Interim Report
as at 31 March 2014

NORD/LB
Die norddeutsche Art.

RESPONSIBLE BANKING

Finanzgruppe

NORD/LB GROUP AT A GLANCE

	1 Jan.–31 Mar. 2014	1 Jan.–31 Mar. 2013	Change (in %)
In € million			
Net interest income	492	498	– 1
Loan loss provisions	100	241	– 59
Net commission income	40	36	11
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	5	– 12	> 100
Profit/loss from financial assets	35	40	– 13
Profit/loss from investments accounted for using the equity method	– 4	10	> 100
Administrative expenses	291	294	– 1
Other operating profit/loss	– 24	– 67	64
Earnings before reorganisation and taxes	153	– 30	> 100
Reorganisation expenses	– 10	– 5	– 100
Expenses for Public Guarantees related to Reorganisation	10	11	– 9
Earnings before taxes	**133**	**– 46**	**> 100**
Income taxes	41	– 14	> 100
Consolidated profit	**92**	**– 32**	**> 100**
Key figures in %			
Cost-Income-Ratio (CIR)	57.2	63.2	
Return-on-Equity (RoE)	6.9	– 2.3	

	31 Mar. 2014	31 Dec. 2013	Change (in %)
Balance figures in € million			
Total assets	197 424	200 845	– 2
Liabilities to customers	57 660	54 861	5
Loans and advances to customers	105 614	107 661	– 2
Equity	8 291	8 190	1
Regulatory key figures			
Core capital for solvency reasons in € million	7 347	8 112	– 9
Regulatory equity in € million	9 305	9 811	– 5
Risk-weighted assets	66 809	68 494	– 2
Total regulatory capital ratio in %	13.93	14.32	
Common equity tier 1 ratio in %	11.00	11.84	

NORD/LB ratings
(long-term/short-term/individual)

Rating agency	Rating	Date of rating
Moody's	A3/P–2/D	12 March 2014
Fitch Ratings	A/F1/bbb–	26 March 2014

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

INTERIM REPORT
AS AT 31 MARCH 2014

5 Interim Group Management Report
6 The NORD/LB Group – Basic Information
8 Economic Report
16 Supplementary Report
17 Forecast and Risk Report

29 Interim Consolidated Financial Statements
31 Content
32 Income Statement
33 Statement of Comprehensive Income
34 Balance Sheet
36 Condensed Statement of Changes in Equity
36 Condensed Cash Flow Statement
37 Selected Notes
37 General Disclosures
40 Segment Reporting
46 Notes to the Income Statement
52 Notes to the Balance Sheet
58 Other Disclosures
78 Statements Relating to the Future

79 Other Information
80 Responsibility Statement

INTERIM GROUP MANAGEMENT REPORT AS AT 31 MARCH 2014

6 The NORD/LB Group – Basic Information
8 Economic Report
16 Supplementary Report
17 Forecast and Risk Report

THE NORD/LB GROUP – BASIC INFORMATION

BUSINESS MODEL

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

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

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

- As a business 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, shipping, aircraft and real estate sectors.

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

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

In the NORD/LB Group, NORD/LB acts as the parent company, controlling all of the business activities in line with the strategic objectives, creating synergy effects, reinforcing customer divisions and bundling service offerings. The NORD/LB Group comprises among others

- Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen (hereafter Bremer Landesbank),
- Norddeutsche Landesbank Luxembourg S.A., Luxemburg (hereafter NORD/LB Luxembourg),
- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (hereafter Deutsche Hypo),
- LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereafter LBS),
- Öffentliche Lebensversicherung Braunschweig, Braunschweig, and
- Öffentliche Sachversicherung Braunschweig, Braunschweig
  (hereafter short for Öffentlichen Versicherungen Braunschweig: ÖVBS).

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

STRATEGIC DEVELOPMENT OF NORD/LB

In the annual strategy process NORD/LB develops and reviews as the parent company together with its subsidiaries Bremer Landesbank, Deutsche Hypothekenbank and the sub-group NORD/LB Luxembourg the strategic direction for the next five years.

Based on the economic conditions, the NORD/LB Group will continue to pursue its proven customer-oriented business model and its risk-conscious business policy. The essence of the business model is to focus business activities closely on customer needs and to continually improve its risk-adjusted profitability. In the process the focus is increasingly on separating earnings growth from risk-weighted-assets (RWA) growth and to secure its refinancing. NORD/LB will continue to focus on its core business and reduce its non-strategic portfolios.

Further information on the strategy can be found in the Group management report as at 31 December 2013.

CONTROL SYSTEMS

Outline of the Control System

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

Return-on-Equity (RoE)	RoE = Earnings before taxes / Long-term equity under commercial law (= reported equity capital – equity capital – revaluation reserve – earnings after taxes) Earnings before taxes = Operating result after risk provisioning, less extraordinary profit / loss, less servicing of silent participations
Return on Risk-adjusted Capital (RoRaC) and at business segment level	RoRaC = Earnings before taxes / Committed core capital (8 per cent (7 per cent) of the higher of the RWA limit and the amount called on) RWA = Risk-Weighted Assets
Cost-Income-Ratio (CIR)	CIR = Administrative expenses / (Total earnings including balance of other income / expenses)
Earnings before taxes	

Risk Management

The risk management of the NORD/LB Group, the corresponding structures and procedures, the processes and methods implemented for measuring and monitoring risk and the risks to the Group's development were described in detail in the Annual Report 2013. Only significant developments in the period under review are addressed in this interim report.

With effect of 1 January 2014 NORD/LB internally reorganised its Finance and Risk Control Division away from a risk-type-oriented structure to a function-oriented structure. The operational tasks are again the responsibility of the Operational Control and Risk Control departments. These are flanked by the departments Strategic Control (responsible for fundamental issues and determining the methods and key performance indicators) and Risk / Performance Measurement (responsible for data management, instruments, models and the reporting system).

Likewise with effect of 1 January 2014, the Risk Committee replaced the General Working and Credit Committee (AAKA). In addition to performing the tasks of the AAKA (in particular lending and the acquisition of investments), it also advises and supports the Supervisory Board in matters concerning risk-taking and risk strategy as well as the implementation of the strategy.

ECONOMIC REPORT

GENERAL ECONOMIC AND INDUSTRY-SPECIFIC ENVIRONMENT

Economic recovery continues.

In the first quarter the global economy continued to recover at a moderate rate. In the USA growth slowed temporarily due to the harsh winter. However, corresponding countermovements are expected in the current quarter and such purely weather-related distortions should not be mistaken for the underlying economic trend. The eurozone continued its economic recovery in the same period with the same tempo as in the previous quarter.

In China, economic growth fell slightly in the first quarter as expected. The restraint showed by the Chinese Government regarding support measures suggest that it is willing to take into account a slowdown in growth in its modified growth model. Industrial production continued to grow worldwide in the first quarter, although at a slower rate than in the previous quarter. The picture was similar for global trade in the first few months. Despite the slight slowdown in growth at the start of the year, the general trend remains positive.

Strong economic growth for Germany in the first quarter.

