information see Note (14) Provisions for pensions and similar obligations.

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 (Note 7) Financial instruments in conjunction with Note (37) Financial assets at fair value through profit or loss and Note (50) Financial liabilities at fair value through profit or loss) the non-use of the categorisation of financial instruments as Held to Maturity (HtM), the non-use of the reclassification provisions of IAS 39, the separation of finance lease and operating lease (Note (10) Lease transactions in conjunction with Note (74) Lease agreements) the use of provisions (Note (14) Provisions for Pensions and similar Obligations and Note (15) Other provisions in conjunction with Note (52) Provisions), the existence of designated assets held for sale (Note (13) Assets held for sale in conjunction with Note (43) Assets held for sale) and the assessment of shares in companies (Note (4) Basis of Consolidation in conjunction with Note (80) Disclosure concerning shares in companies.

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 2016 and approved for submission to the Supervisory Board.

(2) Adopted IFRS

In these consolidated financial statements all standards, interpretations and their respective amendments which have been endorsed by the EU and also relevant for the NORD/LB Group in the financial year 2015 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 2015 for the NORD/LB Group:

IFRIC 21 – Levies

In May 2013 the IASB issued IFRIC 21 as an interpretation of IAS 37 concerning levies. A liability for levies needs to be recognised when the obligating event that triggers the payment of the levy occurs. The occurrence of the event is to be defined by the wording of the respective legislation. According to the amendment to the Restructuring Fund Regulation (Restrukturierungsfondsverordnung) that took effect on 1 January 2015, the annual contribution for the EU's Single Resolution Fund has to be paid at the start of each and every year. From 2015 the provision for the expected annual contribution will therefore be recognised in full at the start of the year, while formerly the provisions for the German bank levy were allocated on a pro-rata basis. See Note (28) Other operating profit/loss for the details. In the same way as for the bank levy, and in accordance with the provisions of the Deposit Guarantee Act (Einlagensicherungsgesetz), the provision for the contribution for the EU deposit guarantee scheme is no longer to be made on a pro-rata basis, but the provision for the full amount is to be made at the start of the accounting period. It is reported under administrative expenses.

Improvements to IFRS (2011 - 2013 Cycle) within the scope of the IASB's Annual Improvements Process

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

The annual improvements to IFRS (cycle 2011 – 2013) do not have a significant impact on NORD/LB's consolidated financial statements.

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 2015:

Amendments to IFRS 11 – Accounting of the acquisition of an interest in a joint operation

As part of the amendments to IFRS 11 applicable from 1 January 2016, it is explained how the acquisition of an interest in a joint operation that is a business in the sense of IFRS 3 is to be accounted for. Within the scope of the acquired interest, all of the principles defined in IFRS 3 or in other standards for the accounting of business combinations are to be applied and the relevant disclosure requirements are to be considered.

There are currently no cases in the NORD/LB Group to which the amendments to IFRS 11 apply.

Amendments to IAS 1 – Presentation of the Financial Statements

The amended standard published on 18 December 2014 implements the initial proposals for the amendment of IAS 1 – Presentation of the Financial Statements, which require implementation at short notice. The amendments emphasise the concept of materiality to facilitate the communication of relevant information in IFRS financial statements. This will be achieved by non disclosing of immaterial information, the possibility of supplementary subtotals and greater flexibility in the structure of the notes. Further, the breakdown of other comprehensive income (OCI) will be clarified in the statement of comprehensive income.

The amendments to IAS 1 applicable for reporting periods commencing on or after 1 January 2016 do not have a significant effect on NORD/LB's consolidated financial statements.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

On 12 May 2014 the IASB published amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets concerning acceptable methods that enable the appropriate presentation of the use of the future economic benefit. It was clarified that for property, plant and equipment depreciation on the basis of revenue of the goods generated by it is not appropriate and is only allowed for intangible assets with a limited useful life in explicitly specified exceptional cases. The amendments must be applied for the first time for financial years commencing on or after 1 January 2016.

As depreciation methods are not used in the NORD/LB Group, the amendments to IAS 16 and IAS 38 are not expected to have any effect.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendment of IAS 19 – Employee Contributions (published in November 2013) clarifies the stipulations associated with the allocation of employee contributions of third-party contributions to the service periods if the contributions are linked to length of service. Additionally, waivers are available if the contributions are independent of the number of years of service. The amendments to IAS 19, due to their adoption in EU law, must be applied by the NORD/LB Group for the first time from 1 January 2016.

The amendments to IAS 19 will not have any significant effect on the NORD/LB Group's consolidated financial statements.

The following standards, amendments to standards and interpretations have not been adopted into European Law by the EU Commission as at the date of the preparation of the consolidated financial statements:

IFRS 9 – Financial Instruments

In July 2014 the IASB completed its project to replace IAS 39 with the publication of the final version of IFRS 9 – Financial Instruments. IFRS 9 contains the following key regulatory areas:

Classification and measurement of financial assets and financial liabilities

The classification of financial assets will in future be based on the reporting entity's business model and the contractually-agreed cash flows of the asset. IFRS 9 requires that all financial assets are measured at fair value. Subsequent reporting at amortised cost is only allowed if the financial instrument has been assigned to a portfolio with the business model "Hold" and has payment flows that are typical of a basic credit relationship.

For financial assets the previous rules concerning the separation of embedded derivatives no longer apply.

The regulations relating to financial liabilities are largely unaltered compared to IAS 39. The main difference with the previous regulation concerns the use of the fair value option. The rating-induced changes in the valuation of financial liabilities will in future be shown under other comprehensive income (OCI); the remaining changes in valuation will continue to be reported in the income statement.

Impairments of financial assets

These cover financial assets not measured at fair value through profit or loss, some credit 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 term of the financial instrument (lifetime expected loss).

Exceptions exist for trade receivables and leasing receivables. Trade receivables without major financing components must and trade receivables with major financing components and leasing receivables may be considered at the time all expected losses occur.

Hedging transactions

For Hedge Accounting, the IASB decided to divide this issue into two sections, General Hedge Accounting and Macro Hedge Accounting. Macro Hedge Accounting is not part of the published IFRS 9 and is being worked on as an independent project by the IASB. Until the new rules for Macro Hedge Accounting are published, the rules of IAS 39 concerning the portfolio fair value hedge for interest-rate risks will remain. For the standard concerning General Hedge Accounting, there is the option of this applying from 1 January 2018 or continuing to use the rules of IAS 39. The objective of IFRS 9 is greater focus on operational risk management. Compared to the provisions of IAS 39, the role of qualitative application criteria was 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, this will no longer be based on a strict effectiveness threshold on a percentage basis in future.

Subject to its adoption in EU law, the application of IFRS 9 will be mandatory for financial years that start on or after 1 January 2018.

It is expected that IFRS 9 will have a significant impact on the accounting, valuation and reporting in future consolidated financial statements. The effects of IFRS 9 are currently being evaluated. For this purpose a programme has been set up whose projects are oriented towards the phases of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers

In May 2014 IASB and FASB published a joint accounting standard for recording income which brings together the majority of former rules and at the same time sets down basic uniform principles that apply to all industry groups and categories of revenue-related transactions. Alongside the fulfilment of a new five-stage scheme for determining revenue recognition, the standard comprises provisions relating to detailed issues such as multi-component transactions and for handling service agreements and contractual amendments as well as an extension of the necessary disclosure requirements. IFRS 15 will replace the content of IAS 18 – Revenue and IAS 11 – Construction contracts and the interpretations IFRIC 13, IFRIC 15 and IFRIC 18 and SIC 31.

In September 2015 the IASB published an amendment to IFRS 15. The standard must now be applied for the first time for financial years commencing on or after 1 January 2018.

The analysis of the potential effects of IFRS 15 on the NORD/LB Group had not been completed by the reporting date. The extent to which current reporting practice will have to be varied due to the new provisions under IFRS 15 can only be determined on conclusion of the investigations.

Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities – Application of the Consolidation Measure

In the amendments, questions concerning the application of the consolidation exception for investment entities are settled. Subject to its adoption in European law, the application of the amendments will be mandatory for financial years commencing on or after 1 January 2016.

The amendments to these standards are not expected to have a significant impact on NORD/LB's consolidated financial statements.

The following amendments to standards have not yet been adopted in European law:

- Amendments to IFRS 10 and IAS 28 – Sales or Contributions of Assets between an Investor and its Associate/Joint Venture
- Effective date of amendments to IFRS 10 and IAS 28

On 17 December 2015 the IASB published its amendment to defer the effective date of the amendments to IFRS 10 and IAS 28 indefinitely, as an inconsistency between the amendments and the existing rules of IAS 28 was identified and further adjustments to the equity method are planned after a research project has been completed.
The effects of the amendments on the NORD/LB Group will therefore not be analysed until the final amendment has been published by the IASB.

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

(3) Consolidation Principles

The NORD/LB Group'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 and the subsidiaries it controls. Control is deemed present if one group company has the power to take decisions relating to the material business activities of another company, is entitled to variable returns and is able to influence such returns by exercising its decision-making authority.

Alongside original investments, the NORD/LB Group is also examining customer relationships for control issues.

The assessment of whether the Group controls loan-financed project companies that are in financial difficulties due to e.g. the ongoing difficult situation on the shipping markets and thus is required to include them in the consolidated financial statements as a subsidiary represents a significant discretionary decision. Due to its lending relationships with these companies, the NORD/LB Group is consistently exposed to variable returns. What is key to the question of whether it controls a specific company is whether its rights under the loan agreement give it a right of determination over the company and whether the shareholders act as principal or agent of NORD/LB in accordance with IFRS 10. NORD/LB assesses the latter criterion using the following three factors: (1) Type and scope of the participation of the shareholders in the company's opportunities and risks, (2) extent of decision-making authority and (3) the Bank's rights of termination. The NORD/LB Group will reevaluate the duty to consolidate if an event of default occurs or the structure of the company changes.

A further key discretionary decision is the assessment of whether the NORD/LB Group controls a fund due to its activity as a fund manager or capital management company. The NORD/LB Group will satisfy the first two criteria of the definition of control (decision-making authority and variable returns). In terms of the duty to consolidate of this fund, the key issue is whether the Group acts as the principal or merely as the agent of the investors, because these delegate their decision-making authority to the NORD/LB Group. In terms of this assessment, the scope of the decision-making authority of the NORD/LB Group, the investor's rights of termination and its overall participation in the returns of the fund as compared to other investors will be taken into account.

Company mergers are reported using the purchasing method of accounting, 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 at the level of their share in the identifiable net assets of the acquired company.

If the subsidiary is a partnership, the non-controlling interests will be reported as liabilities.

If the equity of the consolidated partnerships is negative at the time of initial consolidation, it will be assigned completely to the NORD/LB Group. Pre-existing contractual relationships will be terminated at the time of the consolidation and will be derecognised in return for the consolidation.

Receivables and liabilities and expenses and income generated within the Group are eliminated in the consolidation of intercompany balances and income 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.

A joint venture is a joint agreement whereby the parties responsible for the joint management of the agreement have rights to the net assets of the agreement.

An affiliated companies is a company over which the investor has material influence.

at their carrying amounts. The non-controlling interests in the former subsidiary are also derecognised. A fair value of the consideration received is recorded. Any Joint ventures and affiliated companies are accounted for using the equity method and are reported as shares in companies accounted for using the equity method. Under the equity method the shares of the NORD/LB Group in the affiliated company or joint venture are initially set at the level of the purchase costs. Thereafter the shares are increased or reduced by the company's share in the accrued profit or loss or in the other comprehensive income (OCI) of the affiliated company or joint venture. If the shareholding of the NORD/LB Group in the losses of an affiliated company or joint venture corresponds to or exceeds the value of the shares in this company, no further loss components are measured unless the Group has entered into legal or de facto obligations or makes payments instead of the company valued at equity.

For transactions between a Group company and a joint venture or an affiliated 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 a controlling influence over the subsidiary ceases to exist. The assets and liabilities of the subsidiary are derecognised interest retained in the former subsidiary is recorded at fair value. Any differences arising from the recording and derecognising processes are recorded in the Group's income statement. Amounts recorded in the other comprehensive income (OCI) in earlier periods in connection with this subsidiary are derecognised in the Group income statement or, if required by a different IFRS, directly in the retained earnings.

(4) Basis of Consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 42 (50) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise control in another manner. Additionally, 2 (2) joint ventures and 12 (12) affiliated companies are recorded. One affiliated company is held for sale and, in accordance with IFRS 5.15, measured at the lower of the carrying amount and fair value less costs of disposal. The joint ventures and affiliated companies are accounted for using the equity method.

Compared to 31 December 2014, the basis of consolidation has changed as follows:

On 31 May 2015, with retrospective effect of 1 January 2015, the fully-consolidated NORD/LB COVERED FINANCE BANK S.A., Luxemburg-Findel, was merged with the fully-consolidated Norddeutsche Landesbank Luxembourg S.A., Luxemburg-Findel and renamed NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel. The renamed company is fully consolidated.

On 30 June 2015 the previously fully-consolidated BLB Grundbesitz KG, Bremen, merged with Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale- , Bremen.

KG Schifffahrtsgesellschaft MS Klara mbH & Co., Jork, was deconsolidated with effect of 30 September 2015. The owner (shipping line) was previously viewed as a de facto agent in accordance with IFRS 10. In the third quarter the ship upon which the business was based was sold and the loan was repaid. There is no longer a business relationship with the company, and the owner is no longer classified as a de facto agent. The profit from the deconsolidation totalled € 1 million.

In addition, the fully-consolidated BLBI Investment GmbH & Co. KG, Bremen, was merged with BLB Immobilien GmbH, Bremen, on 1 October 2015.

The subsidiary TLN Beteiligung Anstalt des öffentlichen Rechts & Co. KG, Hannover, newly established in December 2015 is fully consolidated for the first time with effect of 31 December 2015.

The Niraven Group is with effect of 31 December 2015 no longer included in the consolidated financial statements. The administrator employed for the management of the properties in the companies was previously viewed as a de facto agent in accordance with IFRS 10. With the sale of the properties the loan relationship was terminated. There is no longer a business relationship with the Niraven Group. With the end of the administration, there is no longer a de facto agent. The loss from the deconsolidation totalled € 2 million.

The two credit commitments (single-ship companies) Happy Auntie S.A., Majuro / Marshallinseln, and Proud Parents Investments Co., Majuro/Marshallinseln, are included for the first time with effect of 3 December 2015 as fully-consolidate subsidiaries in the basis of consolidation. With the start of the remarketing process, the owner is no longer viewed economically as the principal. The process is largely managed by the NORD/LB Group, with has, as the creditor, a controlling influence over the key business activities of the companies. With the consolidation, the loan relationships with the two companies are terminated. The termination of the loan relationship at fair value resulted in a loss of € 4 million. The loan receivables in the amount of € 13 million were derecognised in return for the consolidation. Cash was not exchanged in the transaction. The essential assets of the single-ship companies are two ships with a total market value of € 13 million that are reported under property and equipment.

Bremische Wohnungsbaubeteiligungsgesellschaft mbH, Bremen, a joint venture newly established in December 2015, is included with effect of 31 December 2015 for the first time in NORD/LB's consolidated financial statements. It is accounted for using the equity method.

Following the sale of the shares in the joint venture LHI Leasing GmbH, Pullach im Isartal, that was previously accounted for using the equity method, is with effect of 30 June 2015 no longer included in the consolidated financial statements. The sale did not have a significant effect.

Subsidiaries, joint ventures and affiliated companies included in the consolidated financial statements are shown in Note (85) Equity holdings.

(5) 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 income 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 profit or loss of such items under other comprehensive income (OCI) 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. Income 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.

(6) Interest and Commission

Income is recorded if the economic benefit from the transaction with the NORD/LB Group will be received with sufficient probability and the amount of the income and the associated expenses can be reliably determined. It is measured at the fair value of the consideration received or to be claimed.

Interest from interest-bearing assets and liabilities is realised taking into account the effective inte-

rest method on a pro-rata basis and reported under interest income or interest expenses.
With impairments of interest-bearing assets, the interest income is calculated using the interest rate used to determine the impairment (unwinding).
Dividend income is recognised from the date of legal entitlement to the dividends under interest income.

Commission income is recognised in the income statement from the date the service was performed. If the service is provided over several periods, the income from the service is recognised based on the level of completion on the balance sheet date.

(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.
As is the case with financial liabilities, financial assets (or parts of financial assets) are derecognised when the receivables stated in the contract have been settled, cancelled or have expired. This may for example be the case if the contract terms are modified significantly in a restructuring.

b) Categorisation and measurement

Fair value is applied when financial assets and financial liabilities are recognised for the first time. 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 ca tegory 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, (21) Loan loss provisions and (25) 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. Interest income is recorded in the net interest income, and commission income in the net commission income.

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 liabilities) acquired with the intention of selling or buying these back in the short term and contains all the derivatives which do not constitute hedging 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 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. Interest and dividend income are recognised under the items interest income or interest expenses. Effects from a change in the fair value and the net commission income are reported under trading profit/loss.

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. If the components of structured products that have to be reported separately can no longer be reliably measured separately, the whole structured product is to be categorised at fair value through profit or loss. 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 (37) Financial assets at fair value through profit or loss and in Note (50) 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 separate amortisation at constant effective interest rates of premiums and discounts. Interest and dividend income are recognised under the items interest income or interest expenses. Profit/loss from fair value and net commission income are reported under profit/loss from the fair value option.

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 10, IAS 11 or IAS 28. Subsequent measurement is 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 (OCI). In the event of the sale of the financial asset, the accumulated estimated profit/loss reported in the revaluation reserve 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. Interest is reported under the items interest income, commission is reported under the item commission income.

Impairment is only carried out in the case of rating-induced impairment. The occurrence of rating-induced impairment is examined at least once a year 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.

For rating-induced impairments the difference between the carrying amount and the current fair value or for measurement at acquisition cost the difference between the carrying amount and the present value of the estimated future cash flows is to be taken into account 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 (OCI). Appreciations in the value of equity instruments measured at fair value are always recognised in other comprehensive income (OCI). Appreciations in the value of equity instruments measured at acquisition cost are not allowed.

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. Interest expenses are recorded in the net interest income, and commission expenses in the net commission income.

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-stage fair value hierarchy is used with the Level 1, Level 2 and Level 3 terminology of 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 fair value 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, other assets and other liabilities.

Level 2

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

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

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

The financial instruments in the NORD/LB Group to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are 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, financial assets recognised at fair value and other assets.

Level 3

Financial instruments for which there is no longer an active market and for which measurement can no longer be based completely on observable market parameters are allocated to Level 3. In comparison and in differentiation to Level 2 measurement, the Level 3 valuation employs models such as market-based discounted-cash-flow models that are specific to the bank as well as data which is not observable on the market. The input parameters used in these methods include among other things assumptions about cash flows, loss estimates and the discount rate and are gathered as far as possible on a near-market basis.

The Level 3 method is partly used to measure interest-bearing securities, derivatives and asset-backed securities (ABS) / mortgage-backed securities (MBS) for which the market has been classified as being inactive. Additionally, loans intended for syndication and associated derivatives are allocated to Level 3. Individual tranches of collaterallised debt obligations (CDO) and equity structures are also measured in accordance with Level 3. Level 3 financial instruments include trading assets and liabilities, derivatives, financial instruments 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.

Secured OTC derivatives are primarily measured by the NORD/LB Group using 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) are used. The discounted cashflow model is used as a rule. In order to establish the value 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.

Further information on the fair value hierarchy and the fair values of financial instruments can be found in Note (59) Fair value hierarchy.

e) Measurement of investments which do not fall under IFRS 10, IFRS 11 or IAS 28

Investments which do not fall under IFRS 10, IFRS 11 or IAS 28 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.

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. The NORD/LB Group 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 income 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 the current year, a detailed plan for the following year and where applicable the medium-term plan for up to the following four years (planning phase I). For the following years beyond the planning horizon of planning phase I 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 reporting date.

The discount rate used reflects 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. It comprises the components of risk-free interest according to the base curve 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 factor 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 hedge accounting. 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 accountting rules, derivative financial instruments used for hedging purposes are reported at fair value as positive or negative fair values from hedge accounting (Note (38) and Note (51) Positive and negative fair values from hedge accounting derivatives). The changes in valuation are recognised in the income statement (Note (24) 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 fair value 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 interest-rate risk in the fair value hedge-accounting portfolio 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 (67).

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 (64) Transfer and derecognition of financial assets is referred to.

i) Financial guarantees

The net method is applied for financial guarantees reported in the NORD/LB Group. The initial recognition is at fair value, which is zero due to the present value of claims and liabilities generally balancing out. As a result, the fair value is not updated. Incoming premium payments are recognised in the income statement. If a claim is imminent, a provision is made in accordance with IAS 37.

j) 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. If the opportunities and risks relating to the assets have not been (virtually) fully transferred nor retained and the NORD/LB Group still has control over the assets, these will remain in the balance sheet of the NORD/LB Group to the extent that the Group continues to participate in the opportunities and risks (continuing involvement). With securitisation transactions at the NORD/LB Group, 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 Group's consolidated balance sheet.

(8) Risk Provisioning

Risks relating to lending business are accounted for by forming specific bad-debt allowances, lumpsum specific loan loss provisions and general loan loss provisions.

Recoverability is reviewed for all significant claims at individual transaction level. Risk provisioning covers all recognisable credit risks in the form of specific bad-debt 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 finance 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 bad-debt 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.

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 there is no specific valuation allowance 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 –	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 deemed the lessee, the leased property is capitalised at fair value or the present value of the future leasing payments if this is lower than the fair value; at the same time an obligation for rent instalments payable in future is reported as a liability. Any initial direct costs incurred are capitalised along with the asset (leased property). The asset is reported under property and equipment, investment property or intangible assets, and the liability (rent instalments still to be paid) as liabilities to banks or customers.
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 ad-

vances 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 ope rating 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 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 25 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

Mainly software that is either purchased or developed in-house is reported as intangible assets.

Intangible assets which are acquired by the NORD/LB Group are reported at cost of acquisition Intangible assets created in-house are capitalised at the production cost if the accrual of an economic benefit is probable and the expenditure can be reliably determined. If the capitalisation criteria are not satisfied, the costs are immediately reported though profit and loss. The capitalised costs for software produced in-house cover both expenditure for internal and external services during the development phase and are directly allocable (especially for customising and test activities). 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 depreciation 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 two 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).There are no intangible assets with an indefinite useful life at NORD/LB Group.

(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 to be recognised in separate balance sheet items if they are immediately saleable in their present condition and a sale is highly likely. A sale is considered to be highly likely if the relevant management level has set a plan for the sale and the search for a purchaser and implementation of the plan has actively commenced. Further, the long-term assets or disposal groups are being offered at a price that is proportionate to the current fair value. Further, it must be possible to consider the sale complete as expected within a year of the date of its classification for recognition and the measures required for implementing the plan must permit the conclusion to be drawn that material changes to or cancellation of the plan appear unlikely.

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.

Assets held for sale also include discontinued operations. A discontinued operation is a component of an entity held for sale that represents a separate major line of business or geographical area of operations, is part of a plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

No entire business divisions were discontinued in 2015 or in 2014.

(14) Provisions for Pensions and similar Obligations

Direct and indirect 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 projectted 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 correspondding liabilities. Claims against provident funds are also measured at fair value.

Differences between the financial and biometric assumptions made and the actual developments (actuarial profits and losses) and the difference between expected and actual return on assets result in a revaluation of the net liability from defined benefit pension plans. The resulting profits and losses are recognised in the year that they occur under other comprehensive income (OCI).

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 180bligetion is calculated based on the following actuarial assumptions:

(in %)	31 Dec.2015	31 Dec.2014
Domestic		
Actuarial interest rate	2.65	2.20
Increase in salaries	2.00	2.08
Increase in pensions (contingent on the occupational pension scheme)	2.75/2.87/1.00/2.0/2.50/3.50	2.75/2.87/1.00/2.0/2.50/3.50
Cost increase rate for allowance payments	3.50	3.50
Mortality, invalidity, etc.	Based on Heubeck mortality tables 2005 G	Based on Heubeck mortality tables 2005 G
Abroad (weighted parameters)		
Actuarial interest rate	3.74	3.47
Increase in salaries	2.61	4.15
Increase in pensions	2.84	2.82
Mortality, invalidity, etc.	USA RP-2014, GB S1PMA Light/S1PFA light base tables with CMI 2014 projections basis, LUX DAV 2004 R	USA RP-2014, GB S1PMA Light/S1PFA light base tables with CMI 2014 projections basis, LUX DAV 2004 R
Inflation	3.15	3.21

The valuation of the pension obligations is based on a discount rate calculated using the Mercer Yield Curve Approach (MYC) that was moved to a single data source in 2015. If the pension obligetion had been valued as at the reporting date with a discount rate calculated using the method used in the previous year, the pension obligation would have been € 40 million lower. The net interest component for the coming financial year will be € 1 million higher due to the change in method.

(15) Other Provisions

Other provisions are established for uncertain liabilities to third parties and anticipated losses on pending transactions if a current legal or de facto obligation arises from a past event, utilisation is likely and if its amount can be reliably determined. The valuation of provisions is measured using the best-possible assessment on reasonable consideration of the amount needed for fulfilment of the current obligation (or transfer of the 181bligetion to an independent third party) on the reporting date. Management is responsible for making this assessment. Empirical values from similar transactions and, as need be, reports or opinions from experts are included. Risks and uncertainties are acknowledged by valuing the obligation with the most likely event from a range of possible events. 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) 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 (OCI).

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.

(17) 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 CRR, 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 interest expenses. 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 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.

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. 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 provisioning is allocated to segments on the basis of actual costs incurred. Overall bank revenue, such as general valuation allowances and profit/loss from hedge accounting and overhead costs, is not allocated to the operational business segments of the Bank but to the segment “Group Management/Others”.

In addition to figures relating to the statement of comprehensive income, the segment report also shows the total risk exposure to be allocated, segment assets and liabilities, committed capital, the Cost-Income Ratio (CIR), Return on Risk adjusted Capital (RoRaC) and Return on Equity (RoE). The total risk exposures of the segments show the risk-weighted assets to be allocated in accordance with CRR / CRD IV including shortfall equivalent as averages in the reporting period. The total risk exposure for the Group shows the RWA in accordance with CRR / CRD IV as at the reporting date. 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 calculations in the segments include the contribution to income after risk provisioning and valuation on committed capital (here 9 per cent of the higher value of the RWA limits and the amount called on).

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

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

Since 1 January 2015 the Corporate Customers & Markets and Ship and Aircraft Customers segments have been reported separately in internal and external reporting. This step will optimise capital market communication and improve transparency. The previous year's figures were adjusted accordingly. A small portion of the earnings has been allocated to Financial Markets activities under Group Management/Others.

Private and Commercial Customers

As well as business with private, individual, commercial and small-business customers, this business segment includes middle-market corporate customer business in the Braunschweig region. Up until 30 September 2014 the current results of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are also recognised here (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

The segment includes 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.

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

Markets

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

Alternative products which are detached from retail banking including derivatives are offered, e.g. special kinds of debt securities which are not standardised in respect of their interest and repayment, but instead offer alternatives in respect of returns and the type or time of repayment (structured securities). In the secondary business all kinds of securities are sold and traded. Tailored solutions for institutional customers such as for example the structuring of special funds, pool funds solutions, portfolio management mandates and institutional public funds are also offered.

The product range also includes Private Banking products for the savings banks, such as investment products in the form of for example open or closed funds (real estate, aircraft), products for individual asset management or inheritance or foundation management, which the savings banks require as direct customers for their own trading business or to complete their product range in their own business with private or corporate customers.

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

Energy and Infrastructure Customers

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

Ship Customers

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

Aircraft Customers

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

Real Estate Banking Customers

Here NORD/LB's and Deutsche Hypo's national and international financing of commercial real estate and Bremer Landesbank's financing of community interest properties are aggregated. This normally concerns structured financing for large-volume commercial real estate projects and portfolios in Germany and abroad. Both interim finance for new construction projects and long-term loans for existing properties are offered.

Group Management/Others

This 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 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.

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.

Regions

The earnings before risk provisioning, earnings before taxes, segment assets and segment liabilities are allocated regionally based on the 186iabilitive location of the branch or Group company. Consolidations are shown separately.

(18) Segment Reporting by Business Segment

1 Jan.-31. Dec.2015 (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	208	338	214	196	435	116	232	94	140	1 974
Loan loss provisions	4	27	–	22	916	– 3	– 24	– 234	– 9	698
Net interest income after loan loss provisions	**205**	**312**	**214**	**174**	**– 481**	**119**	**257**	**328**	**149**	**1 276**
Net commission income	58	62	72	70	46	18	–	– 49	– 44	234
Profit / loss from financial instruments at fair value through profit or loss	1	16	19	5	18	3	5	96	– 26	136
Profit / loss from hedge accounting	–	–	–	–	–	–	–	144	–	144
Profit / loss from financial assets	–	–	–	–	–	–	–	79	– 7	72
Profit / loss from investments accounted for using equity method	2	–	–	–	–	–	–	6	–	8
Administrative expenses	193	148	146	97	116	25	68	306	17	1 114
Other operating profit / loss	– 13	1	4	5	–	– 1	–	– 44	– 49	– 97
Profit / Loss before reorganisation and taxes	**60**	**242**	**162**	**157**	**– 533**	**115**	**195**	**254**	**6**	**659**
Reorganisation expenses	–	–	–	–	–	–	–	– 6	–	– 6
Expenses for public guarantees related to reorganisation	–	–	–	–	–	–	–	–	–	–
Earnings before taxes (EBT)	**60**	**242**	**162**	**157**	**– 533**	**115**	**195**	**248**	**6**	**653**
Taxes	–	–	–	–	–	–	–	–	135	135
Consolidated profit	**60**	**242**	**162**	**157**	**– 533**	**115**	**195**	**248**	**– 129**	**518**
Segment assets	7 343	22 407	38 472	16 772	21 273	8 260	15 193	51 716	– 439	180 998
of which: investments at equity	45	–	–	–	–	–	–	245	–	290
Segment liabilities	7 457	9 003	48 100	3 599	4 585	763	469	103 588	3 434	180 998
Total risk exposure amount	4 407	12 938	5 062	8 185	36 670	5 209	6 978	6 098	– 21 872	63 675
Capital employed	397	1 164	447	737	3 300	469	628	1 110	– 711	7 541
CIR	75.2%	35.5%	47.3%	35.2%	23.2%	18.1%	28.4%	0.0%	0.0%	46.4%
RoRaC/RoE[2]	14.1%	19.3%	35.8%	20.2%	-16.1%	24.5%	21.7%	0.0%	0.0%	8.7%

1 Jan.-31. Dec.2014 (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	271	310	226	171	366	97	245	295	5	1 985
Loan loss provisions	– 3	4	– 2	–	718	2	50	– 37	4	735
Net interest income after loan loss provisions	**274**	**305**	**228**	**171**	**– 352**	**95**	**195**	**332**	**1**	**1 250**
Net commission income	39	64	46	66	27	18	4	– 44	– 35	185
Profit / loss from financial instruments at fair value through profit or loss	3	– 2	23	– 9	10	5	8	– 41	91	87
Profit / loss from hedge accounting	–	–	–	–	–	–	–	43	–	43
Profit / loss from financial assets	16	–	–	–	–	–	–	– 23	4	– 3
Profit / loss from investments accounted for using equity method	–	–	–	–	–	–	–	– 37	–	– 37
Administrative expenses	291	134	149	87	105	22	71	254	12	1 125
Other operating profit / loss	– 17	2	11	4	1	–	–	– 36	– 40	– 75
Profit / Loss before reorganisation and taxes	**24**	**234**	**158**	**146**	**– 420**	**96**	**136**	**– 58**	**10**	**325**
Reorganisation expenses	–	–	–	–	–	–	–	– 49	–	– 48
Expenses for public guarantees related to reorganisation	–	–	–	–	–	–	–	– 1	–	– 1
Earnings before taxes (EBT)	**24**	**234**	**158**	**146**	**– 420**	**96**	**136**	**– 108**	**10**	**276**
Taxes	–	–	–	–	–	–	–	–	71	71
Consolidated profit	**24**	**234**	**158**	**146**	**– 420**	**96**	**136**	**– 108**	**– 61**	**205**
Segment assets	7 729	20 460	42 309	15 535	20 116	8 122	16 487	65 742	1 107	197 607
of which: investments at equity	45	–	–	–	–	–	–	273	–	318
Segment liabilities	7 270	6 216	45 699	3 152	4 548	677	667	125 800	3 579	197 607
Total risk exposure amount	4 690	12 002	5 005	7 258	38 708	4 603	9 812	10 618	– 23 463	69 231
Capital employed	387	961	391	581	3 097	369	771	1 424	– 703	7 277
CIR	98.4%	36.0%	49.0%	37.3%	26.1%	18.5%	27.6%	0.0%	0.0%	51.4%
RoRaC/RoE[2]	5.0%	22.9%	34.3%	22.2%	-13.6%	23.4%	14.6%	0.0%	0.0%	3.8%

(in € million)	31 Dec. 2015	31 Dec. 2014
Long-term equity under commercial law	7 541	7 277
Revaluation reserve	455	420
Silent participations in reported equity	518	205
Reported equity	**8 513**	**7 902**

[1] Transfer of long-term equity under commercial law to reported equity capital
[2] RoRaC at business level:
earnings before taxes / committed Tier 1 capital (9 per cent (8% in the previous year) of the higher of the RWA limits and the amount called on).
RoE at company level:
(Earnings before taxes/ long-term equity under commercial law (= reported equity capital – revaluation reserve – earnings after taxes)
The tables may include minor differences that occur in the reproduction of mathematical operations.