Germany

The German economy started 2014 with very strong growth. According to the Federal Statistical Office, price and seasonally-adjusted GDP rose by 0.8 per cent compared to the previous quarter. This rise is around twice as high as the potential growth. Industrial production increased by 1.2 per cent in the first quarter, with in particular construction production contributing to this due to the very mild weather conditions this winter. In the construction sector, output increased in the first three months of this year by almost 5 per cent compared to the previous quarter. This was reflected in particular in strong growth in construction investment, with more also being invested in plant and equipment and inventory than in the previous quarter.

The on the whole very dynamic domestic demand was boosted by a sharp rise in private consumption, which made an important contribution to growth. According to provisional figures published by the Federal Statistical Office, in the first three months real retail sales recorded their greatest quarter-on-quarter growth for four years. Only foreign trade had a dampening effect, with imports growing at a faster rate than exports. This, though, is largely explained by the correction of the significant inventory reductions in the previous quarter – inventories were replenished to some degree with imports.

The German labour market has developed very positively of late. The seasonally-adjusted number of unemployed fell in April to 2.872 million. The unemployment rate is at 6.7 per cent currently at its lowest level since reunification. Employment is rising sharply, this being due to the continued high level of immigration in the German labour market. In March the number of people in work totalled 42.125 million, a new record. Despite a sharp improvement in economic growth, inflation is currently very subdued in Germany, as it is in the rest of the eurozone. Although the inflation rate (HVPI) in Germany of 1.1 per cent in April was above the figure measured for the eurozone as a whole (0.7 per cent), this was very short of the inflation target set by the ECB for Germany.

Eurozone continues recovery at a moderate rate.

Eurozone

The economic recovery continued in the eurozone in the first quarter, with growth around the same level as in the previous quarter. According to initial estimates by Eurostat, real gross domestic product (GDP) rose by 0.2 per cent compared to the previous year. Economic output at the start of the year was therefore 0.9 per cent above the same quarter of the previous year. The most important pillar of growth was again the German economy, which grew by 0.8 per cent compared to the previous quarter. However, the national economies of some other European countries were also surprisingly robust in in the first quarter. Seasonally-adjusted Spanish GDP climbed by 0.4 per cent, its highest rise since the start of the crisis six years ago. By contrast, the economic performance of Italy, France and the Netherlands was disappointing.

The economic growth has to date not been enough for a notable reduction in unemployment. Due also to the continuing structural problems in some countries, the unemployment rate in the eurozone as a whole is at 11.8 per cent still close to its historical high. According to estimates by Eurostat, the number of unemployed fell in the period to March 2014 by a good 300,000 compared to the previous year to below 19 million. However, this was not enough to bring about a more dynamic recovery in domestic demand in the single currency area. According to the latest survey by the EU Commission, the capacity utilisation rate in industry fell for the first time for a year and is currently 79.5 per cent, and is therefore, despite the recent economic revival, still below the historic average.

Against this background, inflation has been very subdued of late. Since October 2013 the inflation rate, measured against the Harmonised Index of Consumer Prices (HVPI), has been below 1.0 per cent and therefore well below the medium-term target set by the European Central Bank (ECB) of almost two per cent. Although this is due in part to the very low rise in energy and and food prices, the very stable euro has in recent months also had a dampening effect on prices via imported goods. There are though good reasons to assume that not only special factors are playing a role, but that general domestic pricing pressure is too weak. In particular the sustained under-utilisation of capacity, low wage growth and weak monetary growth (growth in lending and money supply) need to be mentioned here.

Financial Markets and Interest Rates

Issuing banks and Ukraine conflict influencing financial market activity.

The financial markets were affected in the first months of 2014 on the one hand by the geopolitical tensions between Russia and Ukraine, and by the talk of low inflation and the potential threat of deflation on the other. The ECB also stoked the speculation with talk of further possible expansive steps. In particular the comments by Mario Draghi at the press conference following the meeting of its Governing Council in May were a clear indication that monetary easing was going to take place. It is not yet absolutely clear what specific measures will ultimately be taken. However, the signs are that the ECB is thinking of a range of measures instead of using just a single instrument.

The debt crisis has faded further into the background. After Ireland, Portugal became the second country to leave the rescue package after a three-year period with a full adjustment programme approved. Thanks to the much improved market environment for European government bonds and an adequate liquidity reserve, the country's government will not make use of the option of a precautionary credit line to secure its exit. Greece, however, is still a long way off from being able to refinance itself without the help of its European partner countries. The country met the condition for further financial aid with a positive primary surplus in 2013 – after the aid for the ailing Greek banking sector was deducted. However, without such corrections, the debt-to-GDP ratio (Maastricht definition) at the end of 2013 was close to an all-time high.

The conflict between Ukraine and Russia has had a significant impact on the performance of the financial and capital markets since February. Although the German share index DAX, thanks to good economic data, reached an all-time high on 13 May with 9,754 points (closing rate), a good 350 points above the level recorded at the start of the year, the rising geopolitical risks were reflected in a significant fall in the yields for European government bonds. This time, as well as German government bonds, many other European government bonds benefited from the search for secure investments. Yields of German government bonds with a ten-year residual term have fallen consistently since the start of the year from the peak of 1.94 per cent. In mid-May the current low for the year of 1.37 per cent was recorded. In particular the prospect of a much more expansive European monetary policy following the meeting of the ECB Governing Council in May had accelerated the downward trend. In parallel to this, the spreads of other European government bonds have narrowed significantly since the start of the year. The yields of US government bonds witha ten-year term fell despite the continuous increase in tapering to 2.54 per cent on 13 May. The development of the US swap curve was very closely linked to the movements in the market for US government bonds.

The European money market rates have risen slightly as expected since the start of the year with the reduction in surplus liquidity. Since the start of January the 3-month Euribor only climbedfrom 0.28 per cent to 0.35 per cent at the end of April. With the prospect of further expansive monetary policy measures by the ECB, in May the money market rates fell further away from the current high for the year. In this environment the EUR/USD cross currency basis swap spreads have narrowed almost completely to zero basis points across all maturities. The euro was very stable in the first few months of the year and almost reached $ 1.40 in May. However, Mr. Draghi's comments then resulted in a notable drop in the value of the euro against the US dollar in currency markets, as expected.

Aircraft

Passenger transport continues to grow in the first quarter of 2014.

According to the International Air Transportation Organisation (IATA), global revenue passenger kilometres (RPK) increased in the first three months of 2014 in the global market by 5.6 per cent. The growth rates were 5.4 per cent for international traffic and 5.9 per cent for domestic traffic.

In the first quarter there were above-average growth rates in global passenger transport achieved in the Middle East, Asia / Pacific and Latin America regions. The European airlines reported robust growth of 5.2 per cent, while the North America (1.8 per cent) and Africa (– 0.5 per cent) regions on the other hand reported below-average growth.

Capacity (available seat kilometres (ASK)) grew in the first three months of 2014 by 5.8 per cent. The passenger load factor (PLF)) in the overall global market was 78.5 per cent (previous year: 78.3 per cent).

Air freight benefited from an improved business environment.

In the air freight market freight tonne kilometres (FTK)) increased in the first three months of 2014 against the background of an improved business environment compared to the previous year by 4.4 per cent. Freight carriers in the Middle East reported the highest growth compared to the previous year (11.5 per cent). Global air freight capacity (available freight tonne kilometres (AFTK)) rose by 3.6 per cent. The freight load factor (FLF)) in the global air freight markets improved to 45.6 per cent (previous year: 44.3 per cent).

High level of order activity at Airbus and Boeing.

Airbus recorded 103 net orders and 141 deliveries between January and March 2014. Boeing reported 235 net orders and 161 deliveries. Narrowbodies accounted for the majority of the orders. The A320 and B737 families were again particularly in demand.

Shipping

The first three months of 2014 were characterised particularly in the tanker and bulker sector by the correction of the extreme rate increases around the turn of the year. However, prices of newbuilds and used ships continued to bottom out. Improved indicators such as a rise in industrial production in Europe and the USA indicate that the expected global economic recovery is starting to take effect.

The container sector was characterised by speculation of consolidations at the start of the year. The planned P3 alliance of the market-leading liners Maersk, MSC and CGA / CGM recorded its first partial victory with the positive decision by the US Federal Maritime Commission (FMC). Over here Hapag Lloyd's merger talks with CSAV of Chile had a positive conclusion. Further steps have been taken by both companies. Evergreen, the former number four in the container segment, reacted by joining the CKYH alliance. As a result there are currently three major cooperations in the container sector with CKYHE, the G6 Alliance, which includes Hapag Lloyd, and the P3. Market participants even talked of further consolidations involving Chinese players, although these have not yet been proven to be true. In the first quarter both freight and charter rates were relatively weak, which was due in part to the Chinese New Year celebrations, which resulted in the supply chain coming to a standstill for two weeks. In addition, more large container ships entered into service, resulting in additional tonnage.

The Baltic Dry Index's high at the end of 2013 turned into a low, costing the index 1,000 points by February. The reasons for this were the fall in demand for iron ore from China as a result of the stockbuilding that took place in the last quarter of 2013 and the fall in production at the end of January (New Year celebrations), more restrictive coal export regulations in Columbia and a change in iron ore export regulations in Indonesia. There were also delays in the major export ports of the major mine operators in Brazil and Australia.

The Baltic Dirty Tanker Index showed an almost parallel development. It was almost twice as high in January 2014 with 1,287 points that it had been in December. By the end of the first quarter of 2014, however, the index had fallen again by 700 points. Speculation concerning an increase in demand from China / Asia and talk of a relaxation of US oil export regulations were the reasons for this development.

In niche markets and in particular in the cruise ship market the positive trend continued. Increasing margins for the market leaders reflect the sustained upward trend. The sector also appeared optimistic at this year's ITB Berlin travel trade show after a further increase in bookings in the German market was recorded in 2013.

Real Estate

Global investment in commercial real estate totalled USD 136 billion in the first quarter of 2014. This equates to an increase of around 26 per cent compared to the previous year. The increase in capital inflow goes hand in hand with a geographical expansion in investor activities aimed at increasing income. Besides the major metropolises, more is being invested in secondary locations and smaller cities.

Global investment in commercial real estate experiences double-digit growth.

The German investment market for commercial real estate experienced a positive start to the year in view of the improved economic outlook and the continued low level of interest rates.

The transaction volume in the seven leading real estate centres fell in the first three months of 2014 to 41 per cent. This is attributable to the high share of large national portfolio transactions which include not only properties from the leading real estate centres. It is also evident that, in view of the shortage of core properties in top locations, there is greater demand for properties and portfolios in secondary cities.

Investors continued to focus on office properties in the first quarter of 2014.

The office letting market made a good start to the year in view of the favourable economic conditions. However, there were significant regional differences. While space turnover increased once again in Stuttgart, Berlin, Munich and Frankfurt, a fall in demand was recorded in Cologne, Düsseldorf and Hamburg.

The retail letting market recorded its best start to the year in terms of turnover for the last three years with 166,000 m² in the first quarter of 2014. International concepts again dominated the German retail market with a share of 57 per cent of lease agreements completed. Due to the continued growth in online trading, it remains to be seen whether the current high demand for shop space will be sustained particularly in the top metropolis locations.

The residential real estate market recorded its best-ever start to the year. In particular three major deals were responsible for the record turnover: Deutsche Annington acquired around 30,000 residential units from the Vitus Group and around 11,500 from the DeWAG residential real estate company, while the Austrian property management company Buwog acquired around 18,000 residential units.

The European commercial real estate markets made a good start to the new year. In the first three months € 37.9 billion was invested here. This equates to an increase of around 18 per cent compared to the previous year. According to estate agents, the good start to the year is due to a rise in investor sentiment, a favourable financing environment and increased activity by opportunistic investors in recovering markets.

REPORT ON THE EARNINGS, ASSETS AND FINANCIAL POSITION

(In the following text the previous year's figures for the first three months of 2013 or as at 31 December 2013 are shown in brackets.)

NORD/LB closes first quarter of 2014 with earnings before taxes of € 133 million.

Earnings Position

Earnings before taxes for the three months of the financial year 2014 totalled € 133 million.

The figures for the income statement are summarised as follows:

(in € million)	1 Jan.–31 Mar. 2014	1 Jan.–31 Mar. 2013	Change (in %)
Net interest income	492	498	– 1
Loan loss provisions	100	241	– 59
Net commission income	40	36	11
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	5	– 12	> 100
Profit/loss from financial assets	35	40	– 13
Profit/loss from investments accounted for using the equity method	– 4	10	> 100
Administrative expenses	291	294	– 1
Other operating profit/loss	– 24	– 67	64
Earnings before reorganisation and taxes	**153**	**– 30**	**> 100**
Reorganisation expenses	– 10	– 5	– 100
Expenses for public guarantees related to reorganisation	10	11	– 9
Earnings before taxes	**133**	**– 46**	**> 100**
Income Taxes	41	– 14	> 100
Consolidated profit	**92**	**– 32**	**> 100**

Net interest income has fallen slightly compared to the previous year by € 6 million to € 492 million. The fall in interest income from lending and money market transactions is largely due to the low interest rate and declining loans and advances to banks and customers and the reduction of the Bank's security portfolios. Interest expense also fell on account of the low interest rate and the reduction in money market transactions as well as securitised liabilities. Interest income and interest expenses from financial instruments at fair value through profit or loss also declined.

Change in loan loss provisions heavily affected by ship financing.

Loan loss provisions have been reduced significantly compared to the previous year by € 141 million to € 100 million. This is primarily due to the net reversal of general valuation allowances in the amount of € 54 million, compared to a net allocation of € 66 million in the previous year. The net allocation to specific valuation allowances on the other hand was reduced, from € 183 million to € 150 million. These aforementioned are mainly attributable to ship financing.

Net commission income has risen compared to the previous year by € 4 million to € 40 million. The € 3 million increase in commission income is seen alongside a € 1 million fall in commission expenses.

The **profit/loss from financial instruments at fair value through profit or loss including hedge accounting** totals € 5 million and is € 17 million up on the previous year. The trading profit/loss was primarily affected by the positive development in the profit/loss from debt securities, promissory notes interest derivatives due to the fall in € interest rates. The profit/loss from credit derivatives has increased compared to the previous year primarily due to the narrowing of the relevant credit spread by € 23 million to € 25 million. The profit/loss from the use of the fair value option is affected significantly by inverse interest-induced effects compared to the trading profit/loss and fell to € –176 million. The development of profit/loss from hedge accounting is primarily attributable to the increased volume of underlying transactions and hedging investments included in the portfolio hedge accounting.

Profit/loss from financial instruments at fair value including hedge accounting affected by a rise in trading profit/loss and negative development in profit/loss from the use of the fair value option.