(19) Segment Reporting by geographical Segment

1 Jan. – 31 Dec. 2015 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolidation	NORD/LB Group
Earnings before risk provisioning [1]	2 348	202	97	65	– 312	2 400
Earnings before taxes (EBT)	503	108	58	43	– 59	653
Segment assets	179 255	22 288	5 069	3 721	– 29 336	180 998
Segment liabilities	180 745	20 798	5 069	3 721	– 29 336	180 998
Total risk exposure amount	55 889	8 618	2 604	2 215	– 5 650	63 675
Capital employed	6 835	776	234	199	– 504	7 541
CIR	45.1%	41.4%	41.5%	27.6%		46.4%
RoRaC/RoE [2]	7.4%	13.9%	24.9%	21.6%		8.7%

1 Jan. – 31 Dec. 2014 (in € million)	Federal Republic of Germany	Europe excluding Germany	America	Asia	Consolidation	NORD/LB Group
Earnings before risk provisioning [1]	2 098	252	88	63	– 313	2 188
Earnings before taxes (EBT)	152	187	70	52	– 185	276
Segment assets	193 858	27 165	4 604	4 025	– 32 044	197 607
Segment liabilities	195 050	25 973	4 604	4 025	– 32 044	197 607
Total risk exposure amount	61 191	9 211	2 176	1 921	– 5 268	69 231
Capital employed	6 718	737	174	154	– 506	7 277
CIR	51.5%	31.1%	38.4%	23.5%		51.4%
RoRaC/RoE [2]	2.3%	25.4%	40.3%	33.6%		3.8%

[1] Earnings before risk provisioning are defined as the sum of 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.

[2] RoRaC at business level:
Earnings before taxes/ committed Tier 1 capital
(9% (previous year: 8%) of the higher of the RWA limit and the amount called on)

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

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

Notes to the Income Statement

(20) Net Interest Income

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

	1 Jan. – 31 Dec. 2015 (in € million)	1 Jan. – 31 Dec. 2014 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	3 661	3 866	– 5
Interest income from debt securities and other fixed-interest securities	654	828	– 21
Interest income from financial instruments at fair value			
Interest income from trading profit / loss and hedge accounting derivatives	3 260	3 567	– 9
Interest income from fair value option	51	51	–
Current income			
from shares and other non fixed-interest securities	4	18	– 78
from investments	18	14	29
Interest income from other amortisations	611	574	6
Other interest income and similar income	3	1	> 100
	8 262	**8 919**	**– 7**
Interest expense			
Interest expenses from lending and money market 190iabilittions	1 608	1 886	– 15
Interest expenses from securitised liabilities	586	759	– 23
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit / loss and hedge accounting derivatives	3 003	3 225	– 7
Interest expenses from fair value option	271	295	– 8
Interest expenses from subordinated capital	248	240	3
Interest expenses from other amortisations	511	439	16
Interest expenses from provisions and liabilities	55	71	– 23
Other interest expenses and similar expenses	6	19	– 68
	6 288	**6 934**	**– 9**
Total	**1 974**	**1 985**	**– 1**

Interest income from lending and money market transactions includes negative interest from money market transactions in the amount of € 7 million (€ 1 million). These are to be allocated to the balance sheet items loans and advances to banks and loans and advances to customers. The item also includes interest income relating to impaired loans (unwinding) in the amount of € 76 million (€ 82 million).

Interest expenses from lending and money market transactions includes positive interest from money market transactions in the amount of € 22 million (€ 20 million). These are to be allocated to the balance sheet items liabilities to banks and liabilities to customers.

The interest income includes € 4.926 billion (€ 5.269 billion) relating to income from financial instruments which are not measured at fair value through profit or loss. The interest expenses include € 2.953 billion (€ 3.325 billion) relating to expenses from financial instruments which are not measured at fair value through profit or loss.

(21) Loan Loss Provisions

	1 Jan. – 31 Dec. 2015 (in € million)	1 Jan. – 31 Dec. 2014 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowances	533	535	–
Reversal of lumpsum specific loan loss provisions	3	9	– 67
Reversal of general loan loss provisions	203	199	2
Reversal of loan loss provisions	35	60	– 42
Additions to receivables written off	32	37	– 14
	806	**840**	**– 4**
Expenses for provisions for lending business			
Allocation to specific valuation allowances	1 259	1 232	2
Allocation to lumpsum specific loan loss provisions	3	2	50
Allocation to general loan loss provisions	136	218	– 38
Allocation to loan loss provisions	16	20	– 20
Direct write-offs of bad debts	90	103	– 13
	1 504	**1 575**	**– 5**
Total	**698**	**735**	**– 5**

(22) Net Commission Income

	1 Jan. – 31 Dec. 2015 (in € million)	1 Jan. – 31 Dec. 2014 (in € million)	Change (in %)
Commission income			
Lending and guarantee business	141	126	12
Account management and payment transactions	42	40	5
Trust activities	4	5	– 20
Security transactions and custody service	47	38	24
Brokerage business	38	30	27
Insurance business	–	11	– 100
Other commission income	68	51	33
	340	**301**	**13**
Commission expense			
Lending and guarantee business	70	57	23
Account management and payment transactions	3	2	50
Security transactions and custody service	25	24	4
Brokerage business	4	5	– 20
Insurance business	–	23	– 100
Other commission expenses	4	5	– 20
	106	**116**	**– 9**
Total	**234**	**185**	**26**

Commission income includes income from financial instruments which are not measured at fair value in the amount of € 229 million (€ 205 million). Commission expenses include expenses- from financial instruments which are not measured at fair value in the amount of € 97 million (€ 83 million).

(23) Profit/Loss from Financial Instruments at Fair Value through Profit or Loss

	1 Jan. – 31 Dec. 2015 (in € million)	1 Jan. – 31 Dec. 2014 (in € million)	Change (in %)
Trading profit / loss			
Profit / loss from debt securities and other fixed-interest liabilties	– 30	164	> 100
Profit / loss from shares and other non fixed-interest securities	1	1	–
Profit / loss from derivatives	74	385	– 81
Interest-rate risks	– 85	338	> 100
Currency risks	122	– 5	> 100
Share-price and other price risks	16	10	60
Credit derivatives	21	42	– 50
Profit / loss from receivables held for trading	– 88	178	> 100
Result from other trading transactions	12	–	> 100
	– 31	**728**	**> 100**
Foreign exchange result	– 51	– 2	> 100
Other income	–	4	– 100
	– 82	**730**	**> 100**
Profit / loss from the fair value option			
Profit / loss from receivables to customers and banks	– 7	17	> 100
Profit / loss from debt securities and other fixed-interest liabilties	32	89	– 64
Profit / loss from shares and other non fixed-interest securities	–	1	– 100
Profit / loss from liabilities to banks and customers	219	– 667	> 100
Profit / loss from securitised liabilties	– 27	– 84	– 68
Profit / loss from subordinated capital	1	1	–
	218	**– 643**	**> 100**
Total	**136**	**87**	**56**

Net commission income from trading activities in the amount of € 0 million (€ 4 million) is reported under other comprehensive income.

(24) Profit/Loss from Hedge Accounting

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

	1 Jan. - 31 Dec. 2015 (in € million)	1 Jan. - 31 Dec. 2014 (in € million)	Change (in %)
Profit / loss from micro fair value hedges			
from hedged underlying transactions	308	706	– 56
from derivatives employed as hedging instruments	– 272	– 719	– 62
	36	**– 13**	**> 100**
Profit / loss from portfolio fair value hedges			
from hedged underlying transactions	105	– 428	> 100
from derivatives employed as hedging instruments	3	484	– 99
	108	**56**	**93**
Total	**144**	**43**	**> 100**

(25) Profit/Loss from Financial Assets

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

	1 Jan.-30 Dec. 2015 (in € million)	1 Jan.-30 Dec. 2014 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**– 3**	**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	63	74	– 15
shares and other non fixed-interest securities	18	5	> 100
Other financial assets classified as AfS	– 8	–	–
Profit / loss from allowances for losses on			
debt securities and other fixed-interest securities	– 9	– 85	– 89
shares and other non fixed-interest securities	– 11	– 5	> 100
Other financial assets classified as AfS	– 1	6	> 100
	52	**– 5**	**> 100**
Profit / loss from shares in companies (not consolidated)	**23**	**–**	**–**
Total	**72**	**– 3**	**> 100**

(26) Profit/Loss from Shares in Companies accounted for using the Equity Method

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

	1 Jan.-30 Dec. 2015 (in € million)	1 Jan.-30 Dec. 2014 (in € million)	Change (in %)
Shares in joint ventures			
Earnings	2	5	– 60
Expenses	1	3	– 67
	1	**2**	**– 50**
Shares in associated companies			
Earnings	34	34	–
Expenses	27	73	– 63
	7	**– 39**	**> 100**
Total	**8**	**– 37**	**> 100**

(27) Administrative Expenses

	1 Jan.-30 Dec. 2015 (in € million)	1 Jan.-30 Dec. 2014 (in € million)	Change (in %)
Staff expenses			
Wages and salaries	457	486	– 6
Social insurance contributions	64	68	– 6
Expenditure on pension schemes and other benefits	59	46	28
Other staff expenses	7	6	17
	587	**606**	**– 3**
Other administrative expenses			
Costs for IT and communications	207	212	– 2
Building occupancy costs	43	45	– 4
Expenses for marketing, communications and entertainment	23	27	– 15
Personnel-related material expenses	21	20	5
Costs for legal, auditing, appraisal and consulting services	81	72	13
Levies and contributions	44	26	69
Expenses for operating and office equipment	5	5	–
Other services	1	5	– 80
Other administrative expenses	33	33	–
	458	**445**	**3**
Other administrative expenses			
Property and equipment	36	40	– 10
Intangible assets	32	32	–
Investment properties	1	2	– 50
	69	**74**	**– 7**
Total	**1 114**	**1 125**	**– 1**

Included under staff expenses are expenses for defined contribution plans in the amount of € 1 million (€ 1 million).

(28) Other operating Profit/Loss

	1 Jan.-30 Dec. 2015 (in € million)	1 Jan.-30 Dec. 2014 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	8	312	– 97
from insurance business	–	422	– 100
from other business	208	181	15
	216	**915**	**– 76**
Other operating expenses			
from allocation to provisions	18	504	– 96
from insurance business	–	271	– 100
from other business	295	215	37
	313	**990**	**– 68**
Total	**– 97**	**– 75**	**29**

Compared to the previous year, the changes in income from the reversal of and expenses from allocation to provisions and changes in income and expenses from insurance business are mainly attributable to the deconsolidation of the insurance companies of Öffentliche Versicherung Braunschweig, Braunschweig, and the related subsidiaries with effect of 30 September 2014.

Income from other business includes income from the disposal of receivables (€ 66 million (€ 41 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 57 million (€ 38 million)), rental income from investment property (€ 10 million (€ 12 million)), reimbursements of costs (€ 10 million (€ 12 million)) and income from the redemption of own debt securities (€ 6 million (€ 6 million)). Expenses from other business essentially comprise expenses from the disposal of other liabilities (€ 75 mil lion (€ 58 million), expenses to generate charter income from ships (€ 33 million (€ 28 million)), expenses from the redemption of debt securities (€ 24 million (€ 15 million)), expenses from investment property (€ 5 million (€ 6 million)) and expenses from the disposal of receivables (€ 2 million (€ 8 million)). The expenses from other business also include in the amount of € 52 million the annual contribution to the EU's Single Resolution Fund. This EU contribution replaces the contribution in the previous year in the amount of € 31 million for the German bank levy to be paid for the financial year 2014.

The expenses from other business also include unscheduled depreciation in the amount of € 14 million (€ 15 million). These are primarily the result of a fall in the market value of ships due to the continuing crisis in the shipping market.

(29) 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 restructuring expenses include in the amount of € 6 million (€ 46 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 € 0 million (€ 2 million) expenses from projects that aim to achieve significant cost synergies. The issues recognised under reorganisation expenses are of a non-recurring nature and are not to be allocated to the ordinary business activities of the NORD/LB Group.

(30) Expenses for Public Guarantees related to Reorganisation

The previous year's figure of € 1 million is attributable to the guarantee fee for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt, which ended in the second quarter of 2014, and associated expenses for services.

(31) Income Taxes

	1 Jan.-30 Dec. 2015 (in € million)	1 Jan.-30 Dec. 2014 (in € million)	Change (in %)
Current taxes on income and earnings			
Tax expenses / income for the current year	127	80	59
Tax expenses / income for previous years	1	– 58	> 100
	128	**22**	**> 100**
Deferred taxes			
Deferred taxes due to the accrual / reversal of temporary differences and tax losses / tax credits not previously considered	73	45	62
Deferred taxes due to changes in tax legislation / tax rates	– 6	– 3	100
Deferred taxes due to temporary differences in previous periods not previously considered	– 60	7	> 100
	7	**49**	**– 86**
Total	**135**	**71**	**90**

The current tax expense for the current financial year is reduced by € 31 million (€ 0 million) due to the utilisation of tax losses previously not considered. Deferred taxes include income from tax losses previously not considered, tax credits and temporary differences of € 33 million (€ 9 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.

	1 Jan.-30 Dec. 2015	1 Jan.-30 Dec. 2014
IFRS earnings before taxes	**653**	**276**
Anticipated income tax expenditure	206	87
Effects of reconciliation:		
Effects of differing tax rates	– 13	– 5
Taxes from previous years reported in the reporting period	– 59	– 51
Effects of changes in tax rates	– 6	– 3
Non-creditable income taxes	1	2
Non-deductible operational expenditure	60	28
Effects of tax-free earnings	– 30	– 9
Effect of permanent accounting-related effects	5	16
Effects of write-ups / write-downs / recognition adjustments	– 33	– 9
Other effects	4	15
Reported income tax expenses	**135**	**71**

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 2015. 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 future tax rate of 32.0 per cent (31.5 per cent).

Effects resulting from deviating tax rates are caused by differing tax rates in each country. The effects of valuation allowances / 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 (OCI) as follows:

	1 Jan. - 31 Dec. 2015			1 Jan. - 31 Dec. 2014		
(in € million)	Amount before taxes	Income tax effect	Amount after taxes	Amount before taxes	Income tax effect	Amount after taxes
Revaluation of the net liability from defined benefit pension plans	242	– 74	168	– 684	180	– 504
Changes in value for investments accounted for using the equity method recognised directly in equity	– 27	–	– 27	63	–	63
Increase / decrease from available for sale (AfS) financial instruments	23	– 21	2	449	– 129	320
Translation differences of foreign business units	35	–	35	86	–	86
Other	**273**	**– 95**	**178**	**– 86**	**51**	**– 35**

Notes to the Balance Sheet

(32) Cash Reserve

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Cash on hand	96	97	– 1
Balances with central banks	776	967	-20
Total	**872**	**1 064**	**-18**

Of the balances with central banks, 597 Mio € (844 Mio €) are credit balances with Deutsche Bundesbank.

(33) Loans and Advances to Banks

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	2 509	1 991	26
Foreign banks	2 873	2 845	1
	5 382	**4 836**	**11**
Other loans and advances			
German banks			
Due on demand	856	1 143	– 25
With a fixed term or period of notice	11 957	13 703	– 13
Foreign Banks			
Due on demand	1 857	2 117	– 12
With a fixed term or period of notice	1 142	1 766	– 35
	15 812	**18 729**	**– 16**
Total	**21 194**	**23 565**	**– 10**

(34) Loans and Advances to Customers

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1 207	1 287	– 6
Customers abroad	310	21	> 100
	1 517	**1 308**	**16**
Other loans and advances			
Domestic customers			
Due on demand	3 233	3 131	3
With a fixed term or period of notice	71 836	74 209	– 3
Customers abroad			
Due on demand	730	667	9
With a fixed term or period of notice	30 562	28 940	6
	106 361	**106 947**	**– 1**
Total	**107 878**	**108 255**	**–**

(35) Risk Provisioning

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Specific valuation allowance			
Domestic customers	1 948	1 890	3
Customers abroad	534	353	51
	2 482	**2 243**	**11**
Lumpsum specific loan loss provisions			
Domestic customers	7	7	–
	7	**7**	**–**
General loan loss provisions			
German banks	–	1	– 100
Foreign banks	1	1	–
Domestic customers	365	446	– 18
Customers abroad	64	49	31
	430	**497**	**– 13**
Total	**2 919**	**2 747**	**6**

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

(in € million)	Specific valuation allowances		Lumpsum specific loan loss provisions		General loan loss provisions		Loan loss provisions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1 January	**2 243**	**1 754**	**7**	**14**	**497**	**478**	**74**	**124**	**2 821**	**2 370**
Allocations	1 259	1 232	3	2	136	218	16	20	1 414	1 472
Reversals	533	535	3	9	203	199	35	60	774	803
Utilisation	455	214	–	–	–	–	–	3	455	217
Unwinding	– 76	– 82	–	–	–	–	– 1	–	– 77	– 82
Effects of changes of foreign exchange rates and other changes	95	102	–	–	–	1	1	– 7	96	96
Changes of the basis of consolidation	– 51	– 14	–	–	–	– 1	–	–	– 51	– 15
31 December	**2 482**	**2 243**	**7**	**7**	**430**	**497**	**55**	**74**	**2 974**	**2 821**

(36) Balancing Items for Financial Instruments hedged in the Portfolio Fair Value Hedge

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

(37) 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. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Bonds and debt securities			
issued by public-sector borrowers	444	361	23
issued by other borrowers	1 371	2 590	– 47
	1 815	**2 951**	**– 38**
Shares and other non fixed-interest securities			
Shares	63	55	15
	63	**55**	**15**
Positive fair values from derivatives			
Interest-rate risks	7 035	8 060	– 13
Currency risks	577	639	– 10
Share-price and other price risks	10	181	– 94
Credit derivatives	24	18	33
	7 646	**8 898**	**– 14**
Trading portfolio claims	2 729	2 451	11
	12 253	**14 355**	**– 15**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	200	257	– 22
Debt securities and other fixed-interest securities	1 582	1 694	– 7
	1 782	**1 951**	**– 9**
Total	**14 035**	**16 306**	**– 14**

For receivables designated at fair value there is a maximum default risk of € 200 million (€ 257 million).

The change in the fair value, which is attributable to changes in the credit risk of receivables designated at fair value, amounts to € 8 million (€ 7 million) in the period under review; the cumulative change is € 1 million (€ 11 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.

(38) 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. 2014 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Micro fair value hedge derivatives	1 882	2 498	– 25
Portfolio fair value hedge derivatives	625	985	– 37
Total	**2 507**	**3 483**	**– 28**

(39) Financial Assets

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

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Financial assets classified as LaR	**3 423**	**3 181**	**8**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	432	1 603	– 73
issued by other borrowers	2 991	1 578	90
	3 423	**3 181**	**8**
Financial assets classified as AfS	**31 092**	**41 939**	**– 26**
Debt securities and other fixed-interest securities			
issued by public-sector borrowers	16 299	17 963	-9
issued by other borrowers	14 194	23 349	– 39
	30 493	**41 312**	**– 26**
Shares and other non fixed-interest securities			
Shares	60	55	9
Investment certificates	98	104	– 6
Participation certificates	3	5	– 40
	161	**164**	**– 2**
Shares in companies - not consolidated	301	334	– 10
Other financial assets classified as AfS	137	129	6
	438	**463**	**– 5**
Total	**34 515**	**45 120**	**– 24**

(40) Property and Equipment

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Land and buildings	283	295	– 4
Operating and office equipment	45	53	– 15
Ships	200	198	1
Other property and equipment	45	22	> 100
Total	**573**	**568**	1

The development of property and equipment is shown under Note (41) Investment property.

(41) Investment Property

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

(in € million)	1 Jan. - 31 Dec. 2015	1 Jan. - 31 Dec. 2014
Rental income	10	12
Direct operating expenses	5	6

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

	Land and buildings	Operating and office equipment	Ship	Other property equipment	**Total**	Investment property
Cost as at 1 January 2014	**714**	**265**	**285**	**12**	**1 276**	**118**
Additions	–	15	–	12	**27**	9
Disposals	19	27	–	–	**46**	15
Transfers	–	1	–	– 1	**–**	–
Change from the basis of consolidation[1]	– 59	– 9	–	–	**– 68**	– 46
Changes from currency translation	–	1	13	–	**14**	–
Totals 31 December 2014	**636**	**246**	**298**	**23**	**1 203**	**66**
Accumulated depreciation as at 1 January 2014	**371**	**206**	**76**	**1**	**654**	**16**
Depreciation	12	16	12	–	**40**	2
Impairments (non-scheduled)	6	–	9	–	**15**	6
Disposals	19	22	–	–	**41**	14
Change from the basis of consolidation	– 29	– 7	– 1	–	**– 37**	– 24
Changes from foreign exchange rates	–	–	4	–	**4**	–
Totals 31 December 2014	**341**	**193**	**100**	**1**	**635**	**– 14**
Closing balance as at 31 December 2014	**295**	**53**	**198**	**22**	**568**	**80**
Cost as at 1 January 2015	**636**	**246**	**298**	**23**	**1 203**	**85**
Additions	–	6	16	22	**44**	1
	–	–	13	–	**13**	–
Disposals	3	19	–	–	**22**	–
Changes from foreign exchange rates	–	1	13	–	**14**	–
Totals 31 December 2015	**633**	**234**	**327**	**45**	**1 239**	**86**
Accumulated depreciation as at 1 January 2014	**341**	**193**	**100**	**–**	**634**	**5**
Depreciation	11	15	11	–	**37**	2
Impairments (non-scheduled)	–	–	12	–	**12**	2
Disposals	2	19	–	–	**21**	–
Changes from foreign exchange rates	–	–	4	–	**4**	–
Totals 31 December 2015	**350**	**189**	**127**	**–**	**666**	**9**
Closing balance as at 31 December 2015	**283**	**45**	**200**	**45**	**573**	**77**

[1] From the disposal of companies

€ 1 million (€ 5 million) of the additions of investment property relates to an acquisition and € 0 million (€ 4 million) to the capitalisation of retrospective amortised costs.

(42) Intangible Assets

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Software			
Purchased	25	25	–
Internally generated	19	42	– 55
	44	**67**	**– 34**
Intangible assets under development	85	60	42
Other intangible assets	20	12	67
Total	**149**	**139**	**7**

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

Expenses for research and development in the amount of € 0 million (€ 74 million) have been incurred. The research expenditure on internally developed software which is not eligible for capitalisation totals € 0 million (€ 45 million).

Impairments of intangible assets of € 0 million (€ 2 million) result from purchases of software.

The NORD/LB Group has intangible assets with an indefinite useful life in the amount of € 7 million (€ 7 million).

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. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
IT applications [1]	45	15	unlimited	2
Internally developed software [1]	46	11	11	12
Brand name	4	5	unlimited	unlimited

[1] The above amounts include both completed intangible assets and intangible assets under construction.

The development of intangible assets is as follows:

	Software Purchased	Software Internally generated	Other Purchased	Other Internally generated	**Total**
Cost as at 1 January 2014	**134**	**239**	**18**	**39**	**430**
Additions	10	2	3	23	**38**
Disposals	2	–	–	–	**2**
Transfers	4	2	– 4	– 2	**–**
Change from the basis of consolidation	– 23	–	–	–	**– 23**
Totals 31 December 2014	**123**	**243**	**17**	**60**	**443**
Accumulated depreciation as at 1 January 2014	**114**	**175**	**5**	**–**	**294**
Scheduled Depreciation	6	26	–	–	**32**
Depreciation (non-scheduled depreciation)	2	–	–	–	**2**
Additions	2	–	–	–	**2**
Change from the basis of consolidation	– 22	–	–	–	**– 22**
Totals 31 December 2014	**98**	**201**	**5**	**–**	**304**
Closing balance as at 31 December 2014	**25**	**42**	**12**	**60**	**139**
Cost as at 1 January 2015	**123**	**243**	**17**	**60**	**443**
Additions	17	–	9	25	**51**
Disposals	13	–	–	–	**13**
Totals 31 December 2015	**127**	**243**	**26**	**85**	**481**
Accumulated depreciation as at 1 January 2015	**98**	**201**	**5**	**–**	**304**
Depreciation	9	23	1	–	**33**
Additions	5	–	–	–	**5**
Totals 31 December 2015	**102**	**224**	**6**	**–**	**332**
Closing balance as at 31 December 2015	**25**	**19**	**20**	**85**	**149**

(43) Assets held for Sale

The assets held for sale in accordance with IFRS 5 are broken down as follows:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances to banks and customers	1	–	–
Financial assets at fair value through profit or loss	1	–	–
Investments accounted for using the equity method	36	22	64
Property and equipment	18	33	– 45
Other assets	2	1	100
Total	**58**	**56**	**4**

The financial assets held for sale are shares in an affiliated company that are allocated to the segment Group Management/Others and were classified for the first time as held for sale with effect of 28 May 2015. They were accounted for at this time using the equity method. The disposal of the shares held in the Group is planned to take place in the first quarter of 2016. In accordance with IFRS 5.20 an impairment in the amount of € 0 million (€ 3 million) was recognised in other operating profit/loss.

Property and equipment held for sale include ships from the Ship Customers segment, which were reported at fair value as at 31. December

2014 for the first time within the full consolidation. In accordance with IFRS 5.20 an impairment in the amount of € 11 million (€ 0 million) was recognised in other operating profit/loss. The restructuring or disposal of the remaining ships is planned to take place in the first quarter of 2016.

With the completion of the reorganisation process, a long-term asset held for sale (ship) was sold from the Ship Customers segment to a new investor in the third quarter and is therefore no longer shown under assets held for sale. A profit of € 1 million (€ 0 million) was recognised under other operating profit/loss.

Assets held for sale also include in the amount of € 1 million (€ 0 million) the assets of a fully-consolidated subsidiary. This is allocated to the Private Customer Business segment and is to be sold for strategic reasons in order to concentrate on the core business.

These values mainly concern other assets in the amount of € 1 million (€ 0 million). The sale of the subsidiary is planned for 2016.

The reference figure for the previous year for financial assets in the amount € 22 million includes shares in a joint venture that were previously accounted for using the equity method and were disposed of in the second quarter of 2015.

(44) Income Tax Assets

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Current income tax assets	37	57	– 35
Deferred tax assets	663	784	- 15
Total	**700**	**841**	**- 17**

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 (OCI) totalled as at 31 December 2015 € 141 million (€ 216 million).

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Loans and advances to banks	9	147	– 94
Loans and advances to customers	148	11	> 100
Financial assets at fair value through profit or loss	99	148	– 33
Fair values from hedge accounting derivatives	722	644	12
Intangible assets	39	51	– 24
Property and equipment	69	64	8
Other assets	182	205	– 11
Liabilities			
Liabilities to Customers	446	559	– 20
Securitised Liabilities	83	116	– 28
Financial liabilities at fair value through profit or loss	361	529	– 32
Fair values from hedge accounting derivatives	967	1 276	– 24
Provisions	709	522	36
Other liabilities	129	233	– 45
Tax loss carried forward	9	64	– 86
Total	**3 972**	**4 569**	**– 13**
Net	3 309	3 785	– 13
Total	**663**	**784**	**– 15**

In addition to deferred taxes recognised in the income statement, netted deferred income tax assets also comprise financial assets of € 2 million (€ 0 million) and provisions of € 139 million (€ 216 million) recognised in other comprehensive income (OCI). Active deferred taxes were applied in the reporting period for all losses carried forward from corporation tax and trade tax. There is no time limit on the utilisation of existing tax losses carried forward.

(45) Other Assets

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances on interim accounts	153	100	53
Rights to reimbursement from Unterstützungskasse NORD/LB	503	–	–
Rights to reimbursement from defined benefit plans	16	19	– 16
Other assets including prepaid expenses	306	326	– 6
Total	**978**	**445**	**> 100**

The receivables in interim accounts primarily relate to receivables in lending business and transactions in payment accounts.

NORD/LB AöR has partly transferred the existing pension obligations to Unterstützungskasse Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e.V., Hanover. Due to an existing mandate with Unterstützungskasse, NORD/LB will continue to make pension payments though and on this basis has the right to a refund from

Unterstützungskasse. NORD/LB AöR's right to a refund from Unterstützungskasse equates to the fair value of the assets transferred to Unterstützungskasse from NORD/LB AöR for the purpose of making the pension payments.

Regarding the development of the refund claim, Note (52) Provisions is referred to.