The **profit/loss from financial assets** is € 35 million and is therefore € 5 million below the previous year's figure. This is attributable in particular to a fall in income from the disposal of shares and non fixed-interest securities as well as a slight increase in valuation allowances.

The **profit/loss from investments accounted for using the equity method** has fallen by € 14 million to € – 4 million compared to the previous year. The negative profit/loss from shares in companies accounted for using the equity method is attributable in particular to the write-down of an affiliated company.

Administrative expenses have fallen compared to the previous year by € 3 million to € 291 million. This fall is primarily attributable to a reduction in other administrative expenses, depreciation and impairment.

Other operating profit/loss increased compared to the previous year by € 43 million to € –24 million. This positive effect is due to higher income from the disposal of receivables and promissory notes and lower expenses from the redemption of promissory notes and registered bonds compared to the previous year.

Sales of financial assets have a positive effect on other operating profit/loss.

The **reorganisation expenses** of € –10 million are mainly the result of net allocations made to restructuring provisions. These were made for the contracted agreements concerning the termination of contracts of employment as part of the efficiency improvement programme.

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

Income taxes are the same as earnings before taxes. Special tax effects were not considered.

Assets and Financial Position

(in € million)	31 Mar. 2014	31 Dec. 2013	Change (in %)
Loans and advances to banks	26 490	27 481	– 4
Loans and advances to customers	105 614	107 661	– 2
Risk provisioning	– 2 298	– 2 248	– 2
Financial liabilities at fair value through profit or loss	14 279	13 541	5
Positive fair values from hedge accounting derivatives	4 317	3 872	11
Financial assets	45 809	47 043	– 3
Investments accounted for using the equity method	312	306	2
Other assets	2 901	3 189	– 9
Total assets	**197 424**	**200 845**	**– 2**
Liabilities to banks	55 558	59 181	– 6
Liabilities to customers	57 660	54 861	5
Securitised liabilities	45 765	50 228	– 9
Financial liabilities at fair value through profit or loss	15 639	15 131	3
Negative fair values from hedge accounting derivatives	3 797	3 344	14
Provisions	4 699	4 303	9
Other liabilities	1 341	894	50
Subordinated capital	4 674	4 713	– 1
Reported equity capital including non-controlling interests	8 291	8 190	1
Total liabilities and equity	**197 424**	**200 845**	**– 2**

The **balance sheet total** has fallen by € 3.4 billion compared to 31 December 2013. On the assets side this was due in particular to a reduction in loans and advances to banks and customers and financial assets. On the liabilities side the fall in the balance sheet total is reflected in a fall in liabilities to banks and securitised liabilities.

Loans and advances to banks have reduced compared to the previous year by € 991 million. This change is mainly due to the reduction in other loans and advances to banks in Germany.

Loans and advances to customers are still the largest balance sheet item at 53 per cent (54 per cent). Compared to the previous year, this item has reduced by € 2,047 million. This reduction is shown in particular in a reduction in other receivables.

Risk provisioning increased compared to the previous year by € 50 million to € 2,298 million. The increase is mainly attributable to the increase in specific valuation allowances in ship financing.

Financial assets at fair value through profit or loss comprise trading assets and financial assets designated at fair value and are € 738 million above the previous year's level. This primarily valuation-related increase is also reflected to a lesser degree on the liabilities side.

Financial assets have reduced compared to the previous period by € 1,234 million and now total € 45,809 million. This is mainly attributable to the reduction in AfS financial assets as part of the reduction in risk-weighted assets (RWA).

Liabilities to banks have fallen by € 3,623 million compared to the previous year. This is due in particular to a fall in liabilities resulting from money market transactions and other liabilities to banks.

Liabilities to customers have increased by € 2,799 million compared to the previous year. This is due in particular to an increase is liabilities resulting from money market transactions.

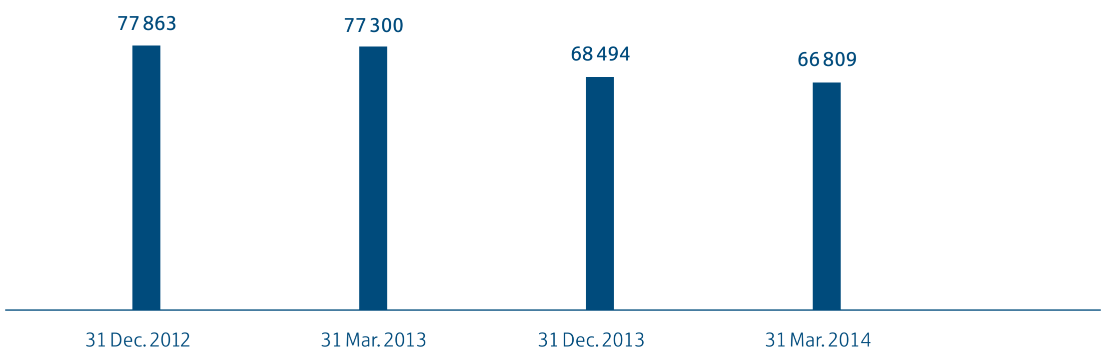
The reduction in **securitised liabilities** of € 4,463 million to € 45,765 million is attributable to the maturity of debt securities and reduction in liquidity reserves. New issues were not made at the same level in 2014.

Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. Compared to the previous year, a primarily valuation-related increase of € 508 has been recorded, which is also largely reflected on the assets side.

No equity measures were taken in the first quarter. Changes in **reported equity** are primarily attributable to effects from the statement of comprehensive income.

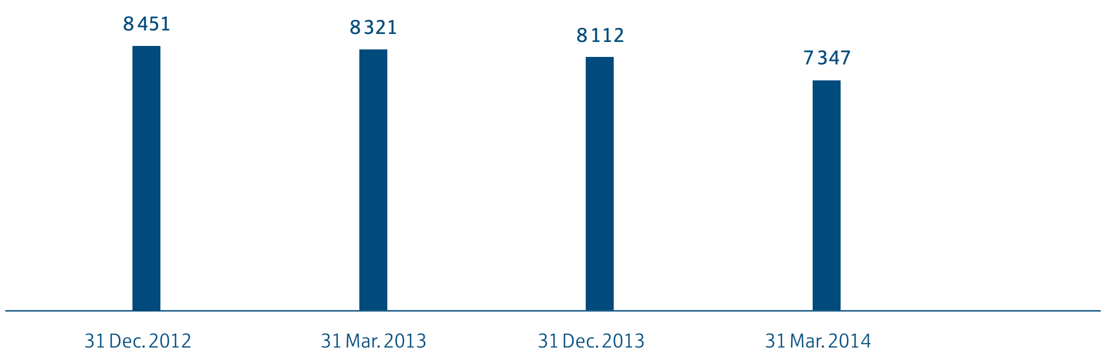
RWA have developed as follows:

RISK-WEIGHTED ASSETS (in € million)



Total core capital has changed as follows:

COMMON EQUITY TIER 1 (in € million)



The significant fall in common equity tier 1 as at the reporting date compared to the previous periods is mainly due to the application of a new basis. Up to and including the end of 2013, common equity tier 1 was calculated based on the regulations of the German Banking Act (Kreditwesengesetz, KWG) and the German Commercial Code (Handelsgesetzbuch, HGB). As at the reporting date, the regulations of the EU Capital Requirements Regulation (CRR) applicable since the start of 2014 were applied for the first time. These specify IFRSs as the relevant accounting basis for calculating common equity tier 1 for NORD/LB at Group level.

Overall Assessment

Despite the difficult conditions, the business performance for the first quarter of 2014 is considered to be on the whole satisfactory. Earnings before taxes total € 133 million, a significant improvement on the same quarter in the previous year despite the crisis in the shipping sector. Accordingly, consolidated profit has developed positively compared to the previous year and totals € 92 million (€ –32 million).

SUPPLEMENTARY REPORT

No events that are of relevance for the period under review from 1 January to 31 March 2014 have taken place after the reporting date of 31 March 2014.

FORECAST AND RISK REPORT

GENERAL ECONOMIC DEVELOPMENT

Moderate growth in Germany following a strong start to the year – recovery in the eurozone continues.

Economic Forecast for the Eurozone and Germany

After a very good start to the year, economic growth will slow down slightly in Germany and the eurozone in the coming months. However, this will be mainly due to a correction of the very strong expansion in the first quarter that was helped by a very mild winter. The recovery in Germany and the eurozone will remain on the whole intact. The Purchasing Manager Index and the Economic Sentiment Indicator suggest that there will be positive growth rates in the remainder of the year. The continuing expansive monetary policy of the European Central Bank will contribute towards this. The impact of the debt crisis on the German economy will be much less than in the past. The continued stabilisation of the financial and capital markets and the sharp fall in yields of government bonds will help the European countries to reduce their deficits. In 2014 as a whole moderate GDP growth of 1.2 per cent is expected. For the coming year NORD/LB is expecting a slight increase in economic growth to 1.6 per cent. For this to happen, it is necessary that an escalation of the conflict with Russia with extensive economic sanctions is avoided.

The German economy will expand in the current year with a forecasted growth rate of 2.0 per cent much faster than in the previous two years. Once again private consumption, as well as investments and the trade balance, will be major contributors to positive growth this year. Private consumption will benefit in particular from the robust state of the job market and further increases in wages. In addition, very low inflation will ensure that there is only a minor reduction in purchasing power.

Global economic outlook remains on the whole positive.

Global Economic Outlook

The outlook is very positive for the global economy. Although sentiment indicators have fallen slightly in recent months in some European countries, due without doubt to the increased geopolitical risks as a result of the conflict between Ukraine and Russia, they have remained high from a historical point of view. In addition, the Purchasing Manager Indices in the USA are showing strong growth in both the manufacturing and services sectors. In China purchasing managers are currently somewhat more sceptical about the future; in the view of NORD/LB, however, this mainly reflects the change in China's growth model which is being sought in the medium term and is not entirely without its conflicts. Less attention is now being paid to the financial and debt crisis and it will soon only present a low risk to global economic development. The capital markets will continue to focus in the medium term in particular on the continuation of the structural adjustments in the eurozone.

In the USA, after a weak start to the year due to weather-related reasons, catch-up effects should take effect and result in a significant increase in economic growth. In 2014 as a whole NORD/LB is expecting economic growth of 2.3 per cent, followed by just under three per cent GDP growth in 2015. The yields of US treasuries with ten-year residual terms should rise again above 3 per cent over the course of twelve months, especially as the economic recovery will result in the continued reduction in or the complete stop of asset purchases this year. However, an increase in interest rates by the US Federal Reserve is not expected until the second half of 2015. The US dollar should, in light of the different growth paths and interest rate trends in the two currency areas, gain in value against the euro to around 1.29 USD / € over the course of twelve months.

Inflation and Interest Rates

Both in the eurozone and in Germany the inflation rate in the current year will be well below the medium-term inflation target of the European Central Bank of just under 2.0 per cent. For the eurozone it is even likely that the average inflation rate for the year will be below 1.0 per cent. The ECB is not likely to stand by idly and just watch this development. However, a further lowering of interest rates is not likely to have a significant effect on prices. Therefore unconventional measures seem more appropriate, and these could include another bond purchase programme. NORD/LB considers it to be highly unlikely that the ECB will increase base rates at least until the end of next year. In view of the still very under-utilised capacity in Europe, very low inflation pressure and an expansive monetary policy for the foreseeable future, NORD/LB is expecting an at best moderate rise in capital market returns. Any possible upward pressure will be limited by capital flowing back to Europe. Yields of ten-year German government bonds might climb above 2.0 per cent in 2015 at the earliest.

Banking Market Development

The European banking market continues to experience market adjustment, accompanied by consolidation measures, risk reduction, capital boosting and tighter regulation of the financial market. There is limited potential for growth; the environment of low interest rates is affecting the development of interest margins. The associated reduction in earnings potential will require rigorous cost management and the continued concentration on core business segments. However, the progress that has been made, particularly in the banking markets in the peripheral countries of the eurozone, is undeniable. Proof of this is also provided by increasing investor confidence in these markets, even though, against the background of the uncertain economic developments, there is no prospect of a sustained turnaround before the end of 2014.

With regard to the regulation of the banks, 2014 will provide the European financial institutes, in particular the systemically important ones, with further challenges. The transfer of responsibility for financial supervision to the ECB will be accompanied by an intensive risk review and a further stress test. There is uncertainty concerning the potential consequences, and particularly concerning the issue of capital adequacy.

The picture for the development of the US banking market is mixed. Although the major banks, despite the high costs of legal disputes, weak demand for loans and a continuing environment of low interest rates, impressed with record results particularly in 2013, on the whole the upward potential is limited. The US banking market will therefore be characterised by further strict cost management in 2014. Overall the US banks are under increasing pressure. The extent to which the institutes will be able to build up sustainable resistance from this starting position will depend not only on them coping with the difficult operating environment, but also on them implementing in particular successful capital-boosting measures and constant reducing balance sheet risks.

With regard to regulation, the focus of the US banking market will be on the implementation of further measures as a result of the Dodd-Frank Act. Here in particular the tighter capital requirements and the strict requirements concerning the debt and liquidity ratio will provide the US banks with additional challenges.

The Asia / Pacific banking markets were largely stable in 2013. The outlook for 2014 is also largely positive. The fast-growing countries of recent years might experience a slight slowdown in 2014. Such a slowdown of the in some cases rapid credit portfolio growth rates might have the positive side effect that some economic sectors that are already under heavy pressure in some countries will be saved from overheating. Some banking systems already reached their growth limits in their core markets in 2013. This resulted in efforts to expand into other markets in Asia, as well as into market niches in other parts of the world. This trend is likely to continue in 2014. The implementation of new regulatory requirements, here in particular the new capital and liquidity requirements are referred to, will be possible in most banking systems in the Asia / Pacific region. Some banks in this economic region already satisfied the future requirements in 2013.

Shipping

Despite the better forecasts for global economic development for 2014 compared to the previous year, a cautious approach is advisable with regard to the shipping sector. A number of variables are currently having a mixed effect on the different core sectors, and as a result a high level of volatility in freight and charter rates still has to be allowed for. Capacity surpluses will not disappear in the current year despite the expected increase in demand. The expected sideways movement in bunker costs has set in in the first few months. This trend is currently continuing, and as a result it is expected that at least fuel costs will remain stable. At the start of the second quarter of 2014 developments in the core container, bulker and tanker sectors were very mixed.