(46) Liabilities to Banks

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Deposits from other banks			
German banks	2 169	1 407	54
Foreign banks	1 236	887	39
	3 405	**2 294**	**48**
Liabilities resulting from money market transactions			
German banks	9 971	20 012	– 50
Foreign banks	10 150	8 389	21
	20 121	**28 401**	**– 29**
Other liabilities			
German banks			
Due on demand	2 751	3 117	– 12
With a fixed term or period of notice	21 062	21 491	– 2
Foreign banks			
Due on demand	759	1 512	– 50
With a fixed term or period of notice	712	2 171	– 67
	25 284	**28 291**	**– 11**
Total	**48 810**	**58 986**	**– 17**

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

Of the other assets, an initial margins account for a total € 220 million (€ 246 million).

(47) Liabilities to Customers

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 293	1 650	– 22
Customers abroad	13	15	– 13
With an agreed notice period of more than three months			
Domestic customers	34	78	– 56
Customers abroad	1	1	–
	1 341	**1 744**	**– 23**
Liabilities resulting from money market transactions			
Domestic customers	12 254	10 896	12
Customers abroad	3 141	1 940	62
	15 395	**12 836**	**20**
Other liabilities			
Domestic costumers			
Due on demand	16 519	13 719	20
With a fixed term or period of notice	24 496	27 523	– 11
Customers abroad			
Due on demand	713	791	– 10
With a fixed term or period of notice	2 133	1 383	54
	43 861	**43 416**	**1**
Total	**60 597**	**57 996**	**4**

(48) Securitised Liabilities

	31 Dec. 2015 (in € million)	31 Dec. 2014[1)] (in € million)	Change (in %)
Issued debt securities			
Mortgage bonds	10 968	11 190	– 2
Municipal debentures	10 472	10 106	4
Other debt securities	12 618	17 376	– 27
	34 058	**38 672**	**– 12**
Money market instruments			
Commercial paper	1 452	1 726	– 16
Certificates of deposit	367	316	16
	1 819	**2 042**	**– 11**
Total	**35 877**	**40 714**	**– 12**

[1)] The previous year's figures were adjusted by € 1.840 billion in accordance with IAS 1.

Repurchased debt securities issued by the Bank itself have been directly deducted from securitised liabilities in the amount of € 4.720 billion (€ 5.140 billion).

(49) Balancing Items for Financial Instruments hedged in the Portfolio Fair Value Hedge

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.

(50) 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 and securitised liabilities.

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives relating to			
interest rate risks	5 915	7 147	– 17
currency risks	1 808	1 821	– 1
share-price and other price risks	8	2	> 100
credit derivatives	11	26	– 58
	7 742	**8 996**	**– 14**
Delivery obligations from short-sales	12	122	– 90
	7 754	**9 118**	**– 15**
Financial liabilities designated at fair value			
Liabilities to banks and customers	6 098	6 429	– 5
Securitised liabilities	2 205	2 598	– 15
Subordinated capital	–	24	– 100
	8 303	**9 051**	**– 8**
Total	**16 057**	**18 169**	**– 12**

The change in the fair value of liabilities designated at fair value is the result of changes in the credit risk and amounts to € 15 million (€ -49 million) in the period under review; the cumulative change is € -68 million (€ -106 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 differrence 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 carrying amount of liabilities designated at fair value as at 31 December 2015 is € 599 million higher (€ 1.074 billion) 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.

(51) Negative 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. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Micro fair value hedge derivatives	2 871	3 506	– 18
Portfolio fair value hedge derivatives	277	420	– 34
Total	**3 148**	**3 926**	**– 20**

(52) Provisions

Provisions are broken down as follows:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Provisions for pensions and other obligations	**2 122**	**2 478**	**– 14**
Other provisions			
Provisions in lending business	55	74	– 26
Provisions for restructuring measures	5	9	– 44
Provisions for expected losses	–	1	– 100
Provisions for uncertain liabilities	246	284	– 13
	306	**368**	**– 17**
Total	**2 428**	**2 846**	**– 15**

Pensions and similar Obligations

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Present value of defined benefit obligations	2 332	2 550	– 9
Less fair value of plan assets	– 210	– 71	> 100
Total	**2 122**	**2 479**	**– 14**

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. Plan assets of pension commitments are primarily supported by plan assets in the form of cash and cash equivalents and fixed-interest securities. There are also entitlements to allowance payments.

Defined pension entitlements from direct and indirect commitments exist. The payments for direct pension entitlements are made directly by NORD/LB, while the payments for indirect pension entitlements are made by the legally independent Unterstützungskasse Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e. V., Hannover, or Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen, (provident funds). The executive bodies of the provident funds are made up of employer and employee representatives of the NORD/LB Group. The provident funds are partially reinsured / lump-sum-endowed provident funds and are furnished with liquid funds within the legal framework to provide the pension services of NORD/LB and Bremer Landesbank. NORD/LB and Bremer Landesbank also bear as the funding companies of the pension obligations the subsidiary liability for the service performed by the provident funds. NORD/LB AöR has a refund claim against the Unterstützungskasse in the amount of the fair value of the assets of the Unterstützungskasse. NORD/LB reports this refund claim under other assets (Note (45)). In the case of Bremer Landesbank, the assets of the Unterstützungseinrichtung are offset against the pension obligations of Bremer Landesbank as the requirements for offsetting have been met.

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 (Versorgungsordnungen, VO) in this case are the total benefit commitment according to German civil service law (Gesamtversorgungszusage nach Beamtenrecht), VO 1973 and VO 2000. The accounting regulations according to IAS 19 for defined benefit plans apply for these benefit schemes.

The defined pension commitment has also applied for members of the Managing Board since 1 January 2000 on the basis of VO 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.

No more employees are included either in VO 1973 or in VO 2000. VO 2000 was recently closed with effect of 31 December 2013.

Since 1 January 2014 the pension commitments for new starters at NORD/LB AöR have been reported through the BVV Bankenversicherungsverein des Bankgewerbes a.G., Berlin, (BVV) as a reinsured provident fund.

Additionally, all employees of the Bank may finance an additional pension via deferred remuneration through the BVV Versicherungsverein des Bankgewerbes a.G. (pension fund).

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 in cash and cash equivalents and a small share 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 market and investment risk is countered by means of observing the minimum rating (AA) of the investments and the investment type (predominantly government bonds). The control of liquidity risk which is due among other things to the pension payments is described in the risk report.

At the level of the provident funds, the respective executive bodies have defined the framework for investing funds in the respective capital investment guidelines. In both provident funds, funds are largely invested to finance pension payments in low-risk forms of investment (debt instruments of NORD/LB, interest hedges with NORD/LB, liquid funds and reinsurance claims). The executive bodies can commission a third party to manage the funds assets.

Joint Schemes for multiple Employers

Along with other financial institutions in German, the NORD/LB Group is a member of the BVV Versorgungskasse des Bankgewerbes e.V. (BVV). Both the Group as an employer and also the employees with the requisite entitlement regularly make pension contributions to the BVV. The BVV's tariffs permit fixed pension payments with surplus contributions. The employer's subsidiary liability vis-à-vis its own employees applies in the case of BVV.

The Group classifies the BVV plan as a benefit plan and treats it for accounting purposes as a contribution-defined plan as the available information is not sufficient for reporting as a benefit plan. NORD/LB considers the likelihood of a claim arising from the subsidiary liability to be extremely low and thus has created neither a contingent liability nor a reserve for this eventuality.

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 %)
	2015	2014	2015	2014	2015	2014	
Opening balance	**2 550**	**2 021**	**71**	**66**	**2 479**	**1 955**	**27**
Current service cost	51	38	–	–	51	38	34
Interest expense	56	73	– 2	– 3	58	76	– 24
Additional accounting current service costs	1	–	–	–	1	–	–
Change from Consolidation	– 2	– 205	– 1	–	– 1	– 205	– 100
Effects from settlements / assignments (compensation payments)	– 9	–	– 4	–	– 5	–	–
Increase / decrease resulting from changes in foreign exchanges rates	3	3	2	2	1	1	–
Benefits paid	– 71	– 66	– 17	– 16	– 54	– 50	8
Employer contributions	–	–	160	14	– 160	– 14	> 100
	2 579	**1 864**	**213**	**69**	**2 366**	**1 795**	**32**
Revaluation							
Adjustments made on the basis of experience	– 14	33	–	–	– 14	33	> 100
Profit / losses from the change in demographic assumptions	–	1	–	–	–	1	– 100
Profit / losses from the change in financial assumptions	– 233	652	–	–	– 233	652	> 100
Without interest income	–	–	– 3	2	3	– 2	> 100
Closing balance	**2 332**	**2 550**	**210**	**71**	**2 122**	**2 479**	**– 14**

In addition to pension commitments, the present value of defined benefit obligations includes allowance payments in the amount of € 194 million (€ 209 million).

In 2015 former employees who left NORD/LB with a non-forfeitable claim and recipients of benefits (pensioners and surviving dependents) with low pension entitlements were informed of the possibility to settle their entitlements. The settlement reduced NORD/LB's obligations by € 7 million. The settlement was in the amount of the value of the obligation under the German Commercial Code, and due to the reversal of the higher provision under there was a positive settlement gain of € 1 million.

Notwithstanding the above, the pension plan for the New York branch was also terminated. The plan covered benefit entitlements for employees of the branch in the amount of € 7 million. The employees affected by the termination had the choice of settling their benefit entitlement or transferring it to an independent third party. In September 2015 € 4 million of benefit entitlements were settled by payments in the same amount and € 3 million of benefit entitlements were transferred.

The defined benefit obligation is broken down as at the balance sheet date into amounts for defined benefit plans in the amount of € 1.858 billion (€ 2.012 billion) which are not financed through a fund and into amounts from defined benefit obligations in the amount of € 476 million (€ 538 million) which are either fully or partially financed through a fund.

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Equity instruments			
active market	16	19	– 16
Debt instruments			
active market	35	25	40
inactive market	– 1	12	> 100
	34	**37**	**– 8**
Zahlungsmittel/äquivalente	**134**	**3**	**> 100**
Other assets			
active market	26	8	> 100
inactive market	–	4	– 100
	26	**12**	**> 100**
Total	**210**	**71**	**> 100**

The fair value of plan assets includes the bank's own debt instruments in the amount of € 1 million (€ 1 million). Other assets include in the amount of € 13 million (€ 0 million) assets from reinsurance cover.

The fair value of NORD/LB's refund claim against Unterstützungskasse has developed as follows:

	2015	2014	Change (in %)
Opening balance	**–**	**–**	**–**
Benefits paid on reimbursement	– 12	–	–
Capital contribution by owner companies	519	–	–
Capital reimbursement to owner companies	–	–	–
Calculated interest income on reimbursement	2	–	–
Revaluation (OCI)	– 6	–	–
Other changes in value (P&L)	–	–	–
Closing balance	**503**	**–**	**–**

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

(in € million)	Pensions expenses 31 Dec. 2015	Pensions expenses 31 Dec. 2014
Less than 1 year	– 66	– 62
between 1 and 2 years	– 68	– 65
between 2 and 3 years	– 70	– 67
between 3 and 4 years	– 72	– 70
between 4 and 5 years	– 75	– 72
Total	**– 351**	**– 336**

The duration of the defined benefit pension obligation is 20 (20) years and is reviewed every year by an actuarial expert.

The contribution payments for defined benefit plans are expected to be € 1 million (€ 11 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 31 Dec. 2015	Decline 31 Dec. 2015	Increase 31 Dec. 2014	Decline 31 Dec. 2014
Actuarial interest rate	232	201	267	230
Wages	29	28	31	30
Pensions	62	59	70	67
Cost increase rate for allowance payments	43	33	50	38
Mortality, invalidity, etc.	104	105	101	90

A sensitivity of -/+ 0.50 (0.50) per cent was applied to the interest rate, -/+ 0.25 (0.25) per cent for both the salary and pension trend and 1 (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 (90) per cent. This results in an increase in life expectancy of 0.8 to 1.2 years (0.8 to 1.2 years) in the 20 to approx.. 70 age range, an increase of 0.4 to 0.8 years (0.4 to 0.8 years) in the approx.. 70 to 90 age range and less than 0.4 years (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:

	Provisions in lending business	Provisions for reorganisation	Provisions for contingent losses	Provisions for uncertain liabilities		Total
				Provisions for liabilities to personnel	Other provisions for uncertain liabilities	
1 January	**74**	**9**	**1**	**200**	**84**	**368**
Utilisation	–	4	–	59	11	74
Resolutions	35	–	1	5	7	48
Reversals	16	–	–	9	32	57
Allocations	–	–	–	2	–	2
Changes from foreign exchange rates	–	–	–	1	–	1
31 December	**55**	**5**	**–**	**148**	**98**	**306**

Provisions for restructuring relate to the implementation of the business model initiated in 2005. Reported under provisions for liabilities to personnel are provisions for restructuring measures in the amount of € 81 million (€ 90 million) which are a result of the efficiency improvement programmed launched in 2011 (cf. Note (29) Reorganisation expenses). Of the provisions for liabilities to personnel, provisions due to early retirement schemes account for € 19 million (€ 28 million) and provisions for long-service awards account for € 4 million (€ 4 million).

The other provisions for uncertain liabilities include provisions for litigation and regress risks of

€ 54 million (€ 38 million). Uncertainty regarding the amount and time of these provisions result from low empirical values and the differentiated nature of the underlying circumstances.

The other provisions are mainly due in the long term.

(53) Liabilities held for Sale

This position contains obligations of several companies held for sale totalling € 7 million (€ 6 million).

(54) Income Tax Liabilities

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Current Income tax liabilities	116	73	59
Deferred tax liabilities	87	100	– 13
Total	**203**	**173**	**17**

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 assets which were recognised in other comprehensive income (OCI) totalled as at 31 December 2015 € 100 million (€ 79 million).

Deferred tax liabilities relate to the following balance sheet items:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Loans and advances to banks	63	30	> 100
Loans and advances to customers	292	329	– 11
Risk Provisioning	92	45	> 100
Financial assets at fair value through profit or loss	137	181	– 24
Fair values from hedge accounting derivatives	701	979	– 28
Financial assets	437	789	– 45
Intangible assets	21	24	– 13
Property and equipment	22	21	5
Other assets	169	11	> 100
Liabilities			
Liabilities to banks	6	179	– 97
Liabilities to customers	166	59	> 100
Securitised liabilities	11	6	83
Financial liabilities at fair value through profit or loss	1 213	1 211	0
Provisions	2	4	– 50
Other liabilities	64	17	> 100
Total	**3 396**	**3 885**	**– 13**
Net	3 309	3 785	– 13
Total	**87**	**100**	**– 13**

In addition to deferred taxes recognised in the income statement, deferred tax liabilities also comprise financial assets of € 100 million (€ 79 million) recognised in other comprehensive income (OCI).

(55) Other Liabilities

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Liabilities resulting from unsettled invoices	41	49	– 16
Liabilities from premiums	1	1	–
Liabilities from short-term employee remuneration	61	58	5
Deferred income	10	14	– 29
Liabilities from payable taxes and social insurance contributions	20	15	33
Liabilities from interim accounts	75	45	67
Other liabilities	98	685	– 86
Total	**306**	**867**	**– 65**

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 2016.

The liabilities in interim accounts primarily relate to liabilities in lending business and transactions in payment accounts.

(56) Subordinated Capital

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Subordinated liabilities	3 101	3 666	– 15
Participatory capital	152	188	– 19
Silent participations	1 046	992	5
Total	**4 299**	**4 846**	**– 11**

Subordinated liabilities are not paid back until the claims of all senior creditors have been satisfied. At € 2.605 billion (€ 2.632 billion) they meet the requirements of art. 63 of EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) for inclusion as Tier 2 capital in accordance with art. 62 of the CRR. Interest expenses for subordinated liabilities total € 156 million (€ 154 million).

Participatory capital comprises solely registered participatory capital. At € 0 million (€ 53 million), the participatory capital meets the requirements of art. 63 CRR for inclusion as Tier 2 capital in accordance with art. 62 of the CRR. Interest expenses for participatory capital total € 9 million (€ 11 million).

Silent participations represent borrowed capital under IAS 32 due to their contractual structure and economic character. Of this, € 401 million (€ 476 million) meets the requirements of art. 63 CRR for permanent inclusion as Tier 2 capital in accordance with art. 62 of the CRR. In deviation to this, silent participations will be allocated in accordance with the applicable transitional provisions of art. 484 para. 4 of the CRR in conjunction with § 31 of the German Solvency Regulation (Solvabilitätsverordnung) on a pro-rata basis to Additional Tier 1 capital by no later than the end of 2021 in accordance with art. 51 of the CRR. As at the reporting date, the maximum share is 70 per cent (80 per cent) of the regulatory carrying amounts of the silent participations as at 31 December 2012 or a maximum of € 620 million (€ 709 million). As the balance of silent participations on the reporting date is below this maximum share, all of the silent participations as at the reporting date are therefore included in Additional Tier 1 capital. Interest expenses relating to silent participations total € 83 million (€ 75 million).

The actual subordinated capital included in regulatory capital is also dependent on other conditions (e.g. residual terms) and can be found in the regulatory disclosures on equity.

(57) Equity

The equity is made up as follows:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Issued capital	1 607	1 607	–
Capital reserves	3 332	3 332	–
Retained Earnings	2 493	1 957	27
Revaluation reserve	454	420	8
Currency translation reserve	– 9	– 10	– 10
Equity capital attributable to the owners of NORD/LB	7 877	7 306	8
Additional Equity components	50	–	
Equity capital attributable to non-controlling interests	586	596	– 2
Total	**8 513**	**7 902**	**8**

As at 31 December 2015 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).

The capital reserves include the amounts paid in capital increases by the owners of NORD/LB in addition to the subscribed capital and silent participations totalling € 10 million (€ 10 million), which due to their economic character represent equity in accordance with IAS 32. The profit share for silent participations is € 1 million (€ 1 million).

Retained profit includes retained profit from previous reporting periods, allocations from profit less the share of minority interests in profit, 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 companies accounted for using the equity method.

Reported under the item revaluation reserve are the effects of the measurement of available for sale (AfS) financial instruments.

The currency translation reserve 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.

The € 50 million (€ 0 million) reported under the item additional equity components relates to a tranche of Additional Tier 1 bonds newly issued in the NORD/LB Group (AT 1 bonds). These AT1 bonds issued on the 29 June 2015 establish non-collateralised, subordinated liabilities and do not have a maturity date.

The bonds will have a fixed-interest rate of 8.5 per cent in the first five years and a variable interest rate thereafter.

The bank has the right, at its own discreation, not to pay the interest in whole or in part, in particular, but not only, if this is necessary to prevent the Common Equity Tier 1 capital ratio of Bremer Landesbank from falling below the minimum Common Equity Tier 1 capital ratio or to meet a condition imposed by the responsible regulatory authority. Any interest payments that are not paid will not be paid at a later date. The non-payment of interest will not entitle the creditors to terminate the debt securities and will not constitute a default for Bremer Landesbank.

The debt securities may be terminated by the Group in whole, though not in part, subject to the prior approval of the responsible regulatory authority, for the first time on the 29 June 2020 and thereafter on any interest payment date and paid back in their repayment amount plus interest accrued up to the repayment date. The debt securities may be terminated under certain circumstances at any time due to regulatory or tax reasons.

The repayment and nominal amount of the bonds may be reduced if a triggering event occurs. Such a triggering event occurs if the Common Equity Tier 1 capital ratio of the issuing Group company (the "Common Equity Tier 1 capital ratio") falls below 5.125 per cent (the minimum CET1 ratio). The triggering event may occur at any time and the relevant Common Equity Tier 1 capital ratio will be calculated not only in relation to specific reference dates. After a write-down has been effected, the nominal amount and the repayment amount of each debt security can be written up again in each of the financial years following the write-down up to the full amount of the original nominal amount (providing it has not previously been paid back or purchased and cancelled), providing there is an appropriate annual profit and therefore an annual loss is not incurred or increased.

The creditors do not have the right to terminate the debt securities.

According to IAS 32, the AT1 bonds are equity instruments, as these financial instruments do not involve any contractual liabilities to provide another company with liquid funds (or another asset). The AT1 bonds do not have a maturity date and early payment is not possible for the bearer. Furthermore, they are interest-bearing debt securities, the issuing Group company has the right not to pay the interest and not to make up the interest not paid at a later date. The AT1 bonds do not document voting rights or any residual claim to the Group's net assets. The AT1 bonds are a distinct type of financial instrument that have to be reported separately under equity.

The payments for AT1 bonds are accounted for in accordance with the instrument's classification as an equity instrument. Distributions to bearers of equity instruments are to be deducted directly from equity and not recognised in the income statement. This will therefore also be the case for the interest payments on the AT1 bonds.

Other shareholders also 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 2014 the dividend rate is 61 per cent (0.8 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 2015 no dividend payment is planned.

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 income which has no effect on cash in the year under review is deducted. Furthermore, all cash expenses and income which are not allocated to operating activities are eliminated. These payments are taken into account in cash flows from investing 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 investing 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 owners 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.

	31 Dec. 2015			31 Dec. 2014		
	Fair Value	Carrying amount	Difference	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	872	872	–	1 064	1 064	–
Loans and advances to banks	21 842	21 194	648	24 455	23 565	890
Loans and advances to customers	108 607	107 878	729	110 532	108 255	2 277
Risk provisioning	[1]	– 2 919	2 919	[1]	– 2 747	2 747
Sub-total of loans and advances to banks/customers (net after loan loss provisions)	**130 449**	**126 153**	**4 296**	**134 987**	**129 073**	**5 914**
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	91	– 91	[2]	114	– 114
Financial assets at fair value through profit or loss	14 035	14 035	–	16 306	16 306	–
Positive fair values from hedge accounting derivatives	2 507	2 507	–	3 483	3 483	–
Financial assets not reported at fair value	3 205	3 471	– 266	2 968	3 220	– 252
Financial assets reported at fair value	31 044	31 044	–	41 901	41 901	–
	108	77	31	96	80	16
For sale certain financial assets not recorded at fair value	74	38	36	–	–	–
For sale certain financial assets recorded at fair value	20	20	–	56	56	–
Other assets not reported at fair value	35	35	–	20	20	–
Other assets reported at fair value	36	36	–	25	25	–
Total	**182 385**	**178 379**	**4 006**	**200 906**	**195 342**	**5 564**

[1] Contributions 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 reported in the fair values of the hedged financial instruments.

	31 Dec. 2015 Fair Value	Carrying amount	Difference	31 Dec. 2014 Fair Value	Carrying amount	Difference
Liabilities						
Liabilities to banks	49 439	48 810	629	60 251	58 986	1 265
Liabilities to customers	63 622	60 597	3 025	61 756	57 996	3 760
Securitised liabilities	36 330	35 877	453	41 691	40 714	977
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	753	-753	[2]	1 176	-1 176
Financial liabilities at fair value through profit or loss	16 057	16 057	–	18 169	18 169	–
Negative fair values from hedge accounting derivatives	3 148	3 148	–	3 926	3 926	–
For sale certain financial liabilities not recorded at fair value	7	7	–	–	–	–
Other liabilities not reported at fair value	29	29	–	16	16	–
Other liabilities not reported at fair value	1	1	–	1	1	–
Subordinated capital	4 726	4 299	427	5 360	4 846	514
Total	**173 359**	**169 578**	**3 781**	**191 170**	**185 830**	**5 340**

[1] Contributions 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 reported in the fair values of the hedged financial instruments.

It was not possible to reliably determine a fair value for € 48 million (€ 39 million) of financial instruments as there is no active market for these financial instruments and necessary estimates are not possible within reasonable fluctuation ranges and suitable probabilities of occurrence. These are mainly investments. It is intended that these financial instruments remain in the company.

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	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Assets								
Assets held for trading	725	847	11 463	13 311	65	197	12 253	14 355
Debt securities and other fixed-interest securities	662	792	1 153	2 159	–	–	1 815	2 951
Shares and other non fixed-interest securities	63	55	–	–	–	–	63	55
Positive fair values from derivatives	–	–	7 645	8 898	1	–	7 646	8 898
Interest-rate risks	–	–	7 035	8 060	–	–	7 035	8 060
Currency risks	–	–	576	639	1	–	577	639
Share-price and other price risks	–	–	10	181	–	–	10	181
Credit derivatives	–	–	24	18	–	–	24	18
Trading portfolio claims	–	–	2 665	2 254	64	197	2 729	2 451
Financial assets as at fair value through profit or loss	946	935	836	1 016	–	–	1 782	1 951
Loans and advances to customers	–	–	200	257	–	–	200	257
Financial assets	946	935	636	759	–	–	1 582	1 694
Debt securities and other fixed-interest securities	946	935	636	759	–	–	1 582	1 694
Positive fair values from hedge accounting derivatives	–	–	2 507	3 483	–	–	2 507	3 483
Positive fair values from employed micro fair value hedge derivatives	–	–	1 882	2 498	–	–	1 882	2 498
Interest-rate risks	–	–	1 836	2 383	–	–	1 836	2 383
Currency risks	–	–	46	115	–	–	46	115
Positive fair values from employed portfolio fair value hedge derivatives	–	–	625	985	–	–	625	985
Interest-rate risks	–	–	625	985	–	–	625	985
Financial assets at fair value	11 234	11 124	19 437	30 412	373	365	31 044	41 901
Debt securities and other fixed-interest securities	11 059	10 918	19 430	30 391	4	5	30 493	41 314
Shares and other non fixed-interest securities	161	162	–	2	–	–	161	164
Shares in companies (not consolidated)	14	44	7	19	232	231	253	294
Other financial assets classified as AfS	–	–	–	–	137	129	137	129
For Sale certain financial assets recorded at fair value	–	–	20	56	–	–	20	56
Other assets recorded at for value	16	17	20	8	–	–	36	25
Total	**12 921**	**12 923**	**34 283**	**48 286**	**438**	**562**	**47 642**	**61 771**

	Level 1		Level 2		Level 3		Total	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Liabilities								
Trading liabilities	11	80	7 742	9 021	1	17	7 754	9 118
Negative fair values from derivatives relating to	3	3	7 738	8 976	1	17	7 742	8 996
Interest-rate risks	–	2	5 915	7 129	–	16	5 915	7 147
Currency risks	–	–	1 807	1 820	1	1	1 808	1 821
Share-price and other price risks	3	1	5	1	–	–	8	2
Credit derivatives	–	–	11	26	–	–	11	26
Delivery obligations from short-sales and other trading assets	8	77	4	45	–	–	12	122
Financial liabilities reported at fair value	22	26	8 277	9 016	4	9	8 303	9 051
Liabilities to banks	–	–	442	564	–	–	442	564
Liabilities to customers	–	–	5 656	5 865	–	–	5 656	5 865
Securitised liabilities	22	26	2 179	2 563	4	9	2 205	2 598
Subordinated capital	–	–	–	24	–	–	–	24
Negative Fair Values aus Hedge-Accounting-Derivaten	–	–	3 148	3 926	–	–	3 148	3 926
Negative fair values from employed micro fair value hedge derivatives	–	–	2 871	3 506	–	–	2 871	3 506
Interest-rate risks	–	–	2 497	3 123	–	–	2 497	3 123
Currency risks	–	–	374	383	–	–	374	383
Negative fair values from employed portfolio fair value hedge derivatives	–	–	277	420	–	–	277	420
Interest-rate risks	–	–	277	420	–	–	277	420
Other financial liabilities recorded at fair value	1	1	–	–	–	–	1	1
Total	**34**	**107**	**19 167**	**21 963**	**5**	**26**	**19 206**	**22 096**

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

The designated assets held for sale at fair value are non-recurrent fair value valuations (see Note (43) Assets held for sale and Note (53) Liabilities held for Sale).

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

2015 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading	–	–	36	–	–	–
Debt securities and other fixed-interest securities	–	–	36	–	–	–
Financial assets as at fair value through profit or loss	188	–	23	–	–	–
Financial assets	188	–	23	–	–	–
Debt securities and other fixed-interest securities	188	–	23	–	–	–
Financial assets at fair value	535	–	2 270	–	–	76
Debt securities and other fixed-interest securities	535	–	2 270	–	–	–
Other financial assets classified as AfS	–	–	–	–	–	–
Financial liabilities reported at fair value	11	–	16	–	5	–
Securitised liabilities	11	–	16	–	5	–

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	47	–	18	–	–	–
Debt securities and other fixed-interest securities	47	–	18	–	–	–
Financial assets at fair value	386	–	3 782	6	–	–
Debt securities and other fixed-interest securities	386	–	3 782	6	–	–
Trading liabilities	–	–	–	–	–	3
Negative fair values from derivatives relating to	–	–	–	–	–	3
Credit derivatives	–	–	–	–	–	3
Financial liabilities reported at fair value	77	–	13	–	–	–
Securitised liabilities	77	–	13	–	–	–

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

As at the balance sheet date, based on the above, the transfers have been mostly between Level 1 and Level 2 compared to the previous end-of-year reporting date. When measuring the Bank's own structured issues (DFV), the use of market prices is reviewed as at the reporting date. Following this review, some issues generally move between Level 1 and 2 due to a change in trading activity.

There were movements in financial assets classified as AfS from Level 3 to Level 2 as monitorable reference prices and transactions were available for identical financial assets.

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

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

	Trading assets	
	Loans and advances to trading and other trading assets	
(in € million)	2015	2014
1 January	**197**	**16**
Effect on the income statement[1]	– 15	16
Addition from purchase or issuance	57	181
Disposal from sale	85	–
Repayment/ exercise	90	16
31 December	**64**	**197**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1]	– 15	17

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement in positions (20) Net interest income and (23) Profit/loss from financial instruments at fair value through profit and loss.

	Financial assets at fair value					
	Fixed-income and book entry securities		Shares in companies (not consolidated)		Other financial assets classified as AfS	
	2015	2014	2015	2014	2015	2014
1 January	**5**	**57**	**231**	**227**	**129**	**123**
Effect on the income statement[1]	–	– 4	15	– 2	– 1	6
Effect on the equity capital	–	13	5	8	–	–
Addition from purchase or issuance	–	–	15	1	9	–
Disposal from sale	1	67	34	5	–	–
Repayment / exercise	–	–	–	– 2	–	–
Addition from Level 1 and 2	–	6	–	–	–	–
Disposal from Level 1 and 2	–	–	–	–	–	–
31 December	**4**	**5**	**232**	**231**	**137**	**129**
Profit / losses result frommeasurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1]	–	–	–	– 1	–	6

[1] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items (20) Net interest income and (25) Profit/loss from financial assets.

	Trading liabilities					
	Negative fair values from derivatives relating to Currency risks		Negative fair values from derivative currency risk		Negative fair values from derivatives relating to Credit derivatives	
	2015	2014	2015	2014	2015	2014
1 January	**16**	**–**	**1**	**1**	**–**	**3**
Addition from purchase or issuance	–	16	–	–	–	–
Disposal from sale	16	–	–	–	–	–
Disposal to Level 1 and 2	–	–	–	–	–	3
31 December	**–**	**16**	**1**	**1**	**–**	**–**

	Designated financial liabilities reported at fair value	
	Securitsed liabilities	
(in € million)	2015	2014
1 January	**9**	**9**
Disposal to Level 1 and 2	5	–
31 December	**4**	**9**

For the fair value measurement of the financial instruments in Level 3, the following significant input parameters that cannot be observed in the market were used.