In the container sector the number of empty ships, in line with the typical seasonal pattern, quickly reduced in the first months of the year, this being attributable to the Chinese New Year celebrations taking place two weeks earlier in 2014. A shadow has been cast over the approaching peak season, with market-leading shipping lines on the Far East route to Europe commencing a new round of freight rate increases. It remains to be seen whether these levels can be maintained in a harsh competitive environment, or whether the development of the previous year will be repeated. New alliances such as the alliance between the market-leading shipping lines Maersk, MSC and CGA/CGM should result in a degree of market discipline. However, the challenge of taking on a wave of newbuilds, and in particular large container ships, remains. For 2014 a 5.6 per cent increase in the container fleet is forecasted. At the end of 2014 the number of container ships with a capacity of more than 10,000 TEU (Twenty-foot Equivalent Unit) will have increased by approximately 30 per cent, which equates to an increase in container capacity of approximately 0.77 million TEU. In addition, in 2014 orders placed in the past for container ships between 3,000 and 10,000 TEU will be delivered (113 container ships). With 0.75 million TEU, these add up to a similarly high slot capacity. With this, the conditions for a continuation of the cascade effect (bigger units crowding out of smaller units on the major routes) are clearly met. The development will leave its mark on the charter market.

The bulker sector will again focus on China in 2014. Current forecasts predict that economic growth in China will be lower than in 2013. The rate of growth of Chinese steel production will slow in 2014 and this will affect the global demand for iron ore. As the major global mining companies have at the same time increased their output, the price per ton has come under pressure. There is hardly any sign of the positive effects in the capsize segment otherwise associated with low commodity prices, which suggest that rates will remain weak for the time being. In combination with stock levels in China, increasing volatility and a rise in rate levels are expected in the second half of the year. The harvest months in the major producing countries in North and South America should, however, ensure that there is a degree of rate stability in the smaller subsegments (such as Panamax and Supramax) in the next few months. There is no sign that the situation will ease on the whole on the tonnage side in the bulker sector. The fleet will increase in line with the increase in demand (each approximately + 5 per cent).

The high rate of the US oil production, the continuing unstable situation in oil-producing Libya and in Syria and Iraq will also continue to have an impact the tanker sector, as will the demand for China that needs to be covered. The extreme distortions in the VLCC (very large crude carrier) segment at the end of 2013, which resulted in significant rate increases, were corrected relatively quickly at the start of 2014. The significant increase in order books in this segment since December are cause for concern. This period accounts for 50 per cent of the 88 known orders for new ships. In the view of NORD/LB, there is a risk that the assessment of the shift in the flow of goods between the producing regions of the Arabian Gulf and the West Coast of Africa and the consumer regions of North America, Europe and South East Asia is too optimistic. We currently do not expect the much-discussed repeal of the so-called Jones Act in the USA, which would result in a significant increase in shipments of US oil.

In the product tanker segment focus will remain on the expanding refinery capacity in the Middle and Far East as well as the increasing oil production in the USA, from which it is deduced that global demand for capacity for refined products will increase. An expected increase in demand of close to 5 per cent will be met by an increase in tonnage of approximately 4 per cent in 2014.

Capacity in the cruise ship niche will increase by approximately 3.2 per cent in 2014. According to the order book, the booming sector is expecting the delivery of five new ships with a high number of berths in 2014. The order books of shipyards specialising in this segment are also well-filled for the next few years. The cruise ship terminals in German ports are reflecting the continued stable demand with a range of expansion plans.

In the offshore market it is expected that rates will be stable from the third quarter of 2014. State-owned companies in South America and the Middle East will fill the investment gap in the sector caused by the withdrawal of private oil companies from this business in the short to medium term. Progress in the development level of emerging markets should ensure that oil and gas prices will remain high and further deep-sea exploration.

Aircraft

For 2014 the International Air Transport Association (IATA) is expecting a further increase in air transport. It is expecting transport (revenue passenger kilometres (RPK)) to increase by 5.8 per cent with capacity (average seat kilometres (ASK)) expected to increase by 5.5 per cent. Average global utilisation would therefore rise to 80.2 per cent in 2014 (2013: 79.6 per cent). It is expected that demand for airfreight volume (freight tonne kilometres (FTK)) will increase by 4.0 per cent in 2014, although at the same time profits are expected to fall by 1.5 per cent.

The positive trend concerning the profitability of airlines worldwide will, according to current IATA forecasts, continue in 2014. The forecasted net profit for global airlines is USD 18.7 billion, which equates to a net margin of approximately 2.5 per cent.

From 2013 to 2017 the IATA is forecasting an average annual growth rate for global passenger transport of 6.4 per cent (RPK, national and international) and for airfreight of 4.7 per cent (FTK). For the same period an annual average growth rate for international passenger transport of 7.2 per cent (RPK) and for international airfreight of 5.2 per cent (FTK) is expected by the IATA.

For 2014 NORD/LB is expecting that order activity will settle down and that as a result the number of new orders both for Boeing and Airbus should fall in the market for civil aircraft with more than 100 seats. Based on the increase in production capacity at Airbus and Boeing, NORD/LB is expecting an increase in the number of deliveries in 2014.

Real Estate

As in previous years, global investment in commercial real estate is expected to rise in 2014. According to estimates by Jones Lang LaSalle, the transaction volume should reach USD 650 billion by the end of the year. The expected increase in activity in the investment markets will also be accompanied by a further recovery in user markets. Due to the more optimistic assessments of global economic development, it is expected that there will be an increase in demand for space from companies.

In view of the economic strength of Germany and the low volatility of rents and prices, the German real estate market will remain one of the most sought-after investment target for real estate investors. Thanks to the dynamic start to the year, the transaction volume in 2014 should exceed the previous year's figure and, according to forecasts by estate agents, reach € 35 to 40 billion. Although the market, particularly in the secure core segment, continues to be characterised by a shortage of supply, in view of the excellent fundamental data for the German economy the risk appetite of investors should increase. At the same time investors will focus increasingly on secondary cities and prosperous towns.

Increasing risk disposition in the real estate sector.

Due to the ongoing economic recovery in Europe and the continuing phase of low interest rates, investor demand in the European real estate market will remain high. The increasing competition for the best properties will result in the established core markets in a fall in initial rates of return and push up capital values. The increasing pressure to invest will be accompanied by an increase in the risk appetite of investors. In addition to the recovering crisis countries, greater focus will be placed in particular the outskirts of leading European metropolises, secondary cities and market segments that to date have received less attention, such as logistics properties, student halls of residence and health facilities.

EXTENDED RISK REPORT

Risk-Bearing Capacity

The utilisation rate for risk capital in the going-concern scenario is 47 per cent as at 31 March 2014 and therefore slightly above the utilisation rate as at 31 December 2013. In particular a reduction in risk capital, which has more than compensated for reduction in risk potential, is responsible for this. This is mainly due to the CRR and CRD IV regulations which came into effect on 1 January 2014 and require that the Group risk capital is calculated based on IFRSs. This switch was also made as far as possible in the RBC methods.

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

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

(in € million)[1]	Risk-bearing capacity 31 Mar. 2014		Risk-bearing capacity 31 Dec. 2013	
Risk capital	**2 744**	**100 %**	**3 846**	**100 %**
Credit risk	869	32 %	857	22 %
Investment risk	42	2 %	42	1 %
Market-price risk	406	15 %	502	13 %
Liquidity risk	113	4 %	102	3 %
Operational risk	75	3 %	75	2 %
Other[2]	– 205	– 7 %	– 103	– 3 %
Total risk potential	**1 300**		**1 476**	
Risk capital utilisation		**47 %**		**38 %**

[1] Total differences are rounding differences.
[2] Includes adjustment items for the comparison between the regulatory and economic loss expectations.

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

Credit Risk

The maximum default risk amount for on-balance-sheet and off-balance-sheet financial instruments fell further in the first three months of 2014. The reduction is primarily due to loans and advances to customers and banks, financial assets and irrevocable credit commitments.

Risk-bearing financial instruments (in € million)	Maximum default risk 31 Mar. 2014	Maximum default risk 31 Dec. 2013
Loans and advances to banks	26 485	27 478
Loans and advances to customers	103 321	105 416
Adjustment item for financial instruments hedged in the fair value hedge portfolio	– 96	– 171
Financial assets at fair value through profit or loss	14 279	13 541
Positive fair values from hedge accounting derivatives	4 317	3 872
Financial assets	45 809	47 043
Sub-total	**194 115**	**197 179**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	16 231	17 081
Total	**210 346**	**214 260**

The total exposure used for internal control rose in the period under review from € 213 billion to € 217 billion. The increase is due to the consideration of loans and advances to central counterparties and clearing brokers (financing institutions/insurance companies) required by CRR. Without this effect the total exposure would have fallen by € 2 billion.

The quality of the NORD/LB Group's credit portfolio has hardly changed in the first few months of 2014. The share of non-performing loans as at the reporting date is 3.6 per cent (3.7 per cent).

The Rating Structure table shows the breakdown of the total exposure in the NORD/LB Group by rating class and product type. The share of items in the rating category "Very good to good" remains at a high level at 76 per cent (75 per cent) as at 31 March 2014. This is explained in particular by the significance of business conducted with financing institutions and public authorities and is at the same time a reflection of the risk policy of the NORD/LB Group.

Rating structure [1) 2)] (in € million)	Loans [3)] 31 Mar. 2014	Securities [4)] 31 Mar. 2014	Derivates [5)] 31 Mar. 2014	Other [6)] 31 Mar. 2014	Total exposure 31 Mar. 2014	Total exposure 31 Dec. 2013
Very good to good	99 821	40 547	9 964	14 453	164 785	158 669
Good/satisfactory	12 928	2 110	891	1 247	17 176	17 826
Reasonable/satisfactory	8 358	889	396	1 017	10 659	11 565
Increased risk	6 257	864	263	412	7 797	9 047
High risk	3 121	226	43	110	3 500	3 357
Very high risk	4 728	192	77	40	5 037	4 466
Default (= NPL)	7 663	6	22	58	7 750	7 770
Total	**142 877**	**44 833**	**11 656**	**17 336**	**216 703**	**212 698**

1) The allocation is made based on the IFD rating classes.
2) Total differences are rounding differences.
3) Includes utilised and committed loans, sureties, guarantees and other non-derivative off balance sheet assets, whereby, as in the internal reporting, the irrevocable credit commitments are generally included at 43 per cent (43 per cent) and revocable credit commitments at 38 per cent (38 per cent). The conversion factors are validated annually.
4) Includes the own stocks of securities issued by third parties (banking book only).
5) Includes derivative financial instruments such as financial swaps, options, futures, forward rate agreements and currency transactions.
6) Includes other products such as transmitted loans and loans administered for third-party account.

The breakdown of total exposure by industry shows that business conducted with financing institutions and with public authorities accounts for 59 per cent (58 per cent) and still constitutes a significant share of the total exposure.

Industries [1] [2] (in € million)	Loans [3] 31 Mar. 2014	Securities [4] 31 Mar. 2014	Derivates [5] 31 Mar. 2014	Other [6] 31 Mar. 2014	Total exposure 31 Mar. 2014	Total exposure 31 Dec. 2013
Financing institutes / insurance companies	41 220	24 343	7 637	9 347	82 547	76 076
Service industries / other	59 377	18 168	2 221	1 826	81 592	83 071
– Of which: Land, housing	18 502	–	427	448	19 377	19 078
– Of which: Public administration	26 114	17 812	1 410	191	45 527	47 571
Transport / communications	22 367	790	496	259	23 912	24 762
– Of which: Shipping	15 900	0	165	76	16 141	16 395
– Of which: Aviation	3 505	–	10	0	3 515	4 009
Manufacturing industry	5 434	624	499	245	6 802	6 739
Energy, water and mining	8 240	760	524	4 271	13 795	13 645
Trade, maintenance and repairs	3 521	77	179	301	4 078	4 236
Agriculture, forestry and fishing	774	26	6	1 014	1 820	1 851
Construction	1 945	45	95	74	2 158	2 318
Total	**142 877**	**44 833**	**11 656**	**17 336**	**216 703**	**212 698**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] to [6] See the previous chart on the rating structure.

The breakdown of the entire credit exposure by region shows that the eurozone accounts for a high share of 84 per cent (84 per cent) of total exposure and remains by far the most important business region of the NORD/LB Group. Germany's share is 69 per cent (69 per cent).

Regions [1] [2] (in € million)	Loans [3] 31 Mar. 2014	Securities [4] 31 Mar. 2014	Derivates [5] 31 Mar. 2014	Other [6] 31 Mar. 2014	Total exposure 31 Mar. 2014	Total exposure 31 Dec. 2013
Euro countries	120 526	38 018	7 469	16 705	182 719	179 482
– Of which: Germany	104 972	24 682	4 478	15 694	149 827	145 928
Other Europe	8 731	2 826	2 905	437	14 899	13 938
North America	5 526	2 577	1 084	184	9 371	9 712
Middle and South America	2 413	144	12	0	2 569	2 564
Middle East / Africa	1 131	–	4	0	1 135	1 191
Asia / Australia	4 550	1 268	183	10	6 011	5 811
Total	**142 877**	**44 833**	**11 656**	**17 336**	**216 703**	**212 698**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] to [6] See the previous chart on the rating structure.

The exposure in Greece, Ireland, Italy, Portugal and Spain, in particular to financing institutes and insurance companies, reduced further in the first three months of 2014 and is now € 9.9 billion (€ 10.3 billion). Their share in the total exposure remains at 5 per cent. The share of receivables owed by the respective countries, regional governments and municipalities is € 2.7 billion (€ 2.8 billion) and still 1 per cent of the total exposure.

Exposure in selected European countries [1] [2] (in € million)	Greece		Ireland		Italy		Portugal		Spain		Total	
	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013	31 Mar. 2014	31 Mar. 2013
Sovereign Exposure	0	0	287	289	1 762	1 792	351	350	347	344	2 747	2 774
– Of which: CDS	–	–	184	184	36	73	193	193	–	–	413	449
Financing institutes / insurance companies	–	–	554	568	1 071	1 272	292	292	2 039	2 099	3 956	4 232
Corporates / Other	220	224	2 254	2 262	122	133	142	144	465	488	3 204	3 252
Total	**220**	**225**	**3 094**	**3 120**	**2 955**	**3 197**	**786**	**786**	**2 851**	**2 931**	**9 907**	**10 258**

[1] The figures are reported, as in the internal reporting, by the country in which the borrower is legally domiciled.
[2] Total differences are rounding differences.