Product	Fair value 31 Dec. 2015 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest- bearing bond (assets)	4	Fair Value	-	-
Interest- bearing bond (liabilities)	– 4	historical volatilities	16 - 88%	30 %
Silent participations	128	discount rate	4 - 9%	8%
Other financial assets	9	Fair Value	-	-
Participations	232	discount rate	6 - 10%	9%
Loans	58	Rating	Rating Class (25er DSGV-Skala) 1(A)	Averaged Rating 1(A)
	6	Rating	Rating Class(25er DSGV-Skala) 12	Averaged Rating 12
Derivatives (assets)	1	historical volatilities	12% - 88%	29 %
Derivatives (liabilities)	– 1	historical volatilities	12 %	12 %

A significant input parameter that cannot be observed in the market used in the Level 3 fair value measurement of interest-bearing securities is the fair value itself, because, due to a lack of market data, counterparty prices are used that qualify as Level 3 input parameters. The sensitivity is approximated via a price amendment of 10 per cent and totals € 0.4 million (€ 0.5 million). The aforementioned amount would have a corresponding effect on other comprehensive income (OCI).

A significant input parameter that cannot be observed in the market used in the fair value measurement of participations is the discount rate. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the discount rate was stressed in the measurement by increasing or reducing it by 50 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of investments in Level 3 of € 7.8 million (€ 5 million) with a corresponding effect on other comprehensive income (OCI).

A significant input parameter that cannot be observed in the market used in the fair value measurement of silent participations is the discount rate. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the discount rate was stressed in the measurement by increasing or reducing it by 100 basis points. Accordingly an inputed change in the parameter would result in a change in the fair value of these silent participations in Level 3 of € 3,5 million (€ 3.8 - X million) with a corresponding effect on other comprehensive income (OCI).

A significant input parameter that cannot be observed in the market used in the Level 3 fair value measurement of other financial assets is the fair value. This concerns a withholding of tax from the proceeds of a sale for which no market data is available for its measurement. Details concerning the sensitivity are permissibly not given, as the withholding of tax was calculated by the company itself, but is based on the original sales transaction.

A significant input parameter that cannot be observed in the market used 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 would result in a change in the fair value of the loan in Level 3 of € 0.1 million (€ 1 million) with a corresponding effect on the income statement.

There are currently no derivatives that have been measured as part of syndicated loans and allocated to Level 3. These transactions had a sensitivity in the amount of € 0.6 million in the previous year. There are also derivatives that have been allocated to Level 3 based on historic volatility.

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 233ecure233ttions.

The interest-bearing securities, investments and silent participations are mainly reported under financial assets, while derivatives and loans are reported under financial assets and liabilities at fair value through profit or loss.

For the fair value measurement of Level 3 financial instruments, there are no relevant correlations between significant Level 3 input parameters and as a result there is no impact on the fair value.

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. The allocation is shown in the table below:

	Level 1		Level 2		Level 3		Total	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Assets								
Cash reserve	817	1 064	–	–	55	–	872	1 064
Loans and advances to banks	785	817	258	281	20 799	23 357	21 842	24 455
Mortage loans	–	–	–	–	17	23	17	23
Public-sector loans	–	–	–	–	5 154	5 464	5 154	5 464
Mortage-backed loans	–	–	–	–	42	46	42	46
Other loans	–	–	258	281	8 382	9 511	8 640	9 792
Current account and forward contracts	715	725	–	–	6 386	6 239	7 101	6 964
Other advances to banks	70	92	–	–	818	2 074	888	2 166
Loans and advances to customers	78	1 857	1 042	935	107 487	107 740	108 607	110 532
Mortage loans	–	–	–	–	14 052	14 552	14 052	14 552
Public-sector loans	–	168	960	798	29 119	31 646	30 079	32 612
Mortage-backed loans	–	–	–	–	5 204	5 360	5 204	5 360
Other loans	–	1	82	137	53 879	51 590	53 961	51 728
Current account and forward contracts	78	121	–	–	5 135	4 521	5 213	4 642
Other advances to customers	–	1 567	–	–	98	71	98	1 638
Financial assets not reported at fair value	–	12	3 184	2 950	21	6	3 205	2 968
Debt securities and other fixed-interest 234ecureties	–	12	3 184	2 950	21	6	3 205	2 968
Investment property	–	–	102	96	6	–	108	96
For Sale certain financial assets not recorded at fair value	–	–	74	–	–	–	74	–
Other assets reported at fair value	–	–	–	–	35	20	35	20
Total	**1 680**	**3 750**	**4 660**	**4 262**	**128 403**	**131 123**	**134 743**	**139 135**

(in € million)	Level 1 31 Dec. 2015	Level 1 31 Dec. 2014	Level 2 31 Dec. 2015	Level 2 31 Dec. 2014	Level 3 31 Dec. 2015	Level 3 31 Dec. 2014	Total 31 Dec. 2015	Total 31 Dec. 2014
Liabilities								
Liabilities to banks	512	277	3 659	5 262	45 268	54 712	49 439	60 251
Liabilties to customers	282	1 230	10 277	11 050	53 063	49 476	63 622	61 756
Securitsed liabilities	3 427	1 630	31 145	38 335	1 758	1 726	36 330	41 691
Issued debt securities	3 427	30	30 413	37 891	1 758	1 726	35 598	39 647
Money market instruments	–	1 600	732	444	–	–	732	2 044
For sale certain financial liabilities not recorded at fair value	7	–	–	–	–	–	7	–
Other financial liabilities not reported at fair value	1	–	–	–	28	16	29	16
Subordinated capital	344	344	2 797	3 276	1 585	1 740	4 726	5 360
Subordinated liabilities	–	–	2 630	3 109	855	954	3 485	4 063
Participatory capital	–	–	88	88	62	100	150	188
Silent participations	344	344	79	79	660	678	1 083	1 101
Other subordinated capital	–	–	–	–	8	8	8	8
Total	**4 573**	**3 481**	**47 878**	**57 923**	**101 702**	**107 670**	**154 153**	**169 074**

(59) Carrying Amounts by Measurement Category

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Financial assets held for trading	12 253	14 355	– 15
Financial assets designated at fair value	1 782	1 951	– 9
Available for sale assets	31 092	41 939	– 26
Loans and receivables	129 613	132 273	– 2
Total	**174 740**	**190 518**	**– 8**
Liabilities			
Financial liabilities held for trading	7 754	9 118	– 15
Financial liabilities designated at fair value	8 303	9 051	– 8
Other liabilities	149 612	162 558	– 8
Total	**165 669**	**180 727**	**– 8**

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. 2015 (in € million)	1 Jan. - 31 Dec. 2014[1)] (in € million)	Change (in %)
Financial Instruments Held for Trading	– 82	730	> 100
Financial Instruments designated at Fair Value through Profit or Loss	218	– 643	> 100
Available for Sale Assets	76	– 4	> 100
Loans and Receivables	– 617	– 660	– 7
Other Liabilities	– 96	– 68	41
Gesamt	**– 501**	**– 645**	**– 22**

[2)] The previous year's figures were adjusted by € 81 million in accordance with IAS 8.42.

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 classified as AfS and the profit / loss from shares in unconsolidated companies. The category Loans and Receivables comprises the risk provisioning, the profit/loss from LaR financial assets and the profit/loss from disposals of receivables. The category other liabilities includes solely income 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 profit/loss from hedge accounting 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 Dec. 2015 (in € million)	1 Jan. - 31 Dec. 2014 (in € million)	Change (in %)
Available for Sale Assets			
Profit / loss from impairment of financial assets classified as AfS	– 21	– 84	– 75
Profit / loss from shares in not consilidated companies	– 7	– 3	> 100
	– 28	**– 87**	**– 68**
Loans and Receivables			
Profit / loss from impairment of financial assets classified as AfS	–	– 1	– 100
Profit / loss from impairment of advances	– 718	– 776	– 7
	– 718	**– 777**	**– 8**
Total	**– 746**	**– 864**	**– 14**

(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. 2015 (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	4 336	2 748	1 588	–	–	–	1 588
Derivatives	13 740	3 835	9 905	6 208	–	939	2 758
Securities lending and repos	2 160	–	2 160	1 917	243	–	–
Liabilities							
Offsetting of current accounts	14 925	2 743	12 182	–	–	–	12 182
Derivatives	14 755	3 900	10 855	6 208	–	2 736	1 911
Securities lending and repos	9 534	–	9 534	1 917	7 597	4	16

31 Dec. 2014 (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	4 806	3 453	1 353	–	–	–	1 353
Derivatives	15 887	3 843	12 044	7 907	–	1 692	2 445
Securities lending and repos	1 613	–	1 613	713	888	–	12
Liabilities							
Offsetting of current accounts	4 942	3 453	1 489	–	–	–	1 489
Derivatives	16 624	3 731	12 893	7 907	–	4 320	666
Securities lending and repos	12 969	–	12 969	887	11 738	1	343

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 due on demand is reported under the offsetting of current accounts measured at amortised cost 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. The 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 recognised at amortised cost as well as collateral measured at fair value that has been 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.

Selected derivative financial instruments financial instruments are entered into with central counterparties (clearing houses). For these financial instruments measured at fair value, receivables and liabilities recognised at amortised cost as well as collateral measured at fair value that has been provided and received are 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. 2015	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	3	3	3	3	–
Financial assets reported at fair value	7 981	7 706	4 160	3 886	274
Total	**7 984**	**7 709**	**4 163**	**3 889**	**274**

31 Dec. 2014 (in € million)	Full recognition of financial assets despite transfer		The transferee's right of recourse relates only to the respective transferred assets		
	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	1 401	–	1 401	–	1 401
Financial assets at fair value through profit or loss	111	79	111	79	32
Financial assets not reported at fair value	122	–	–	–	–
Financial assets reported at fair value	15 815	16 591	9 528	10 008	– 480
Total	**17 449**	**16 670**	**11 040**	**10 087**	**953**

Transferred financial assets within the positions Financial assets at fair value through profit or loss and Financial assets at fair value are primarily true repos and securities lending transactions. These continue to be reported on the Group balance sheet as the interest-rate, creditworthiness and other material risks and opportunities from growth in value and interest income remain within the NORD/LB Group. The collateral furnished is subject to a full transfer of rights, i.e. the assignee may act as an owner and in particular effect disposals in the form of assignments and pledges. In the case of securities collateral, securities of the same type and value must be to be returned or supplied. A return of the issued collateral in the form of liquid funds is not permissible without the assignor's consent in the case of securities collateral.

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

The portfolio of derivative financial instruments comprises the following:

	Nominal values		Fair value positive		Fair value negative	
	31.12. 2015	31.12. 2014	31.12. 2015	31.12. 2014	31.12. 2015	31.12. 2014
Interest-rate risk						
Interest rate swaps	262 327	236 597	12 441	14 295	10 743	12 107
FRAs	4 850	2 000	1	–	–	–
Interest options						
Call	3 566	3 600	700	798	2	4
Put	7 421	7 668	28	20	1 631	2 011
Caps, floors	5 991	6 664	71	89	47	55
Stock exchange contracts	677	1 752	–	–	–	2
Other forward interest rate transactions	2 261	1 316	90	70	167	243
	287 093	**259 597**	**13 331**	**15 272**	**12 590**	**14 422**
Currency risk						
Forward exchange contracts	22 624	25 580	240	465	223	480
Currency swaps and interest rate / currency swaps	27 349	29 056	373	283	1 946	1 718
Currency options						
Call	245	170	9	4	2	1
Put	251	190	2	1	9	4
	50 469	**54 996**	**624**	**753**	**2 180**	**2 203**
Share price and other price risks						
Share price and other price risks	121	270	6	180	5	1
Stock options						
Call	31	28	4	1	–	–
Stock exchange contracts	48	34	–	–	3	1
	200	**332**	**10**	**181**	**8**	**2**
Credit risk						
Assignor	192	218	1	1	–	1
Assignee	2 702	3 346	23	17	11	25
	2 894	**3 564**	**24**	**18**	**11**	**26**
Total	**340 656**	**318 489**	**13 989**	**16 224**	**14 789**	**16 653**

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

Nominal values	Interest-rate risk		Currency risk		Share price and other price risk		Credit risk	
(in € million)	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Up to 3 months	17 836	18 852	16 897	21 899	69	41	59	445
More than 3 months up to 1 year	32 799	29 580	10 274	8 632	74	201	332	705
More than 1 year up to 5 years	101 404	97 987	13 485	14 250	53	82	2 502	2 083
More than 5 years	135 054	113 178	9 813	10 215	4	8	1	331
Total	**287 093**	**259 597**	**50 469**	**54 996**	**200**	**332**	**2 894**	**3 564**

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 gross fair values of derivative transactions by counterparty.

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Banks in the OECD	159 369	178 057	7 042	8 826	9 717	11 490
Banks outside the OECD	605	666	3	12	4	3
Public institutions in the OECD	6 030	6 075	435	512	167	187
Other counterparties (including stock exchange contracts)	174 652	133 691	6 509	6 874	4 901	4 973
Total	**340 656**	**318 489**	**13 989**	**16 224**	**14 789**	**16 653**

(65) Concessions due to Financial Difficulties

Financial assets may be restructured or their contractual conditions modified for a range of reasons, including change of market conditions, customer loyalty and other factors.

The NORD/LB Group also restructures and modifies the contractual conditions of financial assets in order to enable debtors to continue to perform capital service in full or in part, despite current or anticipated financial difficulties. These concessions are entered into if it can be assumed that the debtor can meet the modified terms as contractually agreed.

In the case of concessions, the NORD/LB Group agrees more favourable contractual terms for the debtor that it would not have granted to comparable customers.

The amendment of contractual terms includes term extensions, changes to the payment dates for interest and redemption and amendments to the covenant.

31 Dec. 2015	Gross carrying amount of exposures with forbearance measures		Accumulated impairment	
(in € million)	Performing Exposure with forbearance measures	Non-Performing Exposure with forbearance measures	Performing Exposure with forbearance measures	Non-Performing Exposure with forbearance measures
Loans and advances	**3 535**	**7 281**	**29**	**2 396**
Other financial companies	5	149	–	99
Non-financing institutes	3 481	7 114	29	2 288
Budgets	49	18	–	9
Debt instruments at amortised cost	**3 535**	**7 281**	**29**	**2 396**
Debt instruments other than held for trading	**3 535**	**7 281**	**29**	**2 396**
Loan commitments given	48	32	1	–

(66) Disclosures concerning Selected Countries

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

	Financial instruments held for trading		Financial instru ments designated at fair value		Available for sale assets	
(in € million)	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Ireland						
Country	9	– 1	–	–	22	22
Financing institutes / insurance companies	13	4	–	–	24	169
Companies / other	37	42	–	–	–	–
	59	**45**	**–**	**–**	**46**	**191**
Italy						
Country	–	26	84	269	1 071	1 455
Financing institutes / insurance companies	1	14	–	–	124	439
Companies / other	4	4	–	–	90	82
	5	**44**	**84**	**269**	**1 285**	**1 976**
Portugal						
Country	– 2	– 6	–	–	51	157
Financing institutes / insurance companies	– 1	– 3	–	–	1	–
Companies / other	–	–	–	–	–	21
	– 3	**– 9**	**–**	**–**	**52**	**178**
Slowenia						
Country	4	–	–	–	–	31
	4	**–**	**–**	**–**	**–**	**31**
Spain						
Country	1	40	–	–	138	215
Financing institutes / insurance companies	17	72	–	–	1 239	1 528
Companies / other	9	11	–	–	28	14
	27	**123**	**–**	**–**	**1 405**	**1 757**
Hungary						
Country	–	–	–	–	113	165
	–	**–**	**–**	**–**	**113**	**165**
Cyprus						
Companies / other	1	14	–	–	–	–
	1	**14**	**–**	**–**	**–**	**–**
Total	**93**	**217**	**84**	**269**	**2 901**	**4 298**

For financial instruments categorised as available for sale with acquisition costs totalling € 2.582 billion (€ 3.914 billion), the cumulative valuation result of the selected countries reported in equity totals € 118 million (€ 294 million). In addition to this, depreciation of € 1 million (€ 0 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. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Greece								
Companies / other	21	214	–	51	– 1	1	19	181
	21	**214**	**–**	**51**	**– 1**	**1**	**19**	**181**
Ireland								
Financing institutes / insurance companies	193	233	–	–	–	–	198	238
Companies / other	2 332	2 217	–	–	– 2	3	2 148	2 260
	2 525	**2 450**	**–**	**–**	**– 2**	**3**	**2 346**	**2 498**
Italy								
Financing institutes / insurance companies	83	84	–	–	–	–	69	68
Companies / other	213	47	–	–	–	–	216	49
	296	**131**	**–**	**–**	**–**	**–**	**285**	**117**
Portugal								
Financing institutes / insurance companies	–	8	–	–	–	1	–	8
Companies / other	25	30	–	–	–	–	25	30
	25	**38**	**–**	**–**	**–**	**1**	**25**	**38**
Russia								
Financing institutes / insurance companies	148	158	–	–	–	–	148	157
Companies / other	43	48	–	5	–	–	41	48
	191	**206**	**–**	**5**	**–**	**–**	**189**	**205**

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair value	
(in € million)	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Spain								
Country	52	52	– 4	–	–	–	54	54
Financing institutes / insurance companies	84	98	–	5	–	–	84	99
Companies / other	249	301	24	38	–	–	254	339
	385	**451**	**20**	**43**	**–**	**–**	**392**	**492**
Hungary								
Financing institutes / insurance companies	1	1	–	–	–	–	1	1
Companies / other	33	38	–	–	–	–	32	38
	34	**39**	**–**	**–**	**–**	**–**	**33**	**39**
Cyprus								
Companies / other	1 072	1 216	– 49	51	6	29	779	935
	1 072	**1 216**	**– 49**	**51**	**6**	**29**	**779**	**935**
Total	**4 549**	**4 745**	**– 29**	**150**	**3**	**34**	**4 068**	**4 505**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 567 million (€ 709 million). Of this, states account for € 378 million (€ 423 million), financing institutions/insurance companies for € 125 million (€ 260 million) and companies/others for € 64 million (€ 26 million). The Group acts as both a provider and recipient of collateral. The netted fair value of the credit derivatives is € -4 million (€ -11 million).

(67) 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. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Loans and advances to banks	755	850	– 11
Loans and advances to customers	7 849	7 700	2
Financial assets	8 473	10 337	– 18
Total	**17 077**	**18 887**	**– 10**
Liabilities			
Liabilities to banks	642	891	– 28
Liabilties to customers	6 935	8 363	– 17
Securitsed liabilities	9 504	9 660	– 2
Subordinated capital	153	312	– 51
Total	**17 234**	**19 226**	**– 10**

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. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Loans and advances to customers	15 612	14 734	6
Financial assets	1 299	816	59
Total	**16 911**	**15 550**	**9**
Liabilities			
Securitsed liabilities	25 201	21 175	19
Total	**25 201**	**21 175**	**19**

(68) Residual Terms of Financial Liabilities

31 Dec. 2015 (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	13 076	6 893	8 195	11 126	10 970	50 260
Liabilties to customers	23 458	5 667	8 764	9 824	17 013	64 726
Securitsed liabilities	1 928	945	6 391	25 123	5 971	40 358
Financial liabilities at fair value through profit or loss (no derivatives)	235	141	824	1 949	8 693	11 842
Negative fair values from derivatives held for trading	235	284	1 328	3 918	4 654	10 419
Negative fair values from hedge accounting derivatives	95	99	518	1 685	1 526	3 923
Liabilities held for sale (financial assets only)	5	–	3	–	–	8
Other liabilities (financial assets only)	–	1	–	–	–	1
Subordinated capital	2	4	806	1 780	2 731	5 323
Financial guarantees	5 333	38	8	573	246	6 198
Irrevocable credit commitments	5 489	37	314	2 835	734	9 409
Total	**49 856**	**14 109**	**27 151**	**58 813**	**52 538**	**202 467**

31 Dec. 2014 (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	21 822	8 758	7 784	10 583	11 055	60 002
Liabilties to customers	23 057	3 940	7 147	10 601	17 577	62 322
Securitsed liabilities	2 072	2 035	12 472	23 187	6 103	45 869
Financial liabilities at fair value through profit or loss (no derivatives)	184	211	1 522	1 796	9 046	12 759
Negative fair values from derivatives held for trading	355	388	1 347	4 481	5 305	11 876
Negative fair values from hedge accounting derivatives	87	126	472	1 954	2 084	4 723
Liabilities held for sale (financial assets only)	–	–	6	–	–	6
Other liabilities (financial assets only)	1	1	–	–	–	2
Subordinated capital	3	18	1 315	1 276	3 139	5 751
Financial guarantees	4 417	33	100	646	1 103	6 299
Irrevocable credit commitments	6 069	61	147	2 581	480	9 338
Total	**58 067**	**15 571**	**32 312**	**57 105**	**55 892**	**218 947**

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

(69) The NORD/LB Group as Assignor and Assignee

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances to banks	13 833	15 894	– 13
Loans and advances to customers	34 321	37 040	– 7
Financial assets at fair value through profit or loss	364	830	– 56
Financial assets	12 402	21 215	– 42
Total	**60 920**	**74 979**	**– 19**

Collateral has been provided for borrowing undertaken within the scope of genuine repos. Additionally, collateral such as the cover assets in the cover pool of the Pfandbrief banks of the NORD/LB Group and the loans underlying securitisation transactions was provided for refinancing funds for specific purposes. Also, collateral for securities lending transactions as well as for transactions with clearing brokers and at stock exchanges was furnished.

Financial assets deposited as collateral for which the assignee has the contractual or customary right to sell or re-pledge the collateral amount to € 7.016 billion (€ 6.118 billion). This is primarily cash collateral and/or securities collateral.

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Liabilities to banks	10 117	19 869	– 49
Liabilties to customers	7 939	9 209	– 14
Securitsed liabilities	18 886	19 237	– 2
Financial liabilities at fair value through profit or loss	13 578	15 041	– 10
Negative fair values from hedge accounting derivatives	563	–	
Total	**51 083**	**63 356**	**– 19**

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 € 2.100 billion (€ 1.685 billion).

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 € 1.282 billion (€ 948 million).

Repo and securities lending transactions are monitored daily from the perspective of the collateralisation via a valuation of the transactions. If a negative balance arises, the assignee may demand that the assignor furnishes additional collateral to increase the coverage if a specific threshold defined in the contract is exceeded. If the assignor has furnished collateral and if the market situation changes such that over-collateralisation arises, it is entitled to request that the assignee provides a release of collateral if a specific threshold defined in the contract is exceeded. The collateral furnished is subject to a full transfer of rights, i.e. the assignee may act as an owner and in particular effect disposals in the form of assignments and pledges. In the case of securities collateral, securities of the same type and value must be to be returned or supplied. A return of the issued collateral in the form of liquid funds is not permissible without the assignor's consent in the case of securities collateral.

Other Notes

(70) Equity Management

Equity is managed for the NORD/LB 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. In the reporting period key capital figures for equity management were the "long-term equity under commercial law" derived from the reported equity as a factor for measuring the return on equity, the regulatory Common Equity Tier 1 in accordance with EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR) valid since the start of 2014 including the transitional arrangements until the end of 2017 provided therein, the arithmetic Common Equity Tier 1 in accordance with CRR without taking account of the transitional arrangements, the regulatory Tier 1 capital in accordance with CRR and the eligible regulatory capital under CRR.

Statutory minimum capital ratios apply to the regulatory capital figures under which the numerator represents the respective capital figure and the denominator consists of the respective total risk exposure from art. 92 para. 3 CRR. Under CRR these minimum capital ratios were 4.5 per cent for the regulatory Common Equity Tier 1 ratio, 6.0 per cent for the regulatory Tier 1 capital ratio and 8.0 per cent for the total capital ratio in 2015. From 2016, in addition to the minimum capital ratios, the capital-maintenance buffer and where applicable other capital buffers, which will gradually increase to 2019, will have to be maintained.

In addition to the statutory minimum capital ratios, the European Central Bank (ECB) has as the regulatory authority responsible for NORD/LB at Group level since March 2015 required that an individual minimum ratio for Common Equity Tier 1 capital was met, which until the end of 2015 was based on the logic of the CRR (transitional provisions not considered) and from the start of 2016 was adjusted in terms of method and amount to a minimum ratio for Common Equity Tier 1 capital in accordance with the CRR (transitional provisions considered). This individual minimum ratio for Common Equity Tier 1 capital was 9.25 per cent at the start of 2016 and will rise by the end of 2016 to 9.75 per cent. It includes the capital-maintenance buffer that has been required by law since the start of 2016.

Alongside these regulatory stipulations, internal target equity ratios have been specified internally at Group level for some of the above capital figures that are in part higher. For example, at Group level the target corridor for the Common Equity Tier 1 ratio including transitional provisions was 10.0 to 10.5 per cent to the end of 2015. From the start of 2016 this target ratio rose to 11.5 per cent.

In the year under review 2015, the core task of capital management lay both in further optimising the capital structure and also in the ongoing control of capital in order to achieve the internal target equity ratios and to permanently comply with the regulatory minimum capital ratios required by law or specified individually by the Banking Supervision.

In future the capital management requirements will increase further, driven both by the provisions of the CRR, by individual minimum capital requirements specified by the Banking Supervision and by special regulatory requirements (e.g. stress tests). The most important capital figure, in terms of both regulatory laws and control within the Group, will be the Common Equity Tier 1 as defined by the CRR. 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 Banking Supervision. If these calculations indicate any risk for the defined target capital ratios either adjustment measures are taken in terms of the total risk exposure or, with the agreement of the owners of the bank, procurement or optimisation measures will be taken for individual capital figures.

In 2014 and 2015 NORD/LB met the regulatory minimum capital ratios at Group and individual institute level and the individual minimum capital ratio specified by the ECB at all times. Reported under Note (71) Regulatory data are the regulatory Common Equity Tier 1 ratio, the regulatory Tier 1 capital ratio and the regulatory capital ratio at the end of the respective year in the logic of the CRR taking into account the transitional provisions.

(71) Regulatory Data

The consolidated regulatory capital below was calculated as at the reporting date in accordance with the provisions of the EU Regulation No. 575/2013 on prudential requirements for banks and investment firms (CRR) applicable from 1 January 2014.

(in € million)	31 Dec. 2015	31 Dec. 2014
Total risk expusure amount	**63 675**	**69 231**
Capital requirements for credit risk	4 352	4 837
Capital requirements for operational risks	419	382
Capital requirements for market risks	251	220
Capital requirements for loan amount adjustments	73	99
Capital requirements	**5 095**	**5 538**

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

(in € million)	31 Dec. 2015	31 Dec. 2014
Paid-up capital including premium	4 930	4 960
Reserves	2 908	2 187
Eligible components of CET 1 capital at subsidiaries	837	786
Regulatory adjustments	36	85
– Deductible items (from Tier 2 capital)	– 964	– 2 199
Adjustments due to transition rules	573	1 710
Balancing item to prevent negative AT 1 capital	–	– 148
Common Equity Tier 1 capital	**8 320**	**7 381**
Grandfathered AT1 instruments	451	709
Adjustments due to transition rules	– 331	– 857
Balancing item to prevent negative AT 1 capital	–	148
Additional tier 1 capital	120	–
Tier 1 capital	**8 440**	**7 381**
Paid-up instruments of Tier 2 capital	2 616	2 788
Eligible components of Tier 2 capital at subsidiaries	270	387
– Deductible items (from Tier 2 capital)	– 25	– 1
Adjustments due to transition rules	– 654	– 1 432
Tier 2 capital	**2 207**	**1 742**
Own funds	**10 647**	**9 123**

(in %)	31 Dec. 2015	31 Dec. 2014
Common equity tier 1 capital ratio	13.07%	10.66%
Tier 1 capital ratio	13.25%	10.66%
Total capital ratio	16.72%	13.18%

(72) Foreign Currency Volume

At 31 December 2015 and 31 December 2014 the NORD/LB Group had the following assets and liabilities in foreign currency:

(in € million)	USD	GBP	JPY	Other	Total 31 Dec. 2015	Total 31 Dec. 2014
Assets						
Loans and advances to banks	479	98	15	161	753	2 025
Loans and advances to customers	26 029	4 470	78	1 766	32 343	29 751
Risk provisioning	– 1 434	–	–	– 6	– 1 440	– 1 000
Financial assets at fair value through profit or loss	11 937	2 071	567	2 438	17 013	18 515
Financial assets	3 491	568	354	767	5 180	5 248
Other	119	45	38	50	252	412
Total	**40 621**	**7 252**	**1 052**	**5 176**	**54 101**	**54 951**
Liabilities						
Liabilities to banks	6 754	938	20	201	7 913	8 775
Liabilties to customers	3 458	315	4	446	4 223	2 818
Securitsed liabilities	2 685	93	506	898	4 182	5 815
Financial liabilities at fair value through profit or loss	26 697	4 135	599	3 160	34 591	34 258
Other	1 966	156	31	94	2 247	2 017
Total	**41 560**	**5 637**	**1 160**	**4 799**	**53 156**	**53 683**

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

(73) 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. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Assets			
Loans and advances to banks	11 896	12 174	– 2
Loans and advances to customers	84 584	85 184	– 1
Balancing items for financial instruments hedged in the fair value hedge portfolio	–	54	– 100
Assets held for trading	12 962	15 574	– 17
Loans and advances to customers reported	196	202	– 3
Financial assets reported at fair value	384	586	– 34
Positive fair values from hedge accounting	3 661	4 492	– 18
Financial assets classified as LaR	3 194	2 977	7
Financial assets classified as AfS	24 174	28 278	– 15
Other assets	23	34	– 32
Total	**141 074**	**149 555**	**– 6**
Liabilities			
Liabilities to banks	20 915	20 334	3
Liabilities to customers	23 953	25 634	– 7
Securitised liabilities	29 982	27 446	9
Balancing items for financial instruments hedged in the fair value hedge portfolio	–	868	– 100
Liabilities held for trading	9 118	9 809	– 7
Liabilities to banks reported at fair value	424	430	– 1
Liabilities to customers reported at fair value	5 529	5 561	– 1
Securitised liabilities reported at fair value	1 942	1 804	8
Negative fair values from hedge accounting derivatives	3 665	4 941	– 26
Provisions	71	77	– 8
Subordinated capital	3 203	3 180	1
Total	**98 802**	**100 084**	**– 1**

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(74) Lease Agreements

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

A service contract for IT infrastructure services exists which includes an operating lease agreement. The framework 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).

Further, there is a lease for a building in the scope of the operating lease agreement with a term of 14 years. The lease may be extended up to two times by a further two or five years. Rent adjustments are possible from the fourth year and are based on the consumer price index for Germany produced by the German Federal Statistical Office.

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

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Future minimum leasing lease payments up to 1 year	6	7	– 14
Future minimum leasing lease payments more than 1 year up to 5 years	19	23	– 17
Future minimum leasing lease payments more than 5 years	18	22	– 18
Total future minimum leasing lease payments	**43**	**52**	**– 17**

In the year under review expenses relating to minimum lease payments from operating lease agreements totalled € 6 million (€ 5 million).

Earnings of € 5 million (€ 6 million) are expected from non-terminable sub-leases.

The NORD/LB Group is the lessee in a finance lease agreement. A contract concerning the lease and maintenance of standard software with an option to purchase a licence for the standard software exists. The contract, which has been concluded for an indefinite period of time, may be terminated in each case with effect of 31 December of a calendar year with a six-month period of notice, whereby the earliest the software manufacturer may terminate the contract is 31 December 2019.

No operating lease agreements have been concluded in 2015 with the NORD/LB Group as the lessee.

The NORD/LB Group is the lessor in finance lease agreements.

NORD/LB has bought water pipelines that are let under a finance lease agreement. The debtor is subject to an obligation to pay an annual rent. The variable interest rate is adjusted on the basis of the current LIBOR rate. The debtor may repurchase the leased property during or at the end of the leasing period. The lease term is 30 years and ends in 2035.

Lease agreements concerning the car fleet were also expanded.

The table below shows the transition of the present value of outstanding minimum lease payments to gross and net investments in the Group's finance lease agreements:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Veränderung (in %)
Present value of outstanding minimum lease payments up to 1 year	7	7	–
Present value of outstanding minimum lease payments more than 1 year up to 5 years	26	16	63
Present value of outstanding minimum lease payments more than 5 years	22	21	5
Total present value of outstanding minimum lease payments	**55**	**44**	**25**
Plus interest	22	22	–
Total minimum lease payments	**77**	**66**	**17**
Total minimum lease payments	**77**	**66**	**17**
Of which: up to 1 year	8	7	14
Of which: 1 year to 5 years	28	17	65
Of which: more than 5 years	42	41	2
Less financial income not yet realised	1	1	–
Net investment	**76**	**65**	**17**

The minimum lease payments guarantee residual values of € 7 million (€ 3 million).

(75) Contingent Liabilities and Other Obligations

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	4 271	5 315	– 20
	4 271	**5 315**	**– 20**
Other obligations			
Irrevocable credit commitments	9 409	9 337	1
Total	**13 680**	**14 652**	**– 7**

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
- NORD/LB Luxembourg S.A.Covered Bond Bank, Luxemburg-Findel/Luxembourg
- NORD/LB Asset Management Holding GmbH, Hanover
- 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.

(76) 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 for legacy liabilities established prior to 18 July 2005 within the scope of the guarantor function.

NORD/LB, together with Sparkassenverband Niedersachsen (SVN) 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 has an obligation 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 (Actien-Gesellschaft) in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekenbank (Actien-Gesellschaft) 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 Deposit Protection Fund (Statut des Einlagensicherungsfonds) 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 (Statut des Einlagensicherungsfonds), 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.

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.

An obligation towards two companies (two companies) involves the granting of a shareholder loan to the amount of € 2 million (€ 3 million).

The Group is also obliged to make additional contributions up to an amount of € 70 million (€ 120 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 € 0 million (€ 34 million) in addition to further joint liabilities for other shareholders towards Liquiditäts-Konsortialbank GmbH.

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 € 23 million at year-end (€ 22 million).

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 has, in order to ease the pressure on regulatory equity, transferred part of the credit risk of a precisely defined loan portfolio with a finance guarantee ("Northvest") to an external third party. The finance guarantee resulted in 2015 in a financial burden with charges in the amount of € 53 million (€ 40 million). In the next few years the fees will fall steadily until the guarantee ends.

In the year under review Bremer Landesbank structured a securitisation for a loan portfolio from the asset classes renewable energies, corporate customers, community interest properties, commercial properties and ships. In order to hedge the credit risks that this entailed, a guarantee was concluded with a private guarantor with effect of the 16 December 2015. The term of the guarantee is for 12 years. The first loss tranche held by Bremer Landesbank totals € 10 million; to date it has not been utilised.

In 2015, there were no expenses rating to this garantee. For 2016, expenses are expected in the amount of € 8 million.

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. € 78 million.

In accordance with the Restructuring Fund Regulation (Restrukturierungsfonds-Verordnung, RstruktFV), the Group has to pay a bank levy. On 1 January 2015 the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 with regard to ex ante contributions to resolution financing arrangements entered into force. The regulation supplements the Bank Recovery and Resolution Directive (BRRD; Directive 2014/59/EU).

As a member of the security reserve for landesbanks, which is part of the security system of the S Finance Group, and due to the European bank levy, NORD/LB is obliged to pay annual contributions. The obligations to make contributions until 2024 and any obligations to make additional payments represent a risk to NORD/LB's financial position.

For the reporting year an annual contribution of € 25 million will be due for the security reserve, which will be reported under other administrative expenses.

(77) Subordinated Assets

Assets are considered to be subordinated if they are only met after the claims of other creditors in the event f the liquidation or the insolvency of a debtor. The following subordinated assets are included in balance sheet assets:

	31 Dec. 2015 (in € million)	31 Dec. 2014 (in € million)	Change (in %)
Loans and advances to banks and customers	35	63	– 44
Financial assets at fair value through profit or loss	17	32	– 47
Financial assets	934	634	47
Total	**986**	**729**	**35**

(78) 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. The Group's Trust activities are broken down as follows:

	31.12.2015 (in € million)	31.12.2014 (in € million)	Change (in %)
Assets held in trust			
Loans and advances to customers	48	57	– 16
Other assets held in trust	119	46	> 100
Total	**167**	**103**	**62**
Liabilities held in trust			
Liabilities to banks	34	40	– 15
Liabilities to customers	14	17	– 18
Other liabilities held in trust	119	46	> 100
Total	**167**	**103**	**62**

Related Parties

(79) 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. 2015	Male 1 Jan. - 31 Dec. 2014	Female 1 Jan. - 31 Dec. 2015	Female 1 Jan. - 31 Dec. 2014	Total 1 Jan. - 31 Dec. 2015	Total 1 Jan. - 31 Dec. 2014
NORD/LB	2 005	2 069	2 065	2 152	4 070	4 221
Teilkonzern Bremer Landesbank	559	579	535	574	1 094	1 153
Teilkonzern NORD/LB Luxemburg	122	138	60	64	182	202
Deutsche Hypothekenbank	221	223	169	165	390	388
Other	123	102	164	160	287	262
Group	**3 030**	**3 111**	**2 993**	**3 115**	**6 023**	**6 226**

(80) Disclosures concerning Shares in Companies

Consolidated subsidiaries

Of 42 (50) subsidiaries included in the consolidated financial statements, 25 (25) are structured companies. Non-controlling interests in 1 (1) subsidiary were of significant importance for the NORD/LB Group as at 31 December 2015 and 31 December 2014 due to their share in the consolidated equity or consolidated profit and can be seen in the following table.

Registered office and name	Shareholding in non-controlling interest (in %) 31 Dec. 2015	Shareholding in non-controlling interest (in %) 31 Dec. 2014	Voting rights in non-controlling interest (in %) 31 Dec. 2015	Voting rights in non-controlling interest (in %) 31 Dec. 2014
Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale - ; Bremen	45.17	45.17	45.17	45.17

For Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen (Bremer Landesbank), the following financial information is provided on the basis of the contributions of the IFRS sub-group accounts applying uniform accounting and valuation methods, but prior to internal eliminations.

(in € million)	Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- 31 Dec. 2015	31 Dec. 2014
Interest income	1 248	1 425
Interest expenses	835	988
Commission income	50	50
Commission expenses	9	7
Trading profit / loss	31	– 14
Other income / expenses	– 480	– 435
Earnings after taxes	**5**	**31**
of which: Income attributable to non-controlling interests	2	14
Comprehensive income	**63**	**– 57**
Loans and advances to banks	3 480	3 637
Loans and advances to customers	22 781	22 933
Other assets	3 710	5 570
Liabilities to banks	10 603	11 186
Liabilities to customers	9 892	9 027
Other liabilities	7 721	10 235
Net assets	**1 755**	**1 692**
of which: Net assets attributable to non-controlling interests	793	764
Cash flow from operating activities	– 1 379	– 475
Cash flow from investment activities	1 260	641
Cash flow from financing activities	– 19	– 20
Change in cash and cash equivalents	**– 138**	**146**

No dividend was paid to non-controlling interests in either 2014 or 2015.
Statutory, contractual or regulatory restrictions as well as protective rights of non-controlling interests may limit the ability of the NORD/LB Group to gain access to the Group's assets or transfer these between companies unimpeded and settle the Group's obligations. In the NORD/LB Group there are also restrictions in collateral provided concerning plan assets in accordance with IAS 19 and the minimum liquidity reserve. With regard to the restrictions relating to collateral provided, please refer to Note (69) NORD/LB Group as assignor and assignee.

The disclosures concerning collateral provided also relate to the cover assets of the Pfandbrief banks of the NORD/LB Group contained in the cover pool as well as loans pooled due to securitisation transactions.

Restrictions in plan assets can be found in Note (52) Provisions.
On the reporting date substantial stakes attributable to non-controlling interests existed at the subsidiary Bremer Landesbank. Restrictions due

to protective interests of these shareholders existed to the extent that, alongside the articles of association, a state treaty governs the extent to which changes to the ownership and interests held are subject to additional rules. Desired changes require qualified majorities or the approval of all other owners.

As set out at Note (3) Consolidation principles, structured companies are consolidated if the relationship between the Group and the structured companies shows that the latter are controlled by the Group.

As at the reporting date, 1 (1) structured company, Conduit Hannover Funding Company LLC (Hannover Funding), was consolidated. The Group is contractually obliged to provide financial assistance to the company. The company Hannover Funding buys claims from corporate customers and finances these transactions by issuing commercial papers. NORD/LB grants the company a liquidity facility to the extent that, in the event of finance and liquidity bottlenecks, Hannover Funding may have recourse to NORD/LB. This arrangement is governed by the Liquidity Asset Purchase Agreement (LAPA). Contractual arrangements mean that NORD/LB has no access to the assets and liabilities of Hannover Funding.

Affiliated companies and joint ventures

Of the 12 (12) affiliated companies and 2 (2) joint ventures included in the consolidated financial statements, 1 (1) affiliated company is of material importance to the Group due to the proportional income and the proportional comprehensive income of the affiliated company.

As at the reporting date NORD/LB held shares in the following affiliated companies:

Registered office and name	Nature of the relationship	Shareholding (in %)		Voting rights (in %)	
		31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
LBS Norddeutsche Landesbausparkasse Berlin-Hannover; Hannover	Bausparkasse mit strategischer Bedeutung	44.00	44.00	44.00	44.00

The table below presents the financial information from the IFRS statements of the significant affiliated companies following continual amendments using the equity method in accordance with IAS 28.32-35.

(in € million)	LBS 31 Dec. 2015	31 Dec. 2014
Interest income	251	271
Interest expenses	116	131
Commission income	45	44
Commission expenses	61	63
Trading profit / loss	– 2	– 1
Other income / expenses	– 31	– 86
Profit / loss from continuing operations	**34**	**34**
Other comprehensive income	– 61	102
Comprehensive income	**– 27**	**136**
Short-term assets	856	1 043
Long-term assets	7 160	7 407
Short-term liabilities	856	1 039
Long-term liabilities	6 536	6 761
Net assets	**624**	**650**
Of which: NORD/LB Group's share	274	286
Accumulated unscheduled write-downs to the investment book value	206	180
Carrying amount of NORD/LB Group's share	**68**	**106**

No dividends were taken from LBS in 2014 nor in 2015. Summarised financial information on the non-material affiliated companies when considered individually can be found in the following table:

(in € million)	31 Dec. 2015	31 Dec. 2014
Carrying amount of the shares of non-significant associated companies	180	210
NORD/LB Group's share in		
Profit/loss from continuing operations	18	20
Other income	–	– 1
Comprehensive income	**18**	**19**

Summarised financial information on the non-material joint ventures when considered individually can be found in the following table:

(in € million)	31 Dec. 2015	31 Dec. 2014
Carrying amount of the shares of non-significant joint ventures	42	2
NORD/LB Group's share in		
Profit / loss from continuing operations	1	1
Comprehensive income	**1**	**1**

There were contingent liabilities to affiliated companies of € 56 million (€ 4 million) on the reporting date

Non-consolidated structured companies

The NORD/LB Group is involved in structured companies that are not included as subsidiaries in the consolidated financial statements.

Structured companies are companies that are designed in such a way that voting or comparable rights are not the dominant factor in the assessment of who controls these companies. This would be the case e.g. if voting rates only apply to administrative tasks and relevant activities are managed by contractual agreements.

In the NORD/LB Group, structured companies exist in the form of securitisation companies, investment companies, Leasing companies and other loan-financed real estate and project companies.

The subject matter of this disclosure are structured companies that the Group does not consolidate because it does not control them via voting rights, contractual rights, finance agreements or other means.

Securitisation companies

Securitisation companies invest finance in diversified pools of assets. These include fixed-interest securities, company loans and commercial and private real estate loans and credit card receivables. The securitisation vehicles finance these purchases through the issue of various tranches of debt and equity securities, the repayment of which is coupled to the performance of the assets of the vehicles. The Group can assign assets synthetically or actually to securitisation companies and provide these with liquid funds in the form of finance.

Investment companies

The NORD/LB Group invests in funds that are sponsored by third parties. A Group company can also perform the function of a fund manager, a capital management company or another function. The financing of the fund is usually collateralised via the assets underlying the fund. A Group company can also provide start-up finance in the form of seed money.

Leasing companies

The NORD/LB Group acts as lender to companies that are founded exclusively for the purpose of acquiring or developing different commercial properties, usually by renowned leasing companies. The finance is collateralised by the financed real estate. The leasing companies are typically managed under the corporate form of a GmbH & Co. KG. Under the contractual arrangements, these are usually managed by the respective lessee. The financing of leasing companies also takes place in the area of project finance and aircraft commitments.

Property and project finance

The company provides funding for structured companies that usually each hold one asset such as a property or an aircraft. These structured companies usually operate as partnerships. The equity of these companies is very low compared to the third-party funding provided.

Shares in structured companies

Shares held by the Group in non-consolidated structured companies consist of contractual or non-contractual commitments in these companies via which the Group is subject to variable remuneration from the performance of the structured companies. Examples of shares in non-consolidated structured companies comprise debt or equity instruments, liquidity facilities, guarantees and various derivative instruments via which the Group absorbs risks from structured entities.

Shares in non-consolidated structured companies do not contain any instruments via which the Group solely transfers risks to the structured company. If for instance the Group buys credit default insurance from the non-consolidated structured companies that has the aim of transferring credit risks to an investor, the Group transfers this risk to the structured company and no longer bears it itself. Such credit default insurance thus does not represent a share in a structured company.

Income from shares in structured companies

The Group generates income from fund-linked asset-management services that are based on the change in value of the fund assets and are to an extent also performance related. Interest income is generated from the financing of structured companies. All earnings from the trade in derivatives with structured companies and the change in value of the securities held are recorded in the income statement under the Trading profit/loss item.

Size of structured entities

The size of a structured company is determined by the type of business activity of the structured company. It may be specified differently from company to company. The NORD/LB Group considers the following key figures to be appropriate indicators of the size of the structured companies:

- Securitisation companies: the current overall volume of the tranches issued.
- Funds: Fund assets
- (Leasing) property companies:
  Total assets of the (leasing) property company
- Other companies:
  Sum of assets

Maximum risk of loss

The maximum risk of loss is the maximum loss that the company may have to record from its involvement in non-consolidated structured companies in the income statement as well as the statement of comprehensive income. The consideration of collateral or hedging transactions is dependent on the likelihood of occurrence of a loss. The maximum possible risk of loss need therefore not correspond to the economic risk.

The maximum possible risk of loss is determined based on the type of involvement in a structured company. The maximum possible risk of loss from claims from loan transactions including debt securities exists in the carrying amount recorded on the balance sheet. The same apples to trading assets and ABS, MBS and CDO positions. The maximum possible loss of off-balance-sheet transactions, such as guarantees, liquidity facilities and loan commitments, is represented by the nominal value. The nominal value also represents the maximum possible risk of loss for derivatives.

The table below shows, by type of non-consolidated structured company, the carrying amounts of the interests that are recorded in the Group's balance sheet as well as the maximum possible loss that could result from these interests. It also provides an indication of the size of the non-consolidated structured companies. The values do not depict the Group's economic risk from these investments, as they do not take into account any collateral or hedging transactions.

31 Dec. 2015 (in € million)	Securitisation companies (lender)	Securitisation companies (lenders)	Investment companies	Leasing companies	Property and project finance	Other	Total
Size of the non-con solidated structured company	75	51 510	57 216	4 893	512	64	114 270
Loans and advances to customers	129	263	95	2 036	15	34	2 572
Risk provisioning	–	–	–	– 20	–	–	– 20
Financial assets at fair value through profit or loss	–	110	24	14	–	–	148
Financial assets	–	1 073	71	15	10	6	1 175
Other assets	–	–	17	–	–	–	17
Assets reported in the balance sheet of the NORD/LB Group	**129**	**1 446**	**207**	**2 045**	**25**	**40**	**3 892**
Liabilities to banks	–	4	426	22	3	–	455
Financial liabilities at fair value through profit or loss	–	2	11	–	–	–	13
Liabilities reported in the balance sheet of the NORD/LB Group	**–**	**6**	**437**	**22**	**3**	**–**	468
Off-balance-sheet positions	–	1	–	84	–	–	85
Maximum risk of loss[1)]	129	1 540	1 875	2 367	30	40	5 981

[1)] The maximum risk of loss includes in parts positions with nominal value instead of carry amount/fair value especially derivate and off balance positions.

31 Dec. 2014 (in € million)	Securitisation companies (lender)	Securitisation companies (lenders)	Investment companies	Leasing companies	Property and project finance	Other	Total
Size of the non-con solidated structured company	–	63 581	50 528	1 885	74	5	116 073
Loans and advances to customers	–	1 297	–	724	21	–	2 042
Risk provisioning	–	–	–	–	–	–	–
Financial assets at fair value through profit or loss	–	211	60	–	–	–	271
Positive fair values from hedge accounting derivatives	–	–	–	–	–	–	–
Financial assets	–	586	94	–	–	5	685
Other assets	–	–	17	–	–	–	17
Assets reported in the balance sheet of the NORD/LB Group	**–**	**2 094**	**171**	**724**	**21**	**5**	**3 015**
Liabilities to banks	–	–	–	–	–	–	–
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	–
Liabilities reported in the balance sheet of the NORD/LB Group	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Off-balance-sheet positions	–	–	–	–	–	–	–
Maximum risk of loss	–	2 094	1 597	724	21	5	4 441

The NORD/LB Group is deemed the sponsor of a structured company if the market participant is justified in linking it to the structured company. Sponsorship exists in the NORD/LB Group if

- the NORD/LB Group was involved in setting up the structured company and cooperated in its objectives and design;
- the designation of the structured company contains elements creating a connection with NORD/LB Group;
- management of the assets and liabilities of the structured company is done on the basis of a strategy developed by the Group;
- the NORD/LB Group issued or purchased the assets before they were incorporated into the structured company (i.e. NORD/LB is the originator of the structured company).

There are no earnings from sponsored non-consolidated structured companies in which the NORD/LB Group had no interest as at the reporting date (€ 4 million). These are connected to securitisation companies in the founding of which the NORD/LB Group was involved or is the originator. The earnings of € 0 million (€ 2 million) include earnings from transfers of assets; the carrying value of these assets was € 2.145 billion (€ 38 million) at the time of transfer. A sum of € 0 million (€ 2 million) further relates to the derecognition of a specific valuation allowance relating to a company being wound up.

(81) Related Parties

All the consolidated and unconsolidated subsidiaries, affiliated 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 2014 and 2015, excluding those to be eliminated under consolidation, can be seen in the following statements:

31 Dec. 2015 (in € million)	Compa-Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**276**	**–**	**247**
Of which: money market transcations	–	–	–	116	–	20
Of which: loans	–	–	–	160	–	227
Public-sector loans	–	–	–	–	–	13
Other loans	–	–	–	160	–	214
Loans and advances to customers	**2 575**	**6**	**–**	**314**	**1**	**655**
Of which: money market transcations	177	–	–	13	–	–
Of which: loans	2 352	6	–	300	1	655
Public-sector loans	2 270	–	–	15	–	643
Mortage-backed loans	–	5	–	89	1	4
Other loans	82	1	–	196	–	8
Financial assets at fair value through profit or loss	**343**	**–**	**–**	**74**	**–**	**27**
of which: Debt securities and other fixed-interest securities	62	–	–	–	–	–
Of which: Positive fair values from derivatives	115	–	–	74	–	2
Of which: Trading portfolio claims	166	–	–	–	–	25
Positive fair values from hedge accounting derivatives	**97**	**–**	**–**	**–**	**–**	**–**
Financial assets	**1 892**	**–**	**–**	**16**	**–**	**–**
Of which: Debt securities and other fixed-interest securities	1 892	–	–	–	–	–
Of which: Shares and other non fixed-interest securities	–	–	–	16	–	–
Total	**4 907**	**6**	**–**	**680**	**1**	**929**

31 Dec. 2015 (in € million)	Compa-Companies with significant influence	Subsi-daries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**17**	**–**	**346**	**–**	**113**
Liabilities to customers	**1 397**	**32**	**–**	**368**	**5**	**863**
Of which: saving deposits	–	–	–	–	1	–
Of which: money market transcations	893	1	–	44	–	159
Securitised liabilities	**–**	**–**	**–**	**–**	**–**	**2**
Financial liabilities at fair value through profit or loss	**47**	**–**	**–**	**1**	**–**	**156**
Of which: negative fair values from derivatives	22	–	–	1	–	28
Negative fair values from hedge accounting deriv-atives	**8**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**588**	**–**	**–**	**–**	**15**
Total	**1 453**	**637**	**–**	**715**	**5**	**1 149**
Guarantees / sureties received	371	–	–	–	–	–
Guarantees / sureties granted	–	–	–	14	–	11

1 Jan. - 31 Dec. 2015 (in € million)	Compa-Companies with significant influence	Subsi-daries	Associated companies	Persons in key positions	Other related parties
Interest expenses	32	59	35	–	8
Interest income	126	–	33	–	32
Commission income	–	–	1	–	–
Other income and expenses	3	–	–	– 6	4
Total	**97**	**– 59**	**– 1**	**– 6**	**28**

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

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

1 Jan. - 31 Dec. 2014 (in € million)	Compa-Companies with significant influence	Subsi-daries	Associated companies	Persons in key positions	Other related parties
Interest expenses	50	54	36	–	14
Interest income	149	1	26	–	43
Commission expenses	1	–	–	–	–
Commission income	–	–	1	–	–
Other income and expenses	164	–	26	– 6	– 23
Total	**262**	**– 53**	**17**	**– 6**	**6**

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). NORD/LB has partly transferred its pension obligations in the financial year to Untestützungskasse Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e.V, Hanover. For a more detailed account, Note (45) Other assets and Note (52) Provisions are referred to.

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)	2015	2014
Assets		
Loans and advances to banks	567	868
Loans and advances to customers	4 335	4 432
Other unsettled assets	2 449	2 554
Total	**7 351**	**7 854**
Liabilities		
Liabilities to banks	506	520
Liabilties to customers	2 665	1 829
Other unsettled assets	999	788
Total	**4 170**	**3 137**
Guarantees and sureties received	423	541
Guarantees and sureties granted	32	32

The remuneration of persons in key positions is broken down as follows:

(in € million)	2015	2014
Employment-related payments due in the short term	5	6
Other long-term benefits	1	2
Benefits arising after the termination of employment	1	1
Total remuneration	**7**	**9**

Total remuneration of and loans to governing bodies in accordance with commercial law are presented in Note (83) Remuneration of and loans to governing bodies.

(82) Members of Governing Bodies and List of Mandates

1. Members of the Managing Board

Dr. Gunter Dunkel (Chairman)	Eckhard Forst
Ulrike Brouzi	Dr. Hinrich Holm
Thomas S. Bürkle	Christoph Schulz

At 31 December 2015 the following mandates were held at large corporations by appointed members of the Managing Board of the NORD/LB Group. Banks are treated as large corporations.

Name	Company
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen
	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover
	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel
	NORD/LB Vermögensmanagement S.A., Luxemburg-Findel
	Continental AG, Hannover
Ulrike Brouzi	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel
	NORD/LB Asset Management, Hannover
	Salzgitter AG Stahl und Technologie, Salzgitter
Thomas S. Bürkle	Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen
	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover
	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel
	LHI Leasing GmbH, Pullach (to 30 April 2015)
Eckhard Forst	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover
	DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen
	LHI Leasing GmbH, Pullach (to 30 April 2015)
Dr. Hinrich Holm	NORD/LB Asset Management, Hannover
	Investitionsbank Sachsen-Anhalt, Magdeburg
	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin und Hannover
	Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg
Christoph Schulz	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel
	NORD/LB Vermögensmanagement Luxembourg S.A., Luxemburg-Findel
	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin und Hannover
	Totto-Lotto Niedersachsen GmbH, Hannover

(83) Remuneration of and Loans to Governing Bodies

(in € million)	1 Jan. - 31 Dec. 2015	1 Jan. - 31 Dec. 2014
Total emoluments paid to active members of governing bodies		
Managing Board	5	4
Total emoluments paid to former members of governing bodies and their dependants		
Managing Board	4	4
Advance payments, loans and contingencies		
Managing Board	1	1

Total remuneration of the active members of the Supervisory Board is € 468 thousand (€ 478 thousand). In the year under review remuneration in the amount of € 673 thousand and € 169 thousand, which depended on the on the occurrence or expiry of future conditions and which was committed in 2012 and 2014 respectively, was granted.

In 2015 commitments of € 1 million (€ 1 million) were made for remuneration which are dependent on the occurrence or expiry of future conditions. Pension obligations to previous executive board members and their surviving dependants exist in the amount of € 58 million (€ 64 million).

(84) Group Auditor’s Fees

(in € 000)	1 Jan. - 31 Dec. 2015	1 Jan. - 31 Dec. 2014
Group Auditor’s Fees for		
The statutory audit	5 617	5 418
Other audit-related services	2 457	2 038
Other services	1 909	2 460

(85) Equity Holdings

The list of equity holdings includes all of the companies includes in the consolidated financial statements, the non-consolidated subsidiaries, joint ventures, affiliated 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 disclosures on equity holdings represent an additional disclosure under § 315a 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 Immobilien GmbH, 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), Hannover [2)]	–	100.00
KreditServices Nord GmbH, Braunschweig [2)]	–	100.00
Nieba GmbH, Hannover [2)]	–	100.00
NOB Beteiligungs GmbH & Co. KG, Hannover	100.00	–
NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel / Luxemburg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hannover [2)]	–	100.00
NORD/LB Asset Management AG, Hannover	100.00	–
NORD/LB Asset Management Holding GmbH, Hannover	–	100.00
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hannover [2)]	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
TLN Beteiligung Anstalt des öffentlichen Rechts & Co. KG, Hannover [3)]	–	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	–	–
Happy Auntie S.A., Majuro / Marshallinseln	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
MS "HEDDA SCHULTE" Shipping 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	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach i. 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	–	–
Proud Parents Investments Co., Majuro / Marshallinseln	–	–
"QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
ac) Investment funds included in the consolidated financial statements		
NORD/LB AM ALCO	–	100.00

Company name and registered office	Shares (%) direct	Shares (%) indirect
ad) Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint Ventures		
caplantic GmbH, Hannover	–	45.00
Bremische Wohnungbaubeteiligungsgesellschaft mbH, Bremen	50.00	–
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover	44.00	–
LINOVO Productions GmbH & Co. KG, Pöcking [9]	–	45.17
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hannover	–	28.66
Öffentliche Lebensversicherung Braunschweig, Braunschweig [10]	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig [10]	–	75.00
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [5][10]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hannover	49.85	–
Investmentfonds	–	–
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
ae) After IFRS 5 valuated companies		
Subsidiaries		
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG	–	–
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG	–	–
NORD/LB Vermögensmanagement Luxembourg S.A., Luxemburg-Findel / Luxemburg	–	100.00
Associated companies	–	–
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27.50	–

Company name and registered office	Share of capital held (in %)	Equity[1] (in Tsd €)	Profit/Loss (in Tsd €)
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	100.00	9 065	1 053
Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [2]	100.00	9 061	–
Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig[10]	66.67	1 584	532
LBT Holding Corporation Inc., Wilmington (Delaware) / USA[10]	100.00	9 124	706
LHI Leasing GmbH & Co. Immobilien KG, Pullach im Isartal [10]	90.00	1 023	24
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal [10]	77.81	7 456	485
NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hannover [10]	90.00	2 580	1 642
Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hannover [10]	100.00	15 291	20
NORD/LB RP Investments LLC, Wilmington (Delaware) / USA [10]	100.00	6 388	– 2 000
Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [2]	98.00	3 088	–
Skandifinanz AG, Zürich / Schweiz [10]	100.00	13 844	– 798
Terra Grundbesitzgesellschaft am Aegi mbH i.L., Hannover[10]	100.00	1 070	– 52
Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [2]	100.00	1 278	–
c) Capital share of greater or equal 20 % in companies with an equity capital of greater or equal +/– € 1 million			
Joint Ventures/ associated companies / other			
Adler Funding LLC, Dover / USA [10]	21.88	10 129	3 851
Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode[10]	50.00	3 800	394
Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [10]	20.89	15 956	162
Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [10]	20.44	14 856	74
Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. - Objekt Zietenterrassen - KG, Göttingen [6] [10]	52.56	6 695	– 130
INI International Neuroscience Institute Hannover GmbH, Hannover [9] [10]	22.70	– 13 510	1 662
LUNI Productions GmbH & Co. KG, Pöcking [9] [10]	24.29	– 115 719	– 86
Medical Park Hannover GmbH, Hannover [10]	50.00	2 999	265
Medicis Nexus GmbH & Co. KG, Icking [7] [11]	66.01	8 310	13
Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [10]	26.00	12 606	730
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hannover [10]	39.82	11 476	565
NBV Beteiligungs-GmbH, Hannover [10]	42.66	15 071	1 312
Öffentliche Versicherung Bremen, Bremen [10]	20.00	5 050	–
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [13]	100.00	28 926	2 786
Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [10]	21.72	19 207	240

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 Grundstücksentwicklungsgesellschaft mbH, Braunschweig	50.00
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, Hannover	100,00
FL FINANZ-LEASING GmbH, Wiesbaden	58.00
Galimondo S.a.r.l., Luxemburg-Findel, Luxemburg	100.00
General Partner N666DN GP, LLC, Wilmington (Delaware) / USA	100.00
NBN Grundstücks- und Verwaltungs-GmbH, Hannover	100.00
New Owner Participant - N666DN OP, L.P., Wilmington (Delaware) / USA	100.00
NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hannover	100.00
NORD/LB G-MTN S.A., Luxemburg-Findel / Luxemburg	100.00
NORD/LB Informationstechnologie GmbH, Hannover [2)]	100.00
NORD/LB Project Holding Ltd., London / Großbritannien	100.00
N666DN LP LLC, Wilmington (Delaware) / USA	100,00
PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hannover	100.00
Ricklinger Kreisel Beteiligungs GmbH, Hannover	100.00
Schiffsbetriebs-Gesellschaft Bremen mbH i.L., Bremen	100.00
SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main	100.00
Themis 1 Inc., Wilmington (Delaware) / USA	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hannover	100.00
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hannover [9) 10)]	72.70
Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Tiefgarage Stade Vermietungs KG, Hannover	90.00

[1)] Equity definition in accordance with §§ 272 and 272 of the German Commercial Code less outstanding participations.
[2)] A profit/loss transfer agreement exists with the company.
[3)] Established in the financial year.
[4)] Due to the joint management, this company is classified as a joint venture.
[5)] Due to the “potential voting rights” of third parties, this company is classified as an associated company.
[6)] Due to the share in voting rights of 50.00 per cent, this company is not classified as a subsidiary.
[7)] Due to the rebuttal of the definition of control / significant influence, this company is allocated to other investments.
[8)] No disclosures concerning equity and earnings are made in accordance with § 313 para. 2 no. 4 clause 3 of the German Commercial Code.
[9)] The company is not actually overindebted.
[10)] No data is available as at 31 December 2014
[11)] No data is available as at 31 December 2013
[12)] Due to the structure under company law, this company is classified as an associated company.
[13)] Due to IFRS 10 company does not have to be consolidated.

Forward-looking Statements

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

Further Information

Country-by-Country Reporting in accordance with § 26a of the German Banking Act as at 31 December 2015

The requirement for country-by-country reporting of Article 89 of the EU Directive 2013/36/EU (Capital Requirements Directive, CRD IV) was transposed into German law by the German Banking Act and needed to be met in full for the first time for 2014 in accordance with § 64 r of the German Banking Act. In this report the revenues generated, the number of employees, the profit or loss before taxes, the taxes on profit or loss and the state aid received from each EU member state and from third countries are reported on a non-consolidated basis for companies included in the IFRS consolidated financial statements by way of full consolidation. For revenue, the earnings before taxes included in the IFRS consolidated financial statements, before the consideration of consolidation effects, before risk provisioning and administrative expenses and not including other operating expenses are stated. The number of employees is the average number of employees in the reporting period. The profit or loss before income taxes and taxes on profit or loss are stated before the consideration of consolidation effects. The taxes on profit or loss are based on the current and deferred tax expenses and income. The NORD/LB Group has not received any state aid in contravention of EU state aid rules.

	Number of employees	Revenue (in € million)	Earnings before taxes (in € million)	Income taxes (in € million)	Received public payments
Germany	5 580	2 491	413	– 89	–
China	18	5	1	–	–
UK	83	110	60	– 2	–
Luxembourg	208	107	40	– 15	–
Singapore	59	64	42	– 4	–
USA	75	99	58	22	–

	Type of activity	Country	Location
Beteiligungs- Kommanditgesellschaft MS "Buxmelody" Verwaltungs- und Bereederungs GmbH & Co.	Other company	Germany	Buxtehude
BLB Immobilien GmbH	Other company	Germany	Bremen
BLB Leasing GmbH	Financial services institution	Germany	Oldenburg
Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale-	Bank	Germany	Bremen
Bremische Grundstücks-GmbH	Other company	Germany	Bremen
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Other company	Germany	Pullach i. Isartal
Deutsche Hypothekenbank (Actien-Gesellschaft)	Bank	Germany	Hanover
Fürstenberg Capital Erste GmbH	Other company	Germany	Fürstenberg
Fürstenberg Capital II. GmbH	Other company	Germany	Fürstenberg
GEBAB Ocean Shipping II GmbH & Co. KG	Other company	Germany	Hamburg
GEBAB Ocean Shipping III GmbH & Co. KG	Other company	Germany	Hamburg
Hannover Funding Company LLC	Finance company	USA	Dover (Delaware)
Happy Auntie S.A.	Other company	Marshallisland	Majuro
KMU Shipping Invest GmbH	Other company	Germany	Hamburg
KreditServices Nord GmbH	Provider of financial services	Germany	Braunschweig
MS "Hedda Schulte" Shipping GmbH & Co. KG	Other company	Germany	Hamburg
MT "BALTIC CHAMPION" Tankschiffahrtsgesellschaft mbH & Co. KG	Other company	Germany	Hamburg
MT "BALTIC COMMODORE" Tankschiffahrtsgesellschaft mbH & Co. KG	Other company	Germany	Hamburg
MT "NORDIC SCORPIUS" Tankschiffahrtsgesellschaft mbH & Co. KG	Other company	Germany	Hamburg
MT "NORDIC SOLAR" Tankschiffahrtsgesellschaft mbH & Co. KG	Other company	Germany	Hamburg
MT "NORDIC STAR" Tankschiffahrtsgesellschaft mbH & Co. KG	Other company	Germany	Hamburg
Nieba GmbH	Finance company	Germany	Hanover
NOB Beteiligungs GmbH & Co. KG	Finance company	Germany	Hanover
Norddeutsche Landesbank Girozentrale	Bank	Germany	Hanover
Norddeutsche Landesbank Girozentrale Niederlassung London	Bank	United Kingdom	London
Norddeutsche Landesbank Girozentrale Niederlassung New York	Bank	USA	New York
Norddeutsche Landesbank Girozentrale Niederlassung Shanghai	Bank	China	Shanghai
Norddeutsche Landesbank Girozentrale Niederlassung Singapur	Bank	Singapore	Singapore
Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank	Bank	Luxembourg	Luxemburg-Findel

	Type of activity	Country	Location
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Hamburg
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Hamburg
NORD/FM Norddeutsche Facility Management GmbH	Sonstiges Unternehmen	Deutschland	Hannover
NORD/LB AM ALCO	Sonstiges Unternehmen	Deutschland	Hannover
NORD/LB Asset Management AG	Kapitalanlagegesellschaft	Deutschland	Hannover
NORD/LB Asset Management Holding GmbH	Finanzunternehmen	Deutschland	Hannover
NORD/LB Objekt Magdeburg GmbH & Co. KG	Anbieter von Nebendienstleistungen	Deutschland	Pullach i. Isartal
NORD/LB Vermögensmanagement Luxembourg S.A.	Finanzdienstleistungsinstitut	Luxemburg	Luxemburg-Findel
Nord-Ostdeutsche Bankbeteiligungs GmbH	Finanzunternehmen	Deutschland	Hannover
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG	Sonstiges Unternehmen	Deutschland	Bremen
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG	Sonstiges Unternehmen	Deutschland	Bremen
"OLIVIA" Beteiligungsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Elsfleth
"OLYMPIA" Beteiligungsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Elsfleth
"PANDORA" Beteiligungsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Elsfleth
"PRIMAVERA" Beteiligungsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Elsfleth
Proud Parents Investments Co	Sonstiges Unternehmen	Marshallinseln	Majuro
"QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG	Sonstiges Unternehmen	Deutschland	Elsfleth
TLN Beteiligung Anstalt des öffentlichen Rechts & Co. KG	Finanzunternehmen	Deutschland	Hannover

The average return on investment is 0.29 per cent. This is based on the earnings after taxes and total assets of the IFRS consolidated financial statements as at 31 December 2015.

Responsibility Statement

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

Hanover / Braunschweig / Magdeburg, 18 March 2016

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

Auditor's Opinion

We have audited the condensed consolidated financial statements, consisting of the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and notes to the consolidated financial statements as well as the Group management report prepared by Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig and Magdeburg (NORD/LB) for the financial year of 1 January to 31 December 2015. 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 in accordance with § 315a para. 1 of the German Commercial Code, is the responsibility of NORD/LB's Managing Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code 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 consolidated financial statements taking into account applicable accounting regulations 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 information in the consolidated financial statements and Group management report are examined primarily on a random sample basis within the framework of the audit. The audit includes assessing the annual financial statements of those companies included in consolidation, the determination of companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, 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 opinion, 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 in accordance with § 315a para. 1 of the German Commercial Code and give a true and fair view of the assets, financial and earnings position of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and on the whole conveys a true picture of the Group's position and suitably presents the opportunities and risks of future development.

Hanover, 18 March 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

Ufer Leitz

Auditor Auditor

Annual Financial Statements 2015
Norddeutsche Landesbank Girozentrale
(Anstalt öffentlichen Rechts)

Assets side **Norddeutsche Landesbank Girozentrale**

		€	€	€	2014 Tsd €
1. Cash reserve					
a) Cash on hand			53 701 185.57		60 334
b) Balances with central banks			532 120 394.69		716 908
of which:				**585 821 580.26**	777 242
with the “Deutsche Bundesbank” _______€	436 473 940.73				(594 808)
2. Claims on banks					
a) mortgage loans			39 140 534.90		44 329
b) municipal loans			10 217 533 756.37		10 075 769
c) Other claims			10 605 308 378.85		14 146 215
				20 861 982 670.12	24 266 313
Due on demand ___________________€	3 119 567 524.81				(3 871 631)
against securities lending _____________€	0,00				(0)
3. Claims on customers					
a) mortgage loans			5 103 156 342.34		4 940 757
b) municipal loans			17 826 795 992.79		19 524 242
c) Other claims			36 024 808 518.06		33 640 281
				58 954 760 853.19	58 105 279
against securities lending _____________€	0,00				(0)
4. Debt securities and other fixed-interest securities					
a) Money-market instruments					
aa) Issued by public sector borrowers		13 268 598.60			12 753
of which: eligible as collateral for “Deutsche Bundesbank” advances ____________________€	0,00				(0)
ab) Issued by other borrowers		173 469 036.57			12 355
			186 737 635.17		25 108
of which: eligible as collateral for “Deutsche Bundesbank” advances ____________________€	0,00				(0)
b) Bonds and debt securities					
ba) Issued by public sector borrowers		7 852 407 970,36			8 588 013
					0
of which: eligible as collateral for “Deutsche Bundesbank” advances ____________________€	7 604 108 051.35				(8 522 510)
bb) Issued by other borrowers		13 084 653 877.49			17 031 302
			20 937 061 847.85		25 619 315
of which: eligible as collateral for “Deutsche Bundesbank” advances ____________________€	10 954 460 449.78				(14 803 842)
c) Debt securities, issued by the institution itself			179 020 321.29		217 256
Nominal amount __________________€	176 227 225.13				(212 073)
				21 302 819 804.31	25 861 679
Amount carried forward				**101 705 384 907.88**	109 010 513

Balance sheet as at 31 December 2015

Assets side

					2014
		€	€	€	Tsd €
Amount carried forward				**101 705 384 907.88**	109 010 513
5. Shares and other non fixed-interest securities				**1 249 345 343.53**	1 249 697
5a. Trading portfolio				**10 866 726 929.35**	11 515 630
6. Participating interests				**103 630 832.87**	138 628
of which: in banks ______ €	296 480.46				(297)
in financial institutions ______ €	230 415.47				(267)
7. Investments in affiliated companies				**2 085 087 512.26**	1 967 565
of which: in banks ______ €	1 492 842 997.06				(1 458 202)
in financial institutions ______ €	0.00				(3 000)
8. Assets held in trust				**4 184 295 030.29**	4 450 467
of which: loans on a trust basis ______ €	4 184 295 030.29				(4 450 467)
9. Intangible assets					
a) internally generated industrial property rights and similar rights and values			49 336 828.55		52 048
b) Concessions, industrial property rights and similar rights and values including its licences against payment			54 837 329.97		43 131
total sum				**104 174 158.52**	95 179
10. Tangible assets				**198 362 520.22**	203 958
11. Other assets				**1 516 543 711.67**	1 453 234
12. Prepaid expenses					0
a) from new issue and lending business			448 590 170.17		389 982
b) other			498 291 863.68		547 284
total sum				**946 882 033.85**	937 266
Total assets				**122 960 432 980.44**	131 022 137

Liabilities side

Norddeutsche Landesbank Girozentrale

			€	€	€	2014 Tsd €
1.	**Liabilities to banks**					
	a) issued registered mortgage Pfandbriefe			0,00		15 308
	b) issued registered public sector Pfandbriefe			649 124 828.02		1 036 737
	c) Other liabilities			32 465 186 032.11		39 307 052
					33 114 310 860.13	40 359 097
	of which: Due on demand €	4 638 351 445.23				(5 984 539)
	ensuring loans taken up registered mortgage Pfandbriefe transferred to lender €	0,00				(0)
	and registered public sector Pfandbriefe €	75 597 449.34				(116 594)
2.	**Liabilities to customers**					
	a) issued registered mortgage Pfandbriefe			996 308 132.31		785 988
	b) issued registered public sector Pfandbriefe			8 244 026 097.77		9 094 931
	c) Savings deposits					
	ca) with an agreed notice period more than three months		1 105 523 918.21			1 453 841
	cb) with an agreed notice period more than three months		28 425 650.12			71 097
				1 133 949 568.33		1 524 938
	d) Other liabilities			32 642 476 849.44		28 740 126
					43 016 760 647.85	40 145 983
	of which: Due on demand €	16 050 053 730.58				(12 253 684)
	ensuring loans taken up					
	registered mortgage Pfandbriefe transferred to lende r €	0.00				(0)
	and registered public sector Pfandbriefe €	0.00				(0)
3.	**Securitised liabilities**					
	a) Issued debt securities					
	aa) mortgage Pfandbriefe		2 216 254 889.40			2 216 447
	ab) public sector Pfandbriefe		8 129 188 630.97			7 694 013
	ac) other debentures		11 585 965 590,11			14 318 341
				21 931 409 110,48		24 228 801
	b) Other securitised liabilities			– 445 099 507.71		399 197
					22 376 508 618.19	24 627 998
	of which: money-market instruments €	362 205 557.82				(316 178)
3a.	**Trading portfolio**				**4 864 813 982.26**	5 927 076
4.	**Liabilities held in trust**				**4 184 295 030.29**	4 450 467
	of which: loans on a trust basis €	4 184 295 030.29				(4 450 467)
5.	**Other liabilities**				**3 559 879 712.15**	2 608 316
Amount carried forward					**111 116 568 850.87**	118 118 938

Balance sheet as at 31 December 2015

Liabilities side

		€	€	€	2014 Tsd €
Amount carried forward				**111 116 568 850.87**	118 118 938
6. Deferred income					
a) from new issue and lending business			459 418 070.41		462 515
b) other			283 998 001.24		340 917
				743 416 071.65	803 432
7. Provisions					
a) Provisions for pensions and similar obligations			441 121 723.82		960 121
b) Tax provisions			118 914 277.57		75 231
c) Other provisions			443 474 029.88		457 061
				1 003 510 031.27	1 492 413
8. Subordinated liabilities				**2 435 489 014.88**	2 817 573
9. Participatory capital				**60 000 000.00**	95 000
of which: there of falling due in less than two years €	60 000 000.00				(95 000)
10. Funds for general banking risks				**912 632 805.66**	912 633
of which: special item for general banking risks in accordance with § 340e, para. 4 of the German Commercial Code €	60 000 000.00				(60 000)
11. Equity					
a) Subscribed capital					
aa) Share capital		1 607 257 810.00			1 607 258
ab) Other Capital contributions		797 063 092.14			797 063
			2 404 320 902.14		2 404 321
b) Capital reserves					
ba) Other reserves		3 324 313 451.76			3 324 314
			3 324 313 451.76		3 324 314
c) Retained earnings			902 546 457.02		702 547
d) Profit shown on the balance sheet after appropriation to or transfer from reserves			57 635 395.19		350 968
				6 688 816 206.11	6 782 149
Total liabilities				**122 960 432 980.44**	131 022 137
1. Contingent liabilities					
a) Contingent liabilities under rediscounted bills of exchange			0.00		0
b) Liabilities from guarantees and other indemnity agreements			6 938 131 256.57		6 074 432
c) Liabilities from assets pledged as collateral for third-party liabilities			0.00		0
				6 938 131 256.57	6 074 432
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			6 197 550 229.97		6 858 589
				6 197 550 229.97	6 858 589

Norddeutsche Landesbank Girozentrale

		€	€	€	2014 Tsd €
1.	**Interest income from**				
	a) Lending and money market transactions	2 366 211 487.20			2 474 589
	b) Fixed-income and book entry securities	392 600 048.52			485 449
	c) Current income from trading portfolio	978 242 048.49			888 652
			3 737 053 584.21		3 848 690
2.	**Negative Interest income from lending and money market transactions**		6 229 973.75		606
3.	**Interest expenses**		2 366 325 409.42		2 520 119
4.	**Positive interest expenses from lending and money market transactions**		17 630 687.29		1 988
				1 382 128 888.33	1 329 953
5.	**Current income from**				
	a) Shares and other non fixed-interest securities		22 895 110.50		10 104
	b) Participating interests		13 664 763.16		12 162
	c) Shares in affiliated companies		30 220 890.04		33 108
				66 780 763.70	55 374
6.	**Income from profit pooling, profit transfer and partial profit transfer agreements**			**71 171 758.80**	35 734
7.	**Commission income**		286 929 543.58		234 224
8.	**Commission expenses**		102 384 508.51		95 844
				184 545 035.07	138 380
9.	**Net income deriving from trading business**			**66 306 586.27**	16 186
10.	**Other operating income**			**106 660 433.06**	105 756
11.	**General administrative expenses**				
	a) Staff expenses				
	aa) Wages and salaries	308 106 133.05			301 035
	ab) Social security contributions and expenses for pension provision and other employee benefits	56 296 946.24			160 682
			364 403 079.29		461 716
	of which: for pensions € 4 847 885.88				(100 047)
	b) Other administrative expenses		417 670 522.81		353 581
				782 073 602.10	815 298
12.	**Depreciations and write-downs of intangible assets**			**32 846 159.70**	37 002
13.	**Other operating expenses**			**204 783 219.77**	170 229
14.	**Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions**			**681 544 741.06**	472 356
Amount carried forward				**176 345 742.60**	186 499

Income statement for the period from 1 January to 31 December 2015

				2014
	€	€	€	Tsd €
Amount carried forward			**176 345 742.60**	186 499
15. Earnings from write-ups to claims and certain securities and allocations to loan loss provisionsren			**112 030 054.02**	98 822
16. Expenses on assumption of losses			**46 290 227.51**	27 661
17. Profit on ordinary activities			**242 085 569.11**	257 660
18. Extraordinary income		0,00		0
19. Extraordinary expenses		25 470 351.01		54 332
20. Extraordinary result			**– 25 470 351.01**	– 54 332
21. Refund from income taxes		103 059 758.00		– 8 095
22. Refund from other taxes not show under item 13		4 379 597.70		3 917
			107 439 355.70	– 4 178
23. Income from profit pooling, profit transfer and partial profit transfer agree-ments			**72 508 326.36**	69 791
24. Annual profit			**36 667 536.04**	137 715
25. Earnings brought forward from the previous year			**20 967 859.15**	213 253
26. Profit			**57 635 395.19**	**350 968**

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Appendix

I. Information on Accounting Policies and Principles of Currency Translation

(In the following text the previous year's figures for the reporting year 2015 or 31 December 2014 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 2015 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 layout of the balance sheet and the income statement is based on the RechKredV.

The balance sheet has been prepared in accordance with section 268 para. 1 of the German Commercial Code taking into account partial appropriation of the annual profit.

In 2012, against the background of the European Banking Authority's (EBA) tighter requirements concerning minimum Tier 1 common capital ratio for banks and the future Basel III requirements, NORD/LB agreed a capital-boosting programme with its owners. In order for key measures of this capital-boosting programme 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.

Individual commitments by NORD/LB from this restructuring plan continued to have an effect in 2015. These include in particular an efficiency improvement programme, for which costs were again incurred in 2015 and which are reported under extraordinary expenses.

In 2015, the capital-boosting programme, which launched in 2012, moved into a phase of ongoing active management of risk-weighted assets and targeted measures for optimising the equity structure. In order to limit risk-weighted assets, in August 2015 NORD/LB increased a guarantee by private investors for parts of the credit portfolio that has been in place since 2014. The premium paid for this is reported under commission expenses. Two measures were introduced to optimise the equity structure. First, subordinated liabilities were included, and second silent participations hedged via exchange rates with a nominal amount of 500.0 Mio USD (translated 336.3 Mio €) were cancelled on 31 December 2015. The participations are due for repayment during the course of financial year 2016.

The management report contains further details on the capital measures performed in 2015.

Also in the reporting year 2015 NORD/LB acquired a tranche of subordinated bearer bonds of Bremer Landesbank Kreditanstalt Oldenburg, Bremen with a nominal value of 100.0 Mio €. From the perspective of the issuers, these essentially satisfy requirements for recognition as additional Tier-1 capital in the form of Tier-1 bonds. These are non-secured, subordinated liabilities with no final maturity. In the first five years they further include a fixed interest rate of 9.50%, followed by a variable interest phase. The issuer has the discretion to waive interest payments in part or in full. Any interest payments that are not paid will not be paid at a later date. The waiver of an interest payment does not entitle NORD/LB to terminate the debt securities. The debt securities may only be terminated by the issuer in whole, though not in part, subject to the prior approval of the responsible regulatory authority, for the first time on 29 June 2021 and thereafter on any interest payment date and paid back in their repayment amount plus interest accrued up to the repayment date. The debt securities may be terminated under certain circumstances at any time due to regulatory or tax reasons. The repayment and nominal amount of the bond may be reduced if a triggering event occurs. Such a triggering event occurs if the Common Equity Tier 1 capital ratio of the issuing Group company (the “Common Equity Tier 1 capital ratio”) falls below 5.125% (the minimum CET1 ratio). The triggering event may occur at any time and the relevant Common Equity Tier 1 capital ratio will be calculated not only in relation to specific reference dates. After a write-down has been effected, the nominal amount and the repayment amount of the debt security can be written up again in each of the financial years following the write-down up to the full amount of the original nominal amount (providing it has not previously been paid back or purchased and cancelled), providing there is an appropriate annual profit and therefore an annual loss is not incurred or increased.

The subordinated bearer bonds are reported under the item “Debt securities and other fixed-interest securities from other issuers”. The same applies to the deferred interest of the subscribed bond. NORD/LB reports the interest income under the item “Interest income from fixed-interest securities and debt register claims”.

In the reporting year 2015 104 Tsd € was received from NORD L/B for the AT1 bond.

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 variable-yield 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 default risk),
  - 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 acquisition costs of 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 loan loss provisions. The provisions for country 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 shares 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.

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. In the year under review unscheduled depreciation in accordance with § 253 para. 3 clause 3 of the German Commercial Code was incurred in the amount of 4.7 Mio €. 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 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 in accordance with the procedure under tax law.

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.

Purchased software is written down as scheduled over three years unless otherwise provided for contractually.

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 their 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 effects of the change to the underlying discounting rates are also reported under other operating income and expenses. For the past financial year this will be applied for the first time to pension provisions based on an expert opinion. Exercising this option meant that 49.1 Mio € was not reported in staff expenses, but in other operating profit/loss.

Negative interest income and positive interest expenses are reported separately in the income statement for the first time. The negative interest income resulted from loans and advances to banks and loans and advances to customers (incl. repos). The positive interest expenditure resulted from liabilities to banks and liabilities to customers (incl. repos).

In the context of the new rules on the bank levy at European level, NORD/LB performed a reclassification of the annual contribution to the restructuring fund for banks in the amount of 35.4 Mio € (22.4 Mio €) from the other operating expenses to the other administrative 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.

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 non-trading 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-Model	OTC share FX-options (American)	FX-Rate, volatilities, riskfree interest rate
Normal Black 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	Market value, internal ratings, propability of default, swap curves, netting and collateral information

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 AöR has partly transferred the performance of the existing pension obligations to the Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e. V., Hanover, provident fund.

As a result of the change in entity responsible for performance, as at 31 December 2015 pension entitlements from direct and indirect commitments exist. NORD/LB's direct and indirect pension obligations are valued in accordance with the projected unit credit method. 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 in effect on the balance sheet date 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 2015 the present value of the pension commitments pursuant to the German Act to Modernise Balance Sheet Law (BilMoG) was 1 155.2 Mio €. The difference resulting from the altered valuation of the pension commitments under BilMoG as at 1 January 2010 is 301 921 Tsd € for the registered public institute. To date, using the simplification rule in accordance with art. 67 para. 1st sentence 1 Introductory Act of the German Commercial Code (EGHGB), the difference was distributed over 15 years. As the change in entity responsible for performance means that the difference will only be distributed for the direct pension commitments, the remaining distribution period is reduced from nine to two years. In 2015 the allocation was 19 086 Tsd € after taking into account repayments and was shown under extraordinary expenses. As at 31 December 2015 the as yet uncompensated difference for the direct commitments was 20 138 Tsd €. The first-time effect for the New York branch, however, was already recognised in full through profit and loss in 2010.

The provision for the bank in Germany was 440 625 Tsd € as at 31 December 2015. 262 273 Tsd € of the provision was attributable to the direct commitments. After a reduction following the initial allocation of the provident fund frozen direct commitments of 178 352 Tsd € are reported at their settlement values. These result from the negative balance (difference between the required settlement values of the pension commitments pursuant to § 253 para. 1 sentence 2, para. 2 HGB and the assets transferred to the provident fund) at the point of the transfer of responsibility for performance as no waiver of grounds for creating a provision under § 249 para. 2 sentence 2 HGB obtains Accordingly, the change to the direct pension provisions are no longer reported through profit and loss; in particular in future changes to the discount rate will not have an effect on the balance sheet nor in fair value. The shortfall due to pension obligations not shown in the balance sheet under Art. 28 para. 2 EGHGB is 330 608 Tsd €.

When calculating the direct and indirect pension obligations the following assumptions were used for the bank in Germany:

	31 Dec.2015	31 Dec.2014
Interest rate	3.89%	4.54 %
Salary increases	2.00%	2.00 %
Pension increases	2.75%/2.87%/1.00%	2.75 %/2.87 %/1.00 %
Fluctuation	3.00%	3.00 %

NORD/LB's direct and indirect pension obligation was valued based on the "Richttafeln 2005 G" mortality tables published by Dr. Klaus Heubeck.

The New York branch has terminated on of the existing pension schemes. The terminated scheme covered benefit entitlements of 6.8 Mio €. The settlement value of the continuing scheme is, translated, 497 Tsd € (504 Tsd €).

For the indirect pension obligations of the London branch there was overcoverage of 809 Tsd € as at 31 December 2015.

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 2015 the fair value of the special fund is 6.5 Mio € against an acquisition cost of 6.5 Mio €.

The expenses and income from the cover assets and the corresponding provisions are offset under other operating profit/loss.

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 (valuation of the remaining positions).

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.

The results of currency translations for financial instruments in the non-trading portfolio are reported net under other operating income.

Overall the value of NORD/LB's assets and liabilities in foreign currencies totals 44 932.6 Mio € (43 685.3 Mio €) and 44 821.2 Mio € (41 968.4 Mio €) respectively.

The base currency for the reporting of the foreign branches in London, Shanghai and Singapore is the euro. However, the base currency for the New

York branch is the US dollar. All transactions are posted in their original currency. Assets, liabilities and off-balance-sheet transactions are translated into the base currency using the respective ECB reference rate on the balance sheet date. Expenses and income in foreign currency are translated daily into the base currency using the ECB reference rate. The balance sheet and income statement of the New York branch are converted from the based currency of the US dollar into euros using the ECB reference rate on the balance sheet date.

Formation and Accounting of Valuation Units

At NORD/LB in the following cases economic hedging transactions 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 (894 946 Tsd €; previous year: 1 065 264 Tsd €);

- 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 (218 777 Tsd €; previous year: 347 562 Tsd €);

- Individual-transaction-specific hedge of the currency risk of the pending repayment of a hybrid capital bond issued in USD with a currency swap (459 263 Tsd €; previous year: 411 828 Tsd €);

- Individual-transaction-specific passing on of inflation risk hedged against customers to the market (147 805 Tsd €; previous year: 145 957 Tsd €).

- In addition to the above-mentioned hedging relationships shown as valuation units, there are the following economic hedging transactions 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 cash flows, 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 carrying amounts taking into account the expected funding, 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.2015	31 Dec.2014
2. Claims on banks		
with a residual term of		
Due on demand	4 339 967	3 828 852
less than 3 months	5 242 321	5 020 662
more than 3 months but less than 1 year	1 665 541	4 119 734
more than 1 year less than 5 years	4 848 199	5 363 735
more than 5 years	4 765 954	5 933 330
Balance sheet value	**20 861 982**	**24 266 313**
of which		
Claims on affiliated companies	4 555 322	5 131 771
Claims on companies in which an equity investment exists	306 220	344 421
Subordinated receivables	697 544	685 695
Used to cover old stock	112 083	471 723
The full amount of receivables from banks includes:		
Claims on affiliated savings banks	5 305 797	5 608 943
3. Claims on customers		
with a residual term of		
less than 3 months	5 269 783	5 288 860
more than 3 months but less than 1 year	3 524 725	3 101 170
more than 1 year less than 5 years	15 858 285	15 762 341
more than 5 years	34 301 968	33 952 908
Balance sheet value	**58 954 761**	**58 105 279**
of which		
Claims on affiliated companies	555 377	598 175
Claims on companies in which an equity investment exists	338 744	335 999
Subordinated receivables	25 220	38 393
Used to cover old stock	1 657 062	1 914 159
With an indefinite term	1 479 087	1 849 875
4. Debt securities and other fixed-interest securities		
a) Money-market instruments		
aa) Issued by public sector issuers		
Balance sheet value	**13 269**	**12 753**
of which		
due in the following year	13 269	12 753
marketable and listed money-market instruments	–	–
marketable and unlisted money-market instruments	13 269	12 753

Assets

(in € 000)			31 Dec.2015	31 Dec.2014
	ab)	**Issued by other issuers**		
		Balance sheet value	**173 469**	**12 355**
		of which		
		due in the following year	173 469	12 355
		marketable and listed money-market instruments	–	–
		marketable and unlisted money-market instruments	–	–
		Affiliated company securities	–	–
		Affiliated company securities in which an equity investment exists	–	–
		Subordinated debt securities	–	–
b)	**Bonds and debt securities**			
	ba)	**Issued by public sector issuers**		
		Balance sheet value	**7 852 408**	**8 588 013**
		of which		
		due in the following year	1 893 490	2 254 401
		marketable and listed money-market instruments	7 761 992	8 546 400
		marketable and unlisted money-market instruments	110 774	41 613
		Used to cover old stock	–	448 150
	bb)	**Issued by other issuers**		
		Balance sheet value	**13 084 654**	**17 031 302**
		of which		
		due in the following year	2 630 482	6 648 006
		marketable and listed money-market instruments	12 780 230	16 305 371
		marketable and unlisted money-market instruments	304 424	725 931
		Affiliated company securities	3 522 586	2 860 428
		Subordinated debt securities	881 009	495 399
c)	**Debt securities, issued by the institution itself**			
	Balance sheet value		**179 020**	**217 255**
	of which			
	due in the following year		158 963	134 722
	marketable and listed money-market instruments		179 020	217 255
	marketable non listed money-market instruments		–	–
5.	**Shares and other non fixed-interest securities**			
	Balance sheet value		**1 249 345**	**1 249 697**
	of which			
	marketable and listed shares and other non fixed-interest securities		–	291
5a.	**Trading portfolio**			
	Balance sheet value		**10 866 727**	**11 515 629**
	of which			
	Derivative financial instruments		5 979 093	5 941 423
	Claims		2 734 405	2 222 255
	Debt securities and other fixed-interest securities		1 998 379	3 206 527
	Shares and other non fixed-interest securities		167 071	152 783
	Risk discount		– 12 221	– 7 359

Assets

(in € 000)		31 Dec.2015	31 Dec.2014
6.	**Participations**		
	Balance sheet value	**103 631**	**138 628**
	of which		
	Marketable unlisted shares	4 769	10 836
	The equity holding is shown in III. Paragraph 10		
7.	**Investments in affiliated companies**		
	Balance sheet value	**2 085 088**	**1 967 565**
	of which		
	Marketable unlisted shares	1 087 023	1 055 373
	The equity holding is shown in III. Paragraph 10		
8.	**Assets held in trust**		
	Balance sheet value	**4 184 295**	**4 450 467**
	of which		
	Claims on banks	575 166	596 313
	Claims on customers	3 609 129	3 854 154
9.	**Intangible assets**		
	Balance sheet value	**104 174**	**95 180**
	of which		
	internally generated software [1)]	49 337	52 048
10.	**Tangible assets**		
	Balance sheet value	**198 363**	**203 958**
	of which		
	Own used land and buildings	164 045	165 799
	Operating and office equipment	34 317	38 159
12.	**Other assets**		
	Balance sheet value	**1 516 544**	**1 453 234**
	of which		
	The following are reported as significant items:		
	Option premiums and margins	648 560	713 269
	Interest and interest due from interest-rate swaps	513 480	555 216
	Balancing item from currency valuation	140 930	20 048
	Claims against fiscal authorities	133 142	99 565
	Reported assets on interim accounts	27 966	43 920
	Pro rata interest claims from flat-traded securities of the trading portfolio	17 523	12 343
	Due debentures	20 358	–
13.	**Deferred expenses and accrued income**		
	Balance sheet value	**946 882**	**937 266**
	of which		
	deferred premiums in accordance with § 340e Paragraph 2 HGB	363 429	318 686
	discounts and maturing premiums	85 222	71 296

[1)] In the reporting year 2015 development costs in the amount of 11.4 Mio € (15.4 Mio €) were incurred for the development of software; there were no costs for research.

Assets

The table below shows the changes to fixed assets:

(in € 000)	Aquisition/ manufacturing cost	Additions	Disposals	Accumulative depreciation	Balance sheet value 31 Dec. 2015	Balance sheet value 31 Dec. 2014	Depreciation for the accounting-period
Intangible assets	212 540	27 979	26	136 319	104 174	95 180	18 899
internally generated industrial property rights and similar rights and values	103 915	11 399	–	65 977	49 337	52 048	14 068
Concessions, industrial property rights and similar rights and values including its licences against payment	108 625	16 580	26	70 342	54 837	43 131	4 830
Tangible assets	469 204	10 029	46 992	232 878	198 363	203 958	13 948
land and buildings	233 527	3 678	2 735	70 425	164 045	165 799	4 695
Operating and office equipment	235 676	6 352	44 257	163 454	34 317	38 159	9 252
		Change[1]					
Participating interests			– 34 997		103 631	138 628	
Investments in affiliated companies					2 085 088	1 967 565	
Securities in fixed assets			– 6 229 632		3 279 611	9 509 243	
of which:							
Bonds and debt securities			– 6 229 632		3 279 611	9 509 243	
Shares					–	–	

[1] The summary provided for under § 34 para. 3 German Accounting Regulation for Credit and Financial Services Institutions (RechKredV) was utilised.

Liabilities

(in € 000)				31 Dec.2015	31 Dec.2014
1.	**Liabilities to banks**				
	a)	**Due on demand**			
		Balance sheet value		**4 638 351**	**5 984 539**
		of which			
		Liabilities to affiliated companies		268 492	176 356
	b)	**With an agreed term or notice period**			
		of which with a residual term of			
		less than 3 months		12 595 188	17 066 567
		more than 3 months but less than 1 year		4 507 466	4 506 169
		more than 1 year but less than 5 years		4 342 526	4 226 536
		more than 5 years		7 030 779	8 575 286
		Balance sheet value		**28 475 959**	**34 374 558**
		of which			
		Liabilities to affiliated companies		519 352	339 379
		Liabilities to companies in which an equity investment exists		255 188	306 824
		Assets pledged as collateral [1)]		9 072 173	14 685 728
	The full amount of bank loans and overdrafts includes:				
	Liabilities to affiliated savings banks			2 909 549	2 739 273
2.	**Liabilities to customers**				
	a)	**Savings deposits**			
		aa)	**with an agreed notice period of three months**		
			Balance sheet value	**1 105 524**	**1 453 841**
		ab)	**Savings deposits with an agreed notice period of more than three months**		
			of which with a residual term of		
			less than 3 months	5 886	42 759
			more than 3 months but less than 1 year	6 524	10 083
			more than 1 year but less than 5 years	15 076	16 893
			more than 5 years	940	1 362
			Balance sheet value	**28 426**	**71 097**
	b)	**Other liabilities**			
		ba)	**Due on demand**		
			Balance sheet value	**16 050 054**	**12 253 684**
			of which		
			Liabilities to affiliated companies	216 065	65 103
			Liabilities to companies in which an equity investment exists	108 325	151 328

[1)] 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.2015	31 Dec.2014
		bb) With an agreed term or notice period		
		of which with a residual term of		
		less than 3 months	6 021 630	8 429 157
		more than 3 months but less than 1 year	4 483 267	3 030 639
		more than 1 year but less than 5 years	4 249 759	3 996 256
		more than 5 years	11 078 102	10 911 309
		Balance sheet value	**25 832 757**	**26 367 361**
		of which		
		Liabilities to affiliated companies	1 194	116 979
		Liabilities to companies in which an equity investment exists	324 287	313 752
		Assets assigned as collateral	116 798	177 267
3.	**Securitised liabilities**			
	a)	**Issued debt securities**		
		Balance sheet value	**21 931 409**	**24 228 801**
		of which		
		Due in the following year	4 568 034	8 822 723
		Liabilities to affiliated companies	1 006 523	1 401 127
		Liabilities to companies in which an equity investment exists	36 128	67 502
	b)	**Other securitised liabilities**		
		of which with a residual term of		
		less than 3 months	177 876	233 571
		more than 3 months but less than 1 year	184 329	83 328
		more than 1 year but less than 5 years	10 453	1 648
		more than 5 years	72 441	80 650
		Balance sheet value	**445 100**	**399 197**
3a.	**Trading portfolio**			
	Balance sheet value		**4 864 814**	**5 927 076**
	of which			
	Derivative financial instruments		4 852 545	5 804 870
	Liabilities (for short-term securities)		12 269	122 206
4.	**Liabilities held in trust**			
	Balance sheet value		**4 184 295**	**4 450 467**
	of which			
	Liabilities to banks [1]		1 519 688	1 599 613
	Liabilities to customers		2 664 607	2 850 854

[1] Including the equity of Investitionsbank Sachsen-Anhalt in the amount of 150.9 Mio €.

Liabilities

(in € 000)		31 Dec.2015	31 Dec.2014
5.	**Other liabilities**		
	Balance sheet value	**3 559 880**	**2 608 316**
	of which		
	reported as significant items:		
	Balancing item from currency valuation	2 619 699	1 609 136
	Countervalues for outstanding securities purchases	417 332	457 275
	Interest payable and accrued interest from swaps	313 534	364 177
	Interest payable from profit participation rights, subordinated liabilities and capital contributions	111 293	113 440
	Outstanding items on interim accounts, not classified	52 857	36 775
	Trade payables	25 701	16 779
	Liabilities to tax authorities	14 509	-
6.	**Deferred income**		
	Balance sheet value	**743 416**	**803 432**
	of which		
	Separation of premiums from issuing and loan business	427 669	421 937
	Deferred discounts in accordance with § 340e Paragraph 2 HGB	31 964	40 887
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	205 336	187 166
	Risks from lending business	64 024	84 762
	Staff expenses – reorganisation provisions (efficiency improvement programme)	61 549	73 098
	Legal risks	40 288	36 400
	Other	72 277	75 635
8.	**Subordinated liabilities**		
	Balance sheet value	2 435 489	2 817 573
	of which		
	due within five years in accordance with the CRR	854 970	1 410 245

NORD/LB’s interest expenses for reported liabilities were 149 781 Tsd € (143 698 Tsd €).
The following subordinated liabilities exceed 10% of the total amount:

Currency amount	**Interest rate**	**Due on**
€ 350 million	6.00 % p.a.	29 Jun.2020
USD 500 million	6.25 % p.a.	10 Apr.2024

An early repayment obligation only exists if a change in taxation results in additional payments to the transferee.
The conditions for the subordination of these funds comply with the statutory provisions. The conversion of these funds into capital or any other form of debt has not been agreed and is not planned.

(in € 000)		31 Dec.2015	31 Dec.2014
10.	**Participatory capital**		
	Balance sheet value	60 000	95 000
	of which		
	due within five years in accordance with the CRR	60 000	95 000

All tranches of the participatory capital issued by NORD/LB are due within the next 5 years and therefore meet the requirements of Article 64 of the CRR. Of this participatory capital, NORD/LB can include an amount of 0.0 Mio € (12.0 Mio €) as regulatory supplementary capital.

11. Equity

The balance sheet profit includes the profit carried forward from the previous year in the amount of 2 0967 859.15 €.
Of the previous year's balance sheet profit of € 350.9 million, in accordance with the resolution of the Owners' Meeting € 200.0 million was allocated to retained earnings.
Silent participations hedged via exchange rates with a nominal amount of 500.0 Mio USD (translated 336.3 Mio €) were cancelled as at31 December 2015. The participations are due for repayment during the course of financial year 2016.
In 2014 NORD/LB continued its measures for optimising equity. To that end the special purpose entities Fürstenberg Capital Erste GmbH and Fürstenberg Capital II GmbH bought back the capital notes held by NORD/LB that they had issued to refinance silent participations at NORD/LB and withdrew them. At the same time silent participations held were cancelled in the same amount.

1. Contingent liabilities

Under contingent liabilities there are as at 31 December 2015 nine significant liabilities relating to sureties and guarantees from the lending business. The individual values range from 70.7 Mio € to 177.2 Mio €.
NORD/LB's maximum liability to customers from guarantees is 5 326.5 Mio € and from letters of credit 154.2 Mio €.
The risk of the contingent liabilities being used is considered to be low as the liabilities are ranked and monitored on a credit-related basis. Risk provisioning in the amount of 53.5 Mio € (57.1 Mio €) has been allocated.

2. Other obligations

Irrevocable credit commitments in the reporting year 2015 are broken down as follows:

Commercial enterprises	5 703 657 Tsd €
Banks	336 966 Tsd €
Public authorities	82 937 Tsd €
Private persons	81 407 Tsd €

As at 31 December 2015 other liabilities include significant irrevocable credit commitments, the individual values of which range from 55.2 Mio € to 190.0 Mio €.
Based on credit rating analyses, credit-related ranking and monitoring of other liabilities 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 7.4 Mio € (23.7 Mio €).

3. Hard Comfort Letters

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. Covered Bond Bank, Luxemburg-Findel / Luxembourg
- NORD/LB Asset Management Holding GmbH, Hanover
- Skandifinanz AG, Zurich/Switzerland

Notes to the Income Statement

The total balance of the income statement items 1., 4., 5., 7., 9. and 10 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**	3 440 806	90 473	113 623	92 152	3 737 054
	income	(3 561 789)	(90 968)	(101 986)	(93 341)	(3 848 084)
4.	**Positive Interest from Lending and money market transactions**	17 631	–	–	–	17 631
		(1 988)	(–)	(–)	(–)	(1 988)
5.	**Current income**	66 781	–	–	–	66 781
		(55 374)	(0)	(–)	(–)	(55 374)
7.	**Net commision**	230 008	13 689	29 008	14 224	286 930
	income	(182 934)	(12 036)	(28 310)	(10 944)	(234 224)
9.	**Net profit of**	68 021	– 71	– 4 098	2 455	66 307
	trading portfolio	(20 764)	(260)	(– 7 004)	(2 166)	(16 186)
10.	**Other operating**	106 282	53	197	129	106 660
	income	(103 238)	(1 625)	(541)	(– 352)	(105 756)
Income statement items		3 929 529	104 144	138 730	108 959	4 281 362
		(3 926 087)	(104 889)	(123 833)	(106 803)	(4 261 612)

(in € 000)		31 Dec.2015	31 Dec.2014
7.	**Net profit/loss of trading portfolio**		
	The following are reported as material items:		
	Net income from securities	18 066	156 750
	Net expediture from securities	–	–
	Net income from loans	68 348	161 061
	Net expediture from loans	–	–
	Net income from derivatives	156 235	–
	Net expediture from derivatives	–	– 328 130
	Income from the change in value at risk reduction	–	–
	Expense from the change in the Value at Risk deduction	– 4 862	– 4 026

In the previous year the net result includes an amount of 15 000 Tsd € from the reversal of the special item in accordance with § 340e para. 2 clause 4 no. 4 of the German Commercial Code.

8.	**Other operating income**		
	The following are reported as material items:		
	Reversal of provisions	27 461	30 172
	Income from the resale of hardware, software and services	13 602	13 925
	Icome from credit spread based discounts for loan purchases	11 366	–
	Profit from hedge derivatives of own issues	7 814	1 490
	IT services for third parties	5 498	5 106
	Income from rents	4 813	5 863
	Foreign exchange of investment book	4 635	4 137
	Interest income from tax refunds	3 473	71
	Offsetting of services with promotion institutes	2 685	4 724
	Income from repayments	–	23 501
11.	**Other operating expenses**		
	The following are reported as material items:		
	Price losses from redemption of promissory notes and registered bonds	73 793	55 266
	Interest expenses from the valuation of provisions	69 699	56 284
	Expenses for the resale of hardware, software and services purchased	14 965	13 906
	Expenses for KSN services	12 272	12 151
	Allocation to provisions for recourse risks	5 760	5 532
	Book losses from disposal of property and equipment	1 329	78
	Expenses for losses resulting from operational risks	1 159	502
	Concession fee for BLSK	1 100	1 100
	Interest expenses for payments of tax arrears	1 041	1 673
	Payments to the restructuring fund for banks [1]	–	22 410

18. Extraordinary expenses

Extraordinary expenses include the transition effects of the valuation of provisions in the amount of 19.1 Mio € (18.7 Mio €) as a result of the implementation of the German Accounting Law Modernisation Act (BilMoG) and reorganisation expenses in the amount of 6.4 Mio € (35.6 Mio €). These mainly concern employee-related expenses for measures to reduce staff expenses as part of the efficiency-improvement programme.

[1] The expense for the European bank levy is recycled in the administrative expenses.

Other Financial Obligations

In accordance with the Restructuring Fund Regulation (*Restrukturierungsfonds-Verordnung,* RstruktFV), NORD/LB has to pay a bank levy. On 1 January 2015 the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 with regard to ex ante contributions to resolution financing arrangements entered into force. The regulation supplements the Bank Recovery and Resolution Directive (BRRD; Directive 2014/59/EU).

As a member of the bank-related security reserve for landesbanks which belongs to the S-Finanzgruppe security, NORD/LB is obliged to pay annual contributions. The obligations to make contributions until 2024 and any obligations to make additional payments represent a risk to our financial position as defined at § 285 no. 3 HGB.

For the reporting year an annual contribution of 16.9 Mio € will be due which will be reported in other administrative expenses.

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 for legacy liabilities established prior to 18 July 2005 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% 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 (Actien-Gesellschaft) in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekenbank (Actien-Gesellschaft) 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 2.5 Mio € (2.9 Mio €).

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% of the possible obligations from this declaration of liability.

In accordance with its legal form, NORD/LB is liable without limitation to the creditors of GLB GmbH & Co. OHG. All of the shareholders are either legal entities under public law (landesbanks) or companies under private law in which the majority of the shareholding is held directly or indirectly by entities under public law. Following the sale and transfer of the direct holding and atypical silent participation in DekaBank in 2011, the company no longer actively pursues any business activity. There are no significant material risks relating to the final accounting of profit shares due from previous years following the final approval of DekaBank's tax assessments.

NORD/LB has, together with the other limited partner Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, indemnified the general partner from liability.

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 22.6 Mio € (17.4 Mio €) at year end.

In the course of normal business activities NORD/LB has provided security in the nominal amount of 562.2 Mio € (1 394.0 Mio €) in the form of securities.

NORD/LB has, in order to ease the pressure on regulatory equity, transferred part of the credit risk of a credit portfolio defined precisely by a finance guarantee ("Northvest") to an external third party. The finance guarantee will result in a financial burden with charges in the amount of 53.0 Mio € (40.0 Mio €) in 2016. In the next few years the fees will fall steadily until the guarantee ends in 2024.

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, commenced with effect of 1 July 2013 and will run to a fixed term of 30 June 2020. The annual costs are volume-dependent; the value of the contract over the entire term is approx. 77.8 Mio € (150.0 Mio €).

NORD/LB has obligations from long-term rental and lease agreements for land and buildings to 2044 in the nominal amount of 394.1 Mio € (401.5 Mio €), of which 268.1 Mio € (275.0 Mio €) towards affiliated companies.

III. Other Disclosures

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Ulrike Brouzi

Thomas Bürkle

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

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

Thomas Mang (First Deputy Chairman)
President of Sparkassenverband Niedersachsen

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

Frank Berg
Chairman of the Managing Board
Ostsee Sparkasse Rostock

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land

Edda Döpke
Bank employee
NORD/LB Hanover

Ralf Dörries
Bank department head
NORD/LB Hanover

Dr. Elke Eller
Head of HR and Director of Human Resources at TUI AG

Hans-Heinrich Hahne
Chairman of the Managing Board
Sparkasse Schaumburg
(until 31 December 2015)

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Frank Klingebiel
Mayor of Salzgitter

Prof. Dr. Susanne Knorre
Management Consultant

Ulrich Mädge
Mayor of the Hanseatic City of Lüneburg

Ludwig Momann
Chairman of the Managing Board
Sparkasse Emsland
(since 1 January 2016)

Heinrich von Nathusius
IFA ROTORION - Holding GmbH
(until 31 October 2015)

Felix von Nathusius
Chairman of the Managing Board
IFA ROTORION - Holding GmbH
(since 1 November 2015)

Antje Niewisch-Lennartz
Justice Minister of Lower Saxony

Freddy Pedersen
ver.di Trade Union

Jörg Reinbrecht
ver.di Trade Union

Ilse Thonagel
Bank employee, Landesförderinstitut
Mecklenburg-Vorpommern

3. Disclosures concerning Mandates

As at 31 December 2015 the following mandates were held in accordance with § 340a para. 4 no. 1 of the German Commercial Code by members of NORD/LB:

Name	Society [1]
Dr. Gunter Dunkel	Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg NORD/LB Vermögensmanagement S.A., Luxemburg-Findel Continental AG, Hannover
Ulrike Brouzi	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg NORD/LB Asset Management, Hannover Salzgitter AG Stahl und Technologie, Salzgitter
Thomas Bürkle	Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank, Luxemburg LHI Leasing GmbH, Pullach
Eckhard Forst	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co., Bremen LHI Leasing GmbH, Pullach
Dr. Hinrich Holm	NORD/LB Asset Management, Hannover Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin und Hannover Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg
Christoph Schulz	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxemburg NORD/LB Vermögensmanagement Luxembourg S.A., Luxemburg-Findel LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin und Hannover Toto-Lotto Niedersachsen GmbH, Hannover

[1] Banks are treated as large corporations.

Name	Society [1]
Uwe Didwischus	ConCardis GmbH, Eschborn
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hannover
Dr. Michael Lange	Toto-Lotto Niedersachsen GmbH, Hannover (to 5 October 2015)
Dr. Ulf Meier	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover Toto-Lotto Niedersachsen GmbH, Hannover (until 6 October 2015)
Werner Schilli	Öffentliche Sachversicherung Braunschweig, Braunschweig Öffentliche Lebensversicherung Braunschweig, Braunschweig
Ingo Wünsche	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hannover
Berit Zimmermann	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Jörn Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin

[1] Banks are treated as large corporations.

4. Remuneration of and Loans to Governing Bodies

(in € 000)	2015	2014
Total remuneration of current board members		
Managing Board	4 523	4 198
Supervisory Board	435	445
	4 958	**4 643**
Total remuneration of former board members and their surviving dependents		
Managing Board	4 108	4 036
Advances and loans granted		
Managing Board	613	708
Supervisory Board	35	52

43 521 Tsd € (36 830 Tsd €) was put back for pension obligations towards former members of governing bodies and their surviving dependents, whereby an obligation of 7 444 Tsd € (12 360 Tsd €) 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 2015	Male 2014	Female 2015	Female 2014	Total 2015	Total 2014
Employees	2 005	2 069	2 065	2 152	4 070	4 221

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 641 employees (631 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

Write-down to lower fair value

The items "debt securities and other fixed-interest securities" and "shares and other variable-yield 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. 2015	Fair values 31 Dec. 2015	omitted depriation 31 Dec. 2015	Book values 31 Dec. 2014	Fair values 31 Dec. 2014	omitted depriation 31 Dec. 2014
Bonds and debt securities	1 729 954	1 673 694	56 260	1 568 356	1 496 342	72 013
Shares	–	–	–	–	–	–

NORD/LB performed a write-down in respect of three securities (110.0 Mio € nominal) due to a permanent loss in value of 33.4 Mio €. For all other bonds and debt securities it is assumed that the loss in 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. 2015	Fair values 31 Dec. 2015	Book values 31 Dec. 2014	Fair values 31 Dec. 2014
Bonds and debt securities	2 423 745	2 620 249	6 189 774	6 518 007
Shares	–	–	–	–

Marketable securities not valued at lower of cost or market

The items “debt securities and other fixed-interest securities” and “shares and other variable-yield 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.2015	31 Dec.2014
Debt securities and other fixed-interest securities	4 153 699	9 427 899
Shares and other non fixed-interest securities	–	–

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.2015	Positive fair values 31 Dec.2015	Negative fair values 31 Dec.2015	Book values 31 Dec.2015	Recorded in balance sheet item 31 Dec.2015
Interest-rate risks					
Interest-rate swaps	2 961	1 062	– 75	193	Assets 12. / Liabilities 6.
FRAs	–	–	–	–	–
Interest-rate options					
purchases	4 492	1 247	–	416	Assets 11.
sales	973	–	– 581	– 198	Liabilities 5.
Caps, Floors	2 639	6	– 48	– 19	Assets 12. / Liabilities 6.
Stock-exchange contracts	–	–	–	–	–
Other forward interest rate transactions	1 022	13	– 113	–	–
Interest-rate risks – total –	**12 087**	**2 327**	**– 816**	**392**	
Currency risks					
Forward foreign exchange transactions	831	6	– 7	– 6	Liabilities 5.
Currency swaps / interest-rate currency swaps	76	8	–	7	Assets 11. / Liabilities 5./
Currency options					
purchases	–	–	–	–	–
sales	–	–	–	–	–
Currency risks – total –	**907**	**14**	**– 7**	**1**	
Shares and other price risks					
Share futures contracts	–	–	–	–	–
Share swaps	–	–	–	–	–
Share options	–	–	–	–	
purchases	–	–	–	–	–
sales	–	–	–	–	–
Stock-exchange contracts	–	–	–	–	–
Shares and other price risks – total –	**–**	**–**	**–**	**–**	
Credit derivatives	**–**	**–**	**–**	**–**	
Assignor	44	–	– 0	– 0	Assets 12. / Liabilities 6.
Assignee	1 506	19	– 6	19	Assets 12. / Liabilities 6.
Credit derivatives – total –	**1 550**	**19**	**– 7**	**19**	
Derivatives not valued at fair value – total	**14 544**	**2 361**	**– 830**	**411**	

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.2015
Interest-rate risks	
Interest-rate swaps	196 757
FRAs	3 050
Interest-rate options	
purchases	3 520
sales	6 031
Caps, Floors	4 385
Stock-exchange contracts	–
Other forward interest rate transactions	1 180
Interest-rate risks – total –	**214 923**
Currency risks	
Forward foreign exchange transactions	19 471
Currency swaps / interest-rate currency swaps	24 683
Currency options	
purchases	240
sales	248
Currency risks – total –	**44 642**
Shares and other price risks	
Share futures contracts	–
Share swaps	–
Share options	
purchases	31
sales	–
Stock-exchange contracts	48
Shares and other price risks – total –	**79**
Credit derivatives – total –	**–**
Assignor	–
Assignee	349
Credit derivatives – total –	**349**
Derivatives valued at fair value – total -	**259 993**

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 cash flows 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.2015
Interest-rate risks	
Residual terms to maturity	
up to 3 months	11 478
up to 1 year	21 744
up to 5 years	73 636
more than 5 years	108 065
	214 923
Currency risks	
Residual terms to maturity	
up to 3 months	14 092
up to 1 year	9 263
up to 5 years	11 560
more than 5 years	9 728
	44 642
Shares and other price risks	
Residual terms to maturity	
up to 3 months	52
up to 1 year	25
up to 5 years	2
more than 5 years	–
	79
Credit derivatives	
Residual terms to maturity	
up to 3 months	–
up to 1 year	75
up to 5 years	274
more than 5 years	–
	349

Derivatives valued at fair value - broken down by counterparty:

(in € million)	Nominal values 31 Dec.2015
Banks in the OECD	86 170
Banks outside the OECD	49
Public institutions in the OECD	5 957
Other counterparties [1]	167 816
Total	**259 993**

[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):

	31 Dec.2015			
	Underlying transaction hedged against			
(in € 000)	Interest rate risk	Share price risk	Inflation risk	Currency risk
Assets				
Fixed-interest securities for the liquidity reserve	989 596	–	–	–
Assets – total	**989 596**	**–**	**–**	**–**
Pending transactions				
Derivatives separated from structured issues				
share-price-related derivatives	–	137 455	–	–
exchange-rate-related derivatives	–	–	–	81 321
Other	–	–	147 805	–
Pending transactions – total	**–**	**137 455**	**147 805**	**81 321**
Transactions expected with a high probability [1]				
Repayment of an issued USD hybrid capital bond	–	–	–	459 263
Transactions expected with a high probability – total	**–**	**–**	**–**	**459 263**
Valuation units – total	**989 596**	**137 455**	**147 805**	**540 585**

[1] The transaction expected with high probability concerns the pending repayment of a hybrid capital bond issued by NORD/LB in US dollars. The bond will be repaid on 30 June 2016.

The total of all underlying transactions included in valuation units is therefore 1 815.4 Mio €.

The prospective and retrospective effectiveness of all valuation units is measured using the Critical Terms Match method. The changes in value resulting from the hedged risk for the corresponding underlying and hedging investments balance due to identical business parameters. Basically the final maturity of the underlying transactions corresponds to the final maturity of the hedging instrument. The underlying transactions will mature between 2016 and 2044.

Deferred taxes

The deferred taxes of NORD/LB in Germany are measured using the future tax rate which will be applicable of 32.0% (31.5%). 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 intangible assets, property, plant and equipment and the trading portfolio were offset with deferred tax assets against temporary differences in loans and advances to customers, debt securities, 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 33.5 Mio € remain. The restriction on distributions for such values enshrined in § 268 para. 8 of the German Commercial Code does not affect the profit for the financial year 2015 as the disposable reserves plus the profit carried forward are greater than the intangible fixed 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 3 740.8 Mio € (5 427.6 Mio €) 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 ALCO	NORD/LB Horizont Fonds-TF B	Nordlux Pro-Aktiv-B
Former	–	–	–
Type of special asset	AIF[1)]	AIF[1)]	OGAW[2)]
Investment objective	The fund is part of the ALCO-portfolio and thus part of the strategic investments.	The fund is for conservative investors sensitive to inflation. NORD/LB holds a strategic share in order to have a positive argument for customers in selling.	The fund follows the principle of asset management, is actively managed and invests in international capital market products or currencies. It was launched on 1 April 2014 and is currently in the start-up finance phase, which should last until mid-2016.
Reporting date	31.12.2015	31.12.2015	31.12.2015
Special assets (in € 000)	1 237 194	33 443	15 836
Shares – total	11 902 648	339 965	163 700
Currency of shares	EUR	EUR	EUR
Shares of NORD/LB as at the reporting date	11 902 648	101 720	151 256
Values of the shares according to § 168 and 278 KAGB as at reporting date	103.94	97.61	96.15
Carrying amount (in € 000)	1 224 536	9 929	14 543
Difference between fair value and carrying amount (in € 000)	12 625	–	–
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	20 000	122	91
Reporting year of NORD/LB	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Reporting year of the special asset	1 Jan. - 31 Dec.	1 Oct. - 30 Sep.	1 Oct. - 30 Sep.
Restrictions in the possibility of daily return	None	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	-	-	-

1) Alternative investment funds
2) Collective investment undertakings (CIU) in securities

8. Cover statement

(Old portfolio/ issues before 19 July 2005)

(in € 000)	31 Dec.2015	31 Dec.2014
Mortgage bond coverage		
Liabilities requiring cover		
Pfandbriefe	–	–
discharged and cancelled items	–	–
Registered Pfandbriefe (as security on loans taken up)	–	–
	–	**–**
Covering assets		
Loans to customers secured by mortgages	–	–
Public issuer securities	–	–
Substitute credit institution cover	–	–
	–	**–**
Surplus cover	–	–
Municipal cover		
Liabilities requiring cover		
Municipal debentures	1 046 792	1 698 223
discharged and cancelled items	–	–
Registered municipal debentures (to secure loans taken up)	–	–
	1 046 792	1 698 223
Covering assets		
Municipal loans		
to financial institutions	62 083	421 723
to customers	1 657 062	1 914 159
Public issuer securities	–	448 150
Fixed deposits from public-sector banks	–	–
Substitute credit institution cover	50 000	50 000
	1 769 145	2 834 031
Surplus cover	722 353	1 135 808

This old portfolio (cover and in circulation) was encapsulated in accordance with § 51 (PfandBG) and is held separately from the new cover in accordance with the regulations applicable up until the provisions under the PfandBG came into effect.

9. Cover statement for NORD/LB in accordance with § 28 of the Covered Bond Act

The total value of **Hypothekenpfandbriefe** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values [1] + 250 bp	Risk-adjusted present values [1] - 250 bp	Risk-adjusted present values [1] Currency stress
Hypothekenpfandbriefe					
Total Pfandbriefe in circulation	2 112.6	2 156.6	2 071.1	2 175.5	2 071.1
	(1 913.2)	(1 981.4)	(1 938.7)	(1 988.9)	(1 938.7)
Total cover pool	3 188.5	3 499.2	3 248.4	3 551.2	3 226.0
	(2 955.4)	(3 274.7)	(3 035.8)	(3 325.3)	(3 026.5)
Over-collateralisation	1 075.9	1 342.5	1 177.4	1 375.7	1 154.9
	(1 042.2)	(1 293.3)	(1 097.1)	(1 336.4)	(1 087.8)
Over-collateralisation in %	50.9	62.3	56.8	63.2	55.8
	(54.5)	(65.3)	(56.6)	(67.2)	(56.1)
Net present value per foreign currency item					
CHF	–	–	–	–	6.4
	(–)	(–)	(–)	(–)	(–)
USD	–	–	–	–	131.1
	(–)	(–)	(–)	(–)	(55.9)

[1] Static method in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Hypothekenpfandbriefe in accordance with § 28 para. 1 no. 4, no. 5 and no. 6:

(in € million)	Balancing receivables in accordance with § 19 (1) no. 1 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG of which: covered debt securities [1]	Loans and advances to the public sector in accordance with § 19 (1) no. 3 PfandBG	Total
Germany	–	10.0	–	65.0	75.0
	(–)	(35.0)	(–)	(40.0)	(75.0)

[1] in accordance with Article 129 of the Regulation (EU) no. 575/2013

Key figures for Hypothekenpfandbriefe and their cover assets:

(in € million)	31 Dec.2015	31 Dec.2014
Pfandbriefe in circulation	**2 112.6**	**1 913.2**
Share of fixed-interest Pfandbriefe in %	34.56	23.56
Share of derivates	–	–
Cover pool	**3 188.5**	**2 955.4**
Share of fixed-interest cover assets in %	75.36	76.30
Share of derivates	–	–
Total value of receivables that exceed the limits of § 13 para. 1	–	–
Total value of receivables that exceed the limits of § 19 para. 1 no. 2	–	–
Total value of receivables that exceed the limits of § 19 para. 1 no. 3	–	–
Volume-weighted average of the time passed since loan issue in years	6.9	6.5
Average weighted loan-to-value ratio in %	max. 60.0	max. 60.0

Maturity structure of Hypothekenpfandbriefe and fixed-interest periods of cover assets:

(in € million)	Pfandbriefe in circulation 31 Dec.2015	Cover pool 31 Dec.2015	Pfandbriefe in circulation 31 Dec.2014	Cover pool 31 Dec.2014
Less than 6 months	107.5	434.0	64.0	482.4
More than 6 but less than 12 months	70.0	284.2	40.0	180.1
More than 12 but less than 18 months	–	247.6	257.5	132.6
More than 18 months but less than 2 years	70.0	99.6	40.0	228.2
More than 2 but less than 3 years	70.0	371.8	40.0	309.1
More than 3 but less than 4 years	947.6	371.2	40.0	274.3
More than 4 but less than 5 years	575.0	243.4	859.2	312.6
More than 5 but less than 10 years	272.5	1 026.8	572.5	920.3
More than 10 years	–	109.8	–	115.8
Key figures total	**2 112.6**	**3 188.5**	**1 913.2**	**2 955.4**

Breakdown of cover assets for Hypothekenpfandbriefe by size category:

(in € million)	31 Dec.2015	31 Dec.2014
Less than € 300 thousand	1 101.0	1 124.1
More than € 300 thousand but less than € 1 million	288.1	269.1
More than € 1 million but less than € 10 million	779.3	673.7
More than € 10 million	945.0	813.5
Size categories total	**3 113.5**	**2 880.4**

Breakdown of cover assets for Hypothekenpfandbriefe by country and type of use (residential):

	Property used for residential purposes					
(in € million)	Owner-occupied apart-ments	Single and twofamily houses	Apartment buildings	Unfinished new buildings not yet capable of yielding a return	Construc-tion sites	Total
Germany	189.1	706.5	1 213.7	–	0.1	2 109.4
	(182.8)	(655.3)	(831.4)	(–)	(0.6)	(1670.1)
France	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Luxembourg	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Austria	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
USA	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(–)
Receivables by country	**189.1**	**706.5**	**1 213.7**	**–**	**0.1**	**2 109.4**
total	**(182.8)**	**(655.3)**	**(831.4)**	**(–)**	**(0.6)**	**(1 670.1)**

Breakdown of cover assets for Hypothekenpfandbriefe by country and type of use (commercial):

	Property used for commercial purposes						
(in Mio €)	Office Build-ings	Retail buildings	Industri-al building	Other buildings used for commer-cial pur-poses	Unfin-ished new buildings not yet capable of yielding a return	Construc-tion sites	Gesamt
Germany	305.8	193.1	7.6	219.7	–	0.0	726.3
	(259.7)	(217.4)	(8.5)	(204.4)	(–)	(0.1)	(690.1)
Luxemburg	142.6	–	–	–	–	–	142.6
	(119.8)	(–)	(–)	(–)	(–)	(–)	(119.8)
Austria	–	8.2	–	–	–	–	8.2
	(–)	(8.5)	(–)	(–)	(–)	(–)	(8.5)
USA	127.0	–	–	–	–	–	127.0
	(52.4)	(–)	(–)	(–)	(–)	(–)	(52.4)
Receivables by	**575.4**	**201.3**	**7.6**	**219.7**	**–**	**0.0**	**1 004.1**
country total	**(431.9)**	**(225.9)**	**(8.5)**	**(204.4)**	**(–)**	**(0.1)**	**(870.8)**

Breakdown of the total value of payments for Hyptohekenpfandbrief cover outstanding by at least 90 days by country:

(in € million)	Total value of payments outstanding by at least 90 days 31 Dec.2015	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable 31 Dec.2015	Total value of payments outstanding by at least 90 days 31 Dec.2014	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable 31 Dec.2014
Germany	–	–	–	–
Luxembourg	–	–	–	–
Austria	–	–	–	–
USA	–	–	–	–
Total value	**–**	**–**	**–**	**–**

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 is 197 Tsd € (181 Tsd €) for commercial property and 116 Tsd € (125 Tsd €) for residential property.

The total value of **Öffentliche Pfandbriefe** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values [1] + 250 bp	Risk-adjusted present values [1] - 250 bp	Risk-adjusted present values [1] Currency stress
Öffentliche Pfandbriefe					
Total Pfandbriefe in circulation	15 691.8 (15 785.7)	18 202.6 (18 658.4)	16 139.5 (16 505.6)	19 137.6 (19 533.2)	16 564.1 (17 047.7)
Total cover pool	18 910.9 (21 043.8)	21 613.2 (24 285.1)	19 213.9 (21 655.5)	22 709.4 (25 342.4)	19 322.7 (21 772.7)
Over-collateralisation	**3 219.1** (5 258.1)	**3 410.6** (5 626.7)	**3 074.3** (5 149.9)	**3 571.8** (5 809.2)	**2 758.6** (4 725.0)
Over-collateralisation in %	20.5 (33.3)	18.7 (30.2)	19.0 (31.2)	18.7 (29.7)	16.7 (27.7)
Net present value per foreign currency item					
CHF	– (–)	– (–)	– (–)	– (–)	1.9 (1.7)
JPY	– (–)	– (–)	– (–)	– (–)	– 139.2 (– 128.3)
USD	– (–)	– (–)	– (–)	– (–)	– 1 216.6 (– 1 719.1)

[1] Static method in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Öffentliche Pfandbriefe in accordance with § 28 para. 1 no. 4, no. 5 and no. 6:

(in € million)	Balancing receivables in accordance with § 20 (2) no. 1 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG of which: covered debt securities [1]	Total
Germany	–	496.4	70.0	496.4
	(–)	(697.2)	(70.0)	(697.2)

[1] in accordance with Article 129 of the Regulation (EU) no. 575/2013

Key figures for Öffentliche Pfandbriefe and their cover assets:

(in € million)	31 Dec.2015	31 Dec.2014
Pfandbriefe in circulation	**15 691.8**	**15 785.7**
Share of fixed-interest Pfandbriefe in %	87.84	89.49
Share of derivatives	–	–
Cover pool	**18 910.9**	**21 043.8**
Share of fixed-interest cover assets in %	85.85	84.29
Share of derivatives	–	–
Total value of receivables that exceed the limits of § 20 para. 2 no. 2	–	–

Maturity structure of Öffentliche Pfandbriefe and fixed-interest periods of cover assets:

(in € million)	Pfandbriefe in circulation 31 Dec.2015	Cover pool 31 Dec.2015	Pfandbriefe in circulation 31 Dec.2014	Cover pool 31 Dec.2014
Less than 6 months	1 164.6	1 367.0	703.0	1 263.4
More than 6 but less than 12 months	1 329.8	1 013.1	1 380.1	1 999.6
More than 12 but less than 18 months	663.1	1 400.4	1 292.3	1 055.7
More than 18 months but less than 2 years	925.4	1 081.1	1 179.9	1 053.4
More than 2 but less than 3 years	1 364.7	1 685.9	1 326.7	2 677.1
More than 3 but less than 4 years	3 263.1	1 815.3	1 054.2	1 668.1
More than 4 but less than 5 years	483.1	1 406.3	2 177.2	1 674.0
More than 5 but less than 10 years	2 941.8	5 011.9	3 303.1	5 630.9
More than 10 years	3 556.2	4 129.9	3 369.2	4 021.6
Key figures total	**15 691.8**	**18 910.9**	**15 785.7**	**21 043.8**

Breakdown of cover assets for Öffentliche Pfandbriefe by size category:

(in € million)	31 Dec.2015	31 Dec.2014
Less than € 10 million	1 884.0	1 913.8
More than € 10 million but less than € 100 million	4 732.8	5 452.7
More than € 100 million	11 797.8	12 980.1
Size categories total	**18 414.5**	**20 346.6**

Breakdown of cover assets for Öffentliche Pfandbriefe by country, broken down by type of debtor (including over-collateralisation in accordance with § 4 (1) PfandBG):

(in € million)	Country	Regional authority	Local authority	Other debtors	Total	of which: by ECA guarantees
Germany	1 222.9 (1385.0)	5 983.2 (6682.7)	4 581.8 (4792.8)	5 594.4 (6308.2)	17 382.3 (19168.7)	544.1 (–)
Belgium	– (14.5)	– (–)	– (–)	159.8 (–)	159.8 (14.5)	25.8 (–)
Denmark	– (28.1)	– (–)	– (–)	29.0 (–)	29.0 (28.1)	29.0 (–)
Finland	– (76.8)	– (–)	– (–)	66.0 (–)	66.0 (76.8)	66.0 (–)
France	47.0 (40.6)	– (–)	– (–)	– (–)	47.0 (40.6)	47.0 (–)
Great Britain	51.9 (53.8)	– (–)	– (–)	– (–)	51.9 (53.8)	51.9 (–)
Canada	72.2 (76.6)	– (–)	– (–)	– (–)	72.2 (76.6)	– (–)
Latvia	– (–)	– (–)	37.4 (40.1)	– (–)	37.4 (40.1)	– (–)
Luxembourg	– (–)	– (–)	– (–)	25.0 (25.0)	25.0 (25.0)	– (–)
Netherland	30.4 (–)	– (–)	– (–)	– (–)	30.4 (–)	30.4 (–)
Austria	– (148.1)	– (–)	– (–)	– (116.1)	– (264.2)	– (–)
Switzerland	– (–)	– (–)	– (–)	3.1 (–)	3.1 (–)	3.1 (–)
USA	486.5 (541.0)	– (–)	– (–)	23.9 (17.2)	510.4 (558.2)	486.5 (–)
Receivables by country total	**1 910.8** **(2 364.5)**	**5 983.2** **(6 682.7)**	**4 619.2** **(4 832.9)**	**5 901.2** **(6 466.5)**	**18 414.5** **(20 346.6)**	**1 283.9** **(–)**

Breakdown of the total value of payments for Öffentliche Pfandbrief cover outstanding by at least 90 days by country:

(in € million)	Total value of payments outstanding by at least 90 days Country	Regional authority	Local authority	Other debtors	of which: by ECA guar-antees
Germany	31.7	–	–	–	31.7
	(–)	(–)	(–)	(–)	(–)
Switzerland	–	–	–	0.5	0.5
	(–)	(–)	(–)	(–)	(–)
Receivables by country total	**31.7**	**–**	**–**	**0.5**	**32.3**
	(–)	**(–)**	**(–)**	**(–)**	**(–)**

[1] The above outstanding payments are not included in the reported cover pool.

(in € million)	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable Country	Regional authority	Local authority	Other debtors
Germany	75.7	–	–	–
	(–)	(–)	(–)	(–)
Switzerland	–	–	–	3.1
	(–)	(–)	(–)	(–)
Receivables by country total	**75.7**	**–**	**–**	**3.1**
	(–)	**(–)**	**(–)**	**(–)**

The total value of **Schiffspfandbriefe** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values [1] + 250 bp	Risk-adjusted present values [1] - 250 bp	Risk-adjusted present values [1] Currency stress
Schiffspfandbriefe					
Total Pfandbriefe in circulation	80.0	81.2	77.1	81.3	81.2
	(80.0)	(81.2)	(75.3)	(81.9)	(81.2)
Total cover pool	220.8	246.1	242.8	247.7	207.2
	(175.6)	(191.9)	(189.2)	(192.9)	(163.1)
Over-collateralisation	**140.8**	**164.9**	**165.7**	**166.4**	**126.1**
	(95.6)	(110,7)	(113.9)	(111.0)	(81.9)
Over-collateralisation in %	176.0	203.2	214.8	204.8	155.3
	(119.5)	(136.3)	(151.3)	(135.5)	(100.9)
Net present value per foreign currency item					
USD	–	–	–	–	231.2
	(–)	(–)	(–)	(–)	(171.8)

[1] Static method in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Schiffspfandbriefe in accordance with § 28 para. 1 no. 4, no. 5 and no. 6:

(in € million)	Balancing receivables in accordance with § 26 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG of which: covered debt securities [1]	Loans and advances to the public sector in accordance with § 26 (1) no. 4 PfandBG	Total
Germany	–	–	–	6.0	6.0
	(–)	(–)	(–)	(16.0)	(16.0)

[1] in accordance with Article 129 of the Regulation (EU) no. 575/2013

Key figures for Schiffspfandbriefe and their cover assets:

(in € million)	31 Dec.2015	31 Dec.2014
Pfandbriefe in circulation	**80.0**	**80.0**
Share of fixed-interest Pfandbriefe in %	62.50	62.50
Share of derivatives	–	–
Cover pool	**220.8**	**175.6**
Share of fixed-interest cover assets in %	2.72	9.11
Share of derivatives	–	–
Total value of receivables that exceed the limits of § 26 para. 1 no. 3	–	–
Total value of receivables that exceed the limits of § 26 para. 1 no. 4	–	–

Maturity structure of Schiffspfandbriefe and fixed-interest periods of cover assets:

(in € million)	Pfandbriefe in circulation 31 Dec.2015	Cover pool 31 Dec.2015	Pfandbriefe in circulation 31 Dec.2014	Cover pool 31 Dec.2014
Less than 6 months	–	18.1	–	36.9
More than 6 but less than 12 months	–	17.7	–	25.2
More than 12 but less than 18 months	–	14.1	–	12.5
More than 18 months but less than 2 years	50.0	11.1	–	11.4
More than 2 but less than 3 years	30.0	36.7	50.0	16.9
More than 3 but less than 4 years	–	31.9	30.0	17.8
More than 4 but less than 5 years	–	16.9	–	17.0
More than 5 but less than 10 years	–	71.0	–	37.3
More than 10 years	–	3.3	–	0.6
Key figures total	**80.0**	**220.8**	**80.0**	**175.6**

Breakdown of cover assets for Schiffspfandbriefe by size category:

(in € million)	31 Dec.2015	31 Dec.2014
Less than € 500 thousand	0.4	0.4
More than € 500 thousand but less than € 5 million	27.1	27.5
More than € 5 million	187.2	131.7
Size categories total	**214.8**	**159.6**

Breakdown of cover assets for Schiffspfandbriefe by country, broken down by ocean-going and inland ships:

(in € million)	Ocean-going ships	Inland ships	Total
Germany	142.2	–	142.2
	(115.4)	(–)	(115.4)
Malta	30.0	–	30.0
	(15.2)	(–)	(15.2)
Marshall Islands	22.5	–	22.5
	(21.5)	(–)	(21.5)
Cyprus	20.0	–	20.0
	(7.5)	(–)	(7.5)
Receivables by country	**214.8**	**–**	**214.8**
total	**(159.6)**	**(–)**	**(159.6)**

Total value of payments for Schiffspfandbriefe outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days [1]	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
Receivables	0.2	–
	(4.7)	(8.6)

[1] The above outstanding payments are not included in the reported cover pool.

There were no cases of forced sale, forced receivership or takeovers of ships or ships under construction to prevent losses. The total arrears on interest to be paid by loan debtors is 0 Tsd € (12 Tsd €) for ocean-going ships and 0 Tsd € (0 Tsd €) for inland ships.

The total value of **Flugzeugpfandbriefe** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values [1] + 250 bp	Risk-adjusted present values [1] - 250 bp	Risk-adjusted present values [1] Currency stress
Flugzeugpfandbriefe					
Total Pfandbriefe in circulation	1 006.0 (1 006.0)	1 042.8 (1 049.0)	985.2 (968.0)	1 045.2 (1 059.0)	1 042.8 (1 049.0)
Total cover pool	1 272.5 (1 390.4)	1 381.1 (1 529.9)	1 327.8 (1 456.9)	1 416.7 (1 578.9)	1 176.7 (1 304.2)
Over-collateralisation	**266.5** (384.4)	**338.3** (480.9)	**342.6** (488.9)	**371.6** (519.9)	**133.9** (255.2)
Over-collateralisation in %	26.5 (38.2)	32.4 (45.8)	34.8 (50.5)	35.5 (49.1)	12.8 (24.3)
Net present value per foreign currency item					
GBP	– (–)	– (–)	– (–)	– (–)	65.5 (51.2)
USD	– (–)	– (–)	– (–)	– (–)	1 139.3 (1 256.6)

[1] Static method in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Flugzeugpfandbriefe in accordance with § 28 para. 1 no. 4, no. 5 and no. 6:

(in € million)	Balancing receivables in accordance with § 26f (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26f (1) no. 3 PfandBG	Loans and advances to banks in accordance with § 26f (1) no. 3 PfandBG of which: covered debt securities [1]	Loans and advances to the public sector in accordance with § 26f (1) no. 4 PfandBG	Total
Germany	– (–)	– (–)	– (–)	35.0 (35.0)	35.0 (35.0)

[1] In accordance with Article 129 of the Regulation (EU) no. 575/ 2013

Key figures for Flugzeugpfandbriefe and their cover assets:

(in € million)	31 Dec.2015	31 Dec.2014
Pfandbriefe in circulation	**1 006.0**	**1 006.0**
Share of fixed-interest Pfandbriefe in %	100.00	100.00
Share of derivatives	–	–
Cover pool	**1 272.5**	**1 390.4**
Share of fixed-interest cover assets in %	60.50	60.91
Share of derivatives	–	–
Total value of receivables that exceed the limits of § 26f para. 1 no. 3	–	–
Total value of receivables that exceed the limits of § 26f para. 1 no. 4	–	–

Maturity structure of Flugzeugpfandbriefe and fixed-interest periods of cover assets:

(in € million)	Pfandbriefe in circulation 31 Dec.2015	Cover pool 31 Dec.2015	Pfandbriefe in circulation 31 Dec.2014	Cover pool 31 Dec.2014
Less than 6 months	–	148.2	–	93.8
More than 6 but less than 12 months	–	96.2	–	93.7
More than 12 but less than 18 months	–	126.1	–	143.4
More than 18 months but less than 2 years	501.0	93.8	–	93.1
More than 2 but less than 3 years	–	299.5	501.0	209.0
More than 3 but less than 4 years	505.0	125.9	–	280.3
More than 4 but less than 5 years	–	188.8	505.0	116.2
More than 5 but less than 10 years	–	192.6	–	353.6
More than 10 years	–	1.3	–	7.3
Key figures total	**1 006.0**	**1 272.5**	**1 006.0**	**1 390.4**

Breakdown of cover assets for Flugzeugpfandbriefe by size category:

(in € million)	31 Dec.2015	31 Dec.2014
Less than € 500 thousand	1.6	0.4
More than € 500 thousand but less than € 5 million	75.6	105.1
More than € 5 million	1 160.3	1 249.9
Size categories total	**1 237.5**	**1 355.4**

Breakdown of cover assets for Flugzeugpfandbriefe by country, broken down by type of aircraft:

(in € million)	Business jet	Freigh-ter	Narrow body	Regional jet	Turbo-prop	Ultra-large	Wide-body	Total
Germany	–	134.1	110.3	–	22.9	–	–	267.3
	(–)	(129.6)	(139.6)	(–)	(23.2)	(–)	(–)	(292.4)
Finland	–	–	–	–	–	–	44.9	44.9
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
France	–	–	16.4	–	–	46.9	71.2	134.5
	(–)	(–)	(15.8)	(–)	(–)	(56.2)	(72.8)	(144.8)
Great Britain	–	–	72.3	11.6	38.3	65.7	–	187.9
	(–)	(–)	(80.8)	(12.7)	(54.0)	(96.3)	(17.9)	(261.7)
Ireland	–	–	70.4	–	–	–	48.5	118.8
	(–)	(–)	(75.6)	(–)	(–)	(–)	(47.8)	(123.4)
Luxembourg	–	11.8	–	–	–	–	–	11.8
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Norway	–	–	6.9	–	–	–	–	6.9
	(–)	(–)	(38.5)	(–)	(–)	(–)	(–)	(38.5)
USA	–	–	357.9	87.2	–	–	20.3	465.5
	(–)	(–)	(378.3)	(96.8)	(–)	(–)	(19.5)	(494.6)
Receivables bs country	**–**	**145.9**	**634.2**	**98.8**	**61.2**	**112.6**	**184.8**	**1 237.5**
total	**(–)**	**(129.6)**	**(728.6)**	**(109.5)**	**(77.2)**	**(152.5)**	**(158.0)**	**(1 355.4)**

Total value of payments for Flugzeugpfandbriefe outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
Forderungen	– (–)	– (–)

There were no cases of forced sale, forced receivership or takeovers of aircraft or aircraft under construction to prevent losses. The total arrears on interest to be paid by loan debtors is 0 Tsd € (0 Tsd €).

10. 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% 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% 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) 7)]	100.00	142	56
2	BGG Oldenburg GmbH & Co. KG, Bremen [1) 7)]	100.00	9 065	1 053
3	BLB Immobilien GmbH, Bremen [1) 7)]	100.00	17 180	0
4	BLB Leasing GmbH, Oldenburg [1) 7) 10)]	100.00	511	– 790
5	BLBI Beteiligungs-GmbH, Bremen [1) 7)]	100.00	81	7
6	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig [3) 7)]	100.00	9 061	0
7	Braunschweig Grund Objektgesellschaft Driebenberg mbH & Co. KG, Braunschweig [2) 6)]	66.67	1 584	532
8	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig [1) 6)]	50.00	36	2
9	Bremer Landesbank Kreditanstalt Oldenburg -Girozentrale- , Bremen [7) 10)]	54.83	1 342 800	5 000
10	Bremische Grundstücks-GmbH, Bremen [1) 7)]	100.00	54 478	0
11	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen [1) 7)]	100.00	970	873
12	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen [1) 7)]	100.00	740	597
13	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover [6)]	100.00	443	– 1
14	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover [3) 7) 10)]	100.00	913 172	0
15	FL FINANZ-LEASING GmbH, Wiesbaden [2) 6) 8)]	58.00	– 132	– 124
16	Galimondo S.a.r.l., Luxembourg-Findel, Luxembourg [1) 6)]	100.00	30	18
17	General Partner N666DN GP, LLC, Wilmington, USA [11)]	100.00	-	-
18	KreditServices Nord GmbH, Braunschweig [3) 7)]	100.00	581	0
19	LBT Holding Corporation Inc., Wilmington, USA [6)]	100.00	9 124	706
20	LHI Leasing GmbH & Co. Immobilien KG, Pullach i. Isartal [2) 6)]	90.00	1 023	24
21	MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach i.Isartal [6)]	77.81	7 456	485
22	NBN Grundstücks- und Verwaltungs-GmbH, Hanover [1) 6)]	100.00	669	– 56
23	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover [2) 6)]	90.00	2 580	1 642
24	New Owner Participant - N666DN OP, L.P., Wilmington, USA [2) 11)]	100.00	-	-
25	Nieba GmbH, Hanover [3) 7)]	100.00	162 700	0
26	NOB Beteiligungs GmbH & Co. KG, Hanover [1) 6)]	100.00	27 454	– 5
27	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover [6)]	100.00	36	– 2
28	NORD/FM Norddeutsche Facility Management GmbH, Hanover [3) 7)]	100.00	636	0
29	NORD/LB Asset Management AG, Hanover [1) 7) 10)]	100.00	8 341	2 071
30	NORD/LB Asset Management Holding GmbH, Hanover [7)]	100.00	13 516	129

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
31	NORD/LB G-MTN S.A., Luxembourg-Findel, Luxembourg [6)]	100.00	31	0
32	NORD/LB Informationstechnologie GmbH, Hanover [3) 7)]	100.00	25	0
33	NORD/LB Project Holding Ltd., London, Großbritannien [6)]	100.00	623	217
34	NORD/LB RP Investments LLC, Wilmington, USA [6)]	100.00	6 388	– 2 000
35	NORD/LB Vermögensmanagement Luxembourg S.A., Luxembourg-Findel, Luxembourg [4) 6)]	100.00	3 000	0
36	Norddeutsche Investitionen Beteiligungsgesellschaft mbH, Hanover [6)]	100.00	15 291	20
37	NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel, Luxembourg [7) 10)]	100.00	671 948	32 102
38	Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover [3) 7)]	100.00	289 520	0
39	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen [1) 7)]	100.00	100	2 784
40	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen [1) 7)]	100.00	1 117	539
41	N666DN LP, LLC, Wilmington, USA [1) 11)]	100.00	-	-
42	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover [6)]	100.00	40	13
43	Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser [1) 3) 7)]	98.00	3 088	0
44	Ricklinger Kreisel Beteiligungs GmbH, Hanover [1) 6)]	100.00	29	6
45	Schiffsbetriebs-Gesellschaft Bremen mbH i. L., Bremen [1) 6)]	100.00	44	– 4
46	SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main [6)]	100.00	866	41
47	Skandifinanz AG, Zürich, Schweiz [1) 6)]	100.00	13 844	– 798
48	Terra Grundbesitzgesellschaft am Aegi mbH i. L., Hanover [1) 6)]	100.00	1 070	– 52
49	Themis 1 Inc., Wilmington, USA [6)]	100.00	633	– 327
50	TLN Beteiligung Anstalt des öffentlichen Rechts & Co. KG, Hanover [9) 11)]	100.00	-	-
51	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen [1) 6)]	100.00	28 926	2 786
52	Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover [6)]	72.70	26	681
53	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Grundschulen-Vermietungs-KG, Hanover [6)]	100.00	31	6
54	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Tiefgarage Stade Vermietungs KG, Hanover [6)]	90.00	7	– 2
55	Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig [1) 3) 7)]	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) 6)]	21.88	10 129	3 851
2	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede [1) 6)]	32.26	29 450	1 105
3	BREBAU GmbH, Bremen [1) 6) 10)]	48.84	69 985	8 805
4	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [1) 6)]	49.00	138	525
5	Bremische Wohnungsbaubeteiligungsgesellschaft mbH, Bremen [1) 7) 9)]	50.00	83 101	– 4
6	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode [6)]	50.00	3 800	394
7	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin [6) 10)]	20.89	15 956	162
8	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg [6) 10)]	20.44	14 856	74
9	caplantic GmbH, Hanover [6)]	45.00	3 565	1 356
10	Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen [1) 4) 6) 10)]	27.50	126 723	23 975
11	FinTech Fonds GmbH & Co. KG, Köln [9) 11)]	40.00	-	-
12	FinTech Fonds Management GmbH, Köln [9) 11)]	40.00	-	-
13	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta [1) 7)]	20.46	11 510	490
14	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg [1) 6)]	22.22	89 138	4 454
15	Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. - Objekt Zietenterrassen - KG, Göttingen [2) 6)]	52.56	6 695	– 130
16	INI International Neuroscience Institute Hanover GmbH, Hanover [1) 6) 8)]	22.70	– 13 510	1 662
17	LBS Norddeutsche Landesbausparkasse Berlin-Hanover, Hanover [1) 6) 10)]	44.00	297 458	0
18	LINOVO Productions GmbH & Co. KG, Pöcking [6) 8)]	45.17	– 47 125	1 051
19	LUNI Productions GmbH & Co. KG, Pöcking [6) 8)]	24.29	– 115 719	– 86
20	Medical Park Hanover GmbH, Hanover [1) 6)]	50.00	2 999	265
21	Medicis Nexus GmbH & Co. KG, Icking [5)]	66.01	8 310	13
22	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin [6)]	26.00	12 606	730
23	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover [6)]	39.82	11 476	564
24	NBV Beteiligungs-GmbH, Hanover [2) 6)]	42.66	15 071	1 312
25	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover [6)]	28.66	971	990
26	Öffentliche Lebensversicherung Braunschweig, Braunschweig [6)]	75.00	37 998	1 518
27	Öffentliche Sachversicherung Braunschweig, Braunschweig [6)]	75.00	270 693	6 760
28	Öffentliche Versicherung Bremen, Bremen [1) 6)]	20.00	5 050	0
29	SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [6)]	56.61	14 012	524
30	Toto-Lotto Niedersachsen GmbH, Hanover [1) 7) 10)]	49.85	27 610	17 384
31	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake [1) 6)]	21.72	19 207	240

Nr.	Name / Sitz			
NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11a HGB)				
	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) A profit/loss transfer agreement exists with the company.
4) Intended for sale
5) Only data as at 31 December 2013 available.
6) Only data as at 31 December 2014 available.
7) Provisional data as at 31 December 2015 available.
8) No overindebtedness.
9) Newly incorporated in 2015.
10) Figures also in accordance with § 340a para. 4 no. 2 of the German Commercial Code (banks are interpreted as large corporations).
11) Annual financial statements for the company are not available.

Hanover / Braunschweig / Magdeburg, 8 March 2016

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

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Reports

Responsibility Statement

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

Hanover / Braunschweig / Magdeburg, 8 March 2016

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Schulz
Forst	Dr. Holm	Bürkle

Auditor's Opinion

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 -, Hanover, Braunschweig and Magdeburg (NORD/LB) for the reporting year from 1 January to 31 December 2015. 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, 10 March 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Leitz
Auditor	Auditor

4. PAGE OF SIGNATURES

Hanover, in April 2016

NORDDEUTSCHE LANDESBANK – **GIROZENTRALE** –

Signed	Signed
Dr. Lotze	Hoepfner