The NORD/LB Group has an exposure of € 1.1 million in Cyprus in the Corporates category. This primarily concerns a ship exposure whose economic risk lies outside of Cyprus. The NORD/LB Group does not have any sovereign exposure or exposure to financing institutes and insurance companies in Cyprus.

In Hungary the NORD/LB Group has an exposure of € 417 million (€ 325 million sovereign exposure, € 42 million financing institutes and insurance companies, € 50 million corporates / others) and in Slovenia € 55 million (€ 30 million sovereign exposure, € 25 million financing institutes and insurance companies). The exposure in Egypt and Ukraine is of minor significance.

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

Sovereign Exposure in selected countries by maturity [1] [2] (in € million)	Greece 31 Mar. 2014	Ireland 31 Mar. 2014	Italy 31 Mar. 2014	Portugal 31 Mar. 2014	Spain 31 Mar. 2014	Total 31 Mar. 2014
Up to 1 year	–	–	113	10	94	217
More than 1 up to 5 years	–	84	369	127	221	801
More than 5 years	0	203	1 280	214	31	1 728
Total	**0**	**287**	**1 762**	**351**	**347**	**2 747**

[1] The figures are reported, as in the internal reporting, by the country in which the borrower is legally domiciled.
[2] Total differences are rounding differences.

In addition to direct exposure, the reported exposure also comprises indirect exposure (primarily credit default swaps). The calculation is based on utilisation (in the case of guarantees the nominal value and in the case of securities the carrying amount according to German Commercial Code (Handelsgesetzbuch (HGB)) and the credit equivalents resulting from derivatives (including add-ons and in consideration of netting). Irrevocable and revocable credit commitments are included in the total exposure, while securities against the NORD/LB Group are ignored.

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

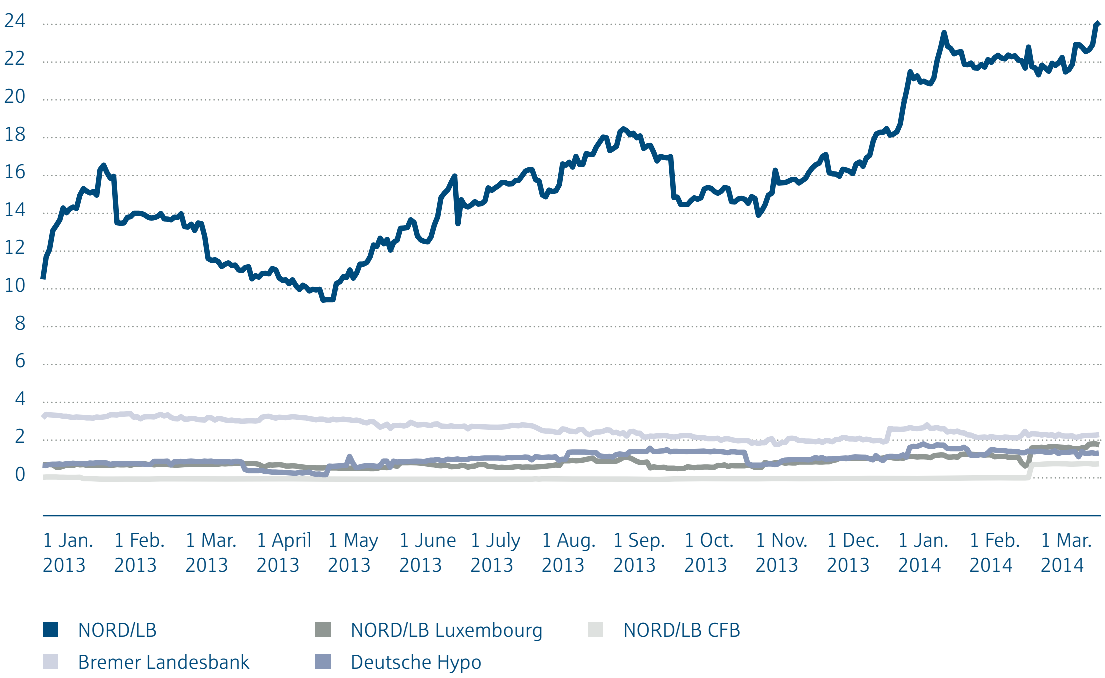
Market-Price Risk

The market-price risk of the NORD/LB Group (confidence level 95 per cent, holding period 250 days) was reduced in the first three months of 2014 from € 502 million to € 406 million. This reduction is mainly due to the following change in method: Due to the switch to regulatory capital based on IFRSs, adjustments also needed to be made to the credit spread risks, which are now included in the going-concern scenario at the level of the NORD/LB Group for portfolios in the IAS categories Held for Trading, Designated at Fair Value through Profit or Loss and Available for Sale (AfS). The credit spread risks for the AfS category are currently given a weighting of 40 per cent in accordance with the transition regulations for Basel III. Due to correlations in interest-rate risk, as a result of the switch the Group's total risk is reduced compared to the previous year.

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

There was also a change in the method for calculating the daily risk indicators (confidence level 95 per cent, holding period one day). Regarding the calculation of market-price risks in the risk-bearing capacity model, in the daily control process the Value-at-Risk (VaR) indicators are scaled using a stabilising correction factor, which is calculated using statistical long-term analyses of the significant market-price risk factors for the NORD/LB Group. In periods when the market is calm, the factor increases the VaR values by around 30 per cent at Group level, as at the reporting date. In the chart and table below, the switch from 1 January 2014 is included in the risk calculations.

VALUE-AT-RISK (95 PER CENT, 1 DAY) (in € million)



Between early January and late March, the daily total Value-at-Risk (VaR) calculated for the significant Group companies from a risk point of view (confidence level of 95 per cent, holding period of one day) fluctuated between € 24 million and € 31 million, with an average Value-at-Risk of € 28 million. NORD/LB's portfolios clearly dominate the risk position and show an increase in risk in the first quarter. Besides the aforementioned change in method, the increase in risk is also due in particular to the change in correlations between the individual asset classes. The correlation effects within interest-rate risk that have a risk-reducing effect at Group level do not occur at individual institute level. Together with the implementation of the correction factor (which was implemented at Group level in 2013), an increase in the VaR is shown at individual institute level, although there is a fall in the correlate risk at Group level.

Market-price risks[1)] (in € 000)	Maximum		Average		Minimum		End-of year risk	
	1 Jan.– 31 Mar. 2014	1 Jan.– 31 Dec. 2013	1 Jan.– 31 Mar. 2014	1 Jan.– 31 Dec. 2013	1 Jan.– 31 Mar. 2014	1 Jan.– 31 Dec. 2013	31 Mar. 2014	31 Mar. 2013[2)]
Interest-rate risk (VaR 95 %, 1 day)	29 407	22 899	26 951	18 578	24 713	13 410	29 281	22 083
Currency risk (VaR 95 %, 1 day)	797	1 059	661	730	564	387	726	1 010
Share-price and fund-price risk (VaR 95 %, 1 day)	1 839	1 224	1 314	931	933	270	1 642	736
Volatility risk (VaR 95 %, 1 day)	653	1 361	503	648	342	298	578	384
Other add-ons	86	104	32	45	0	4	38	8
Total	**30 947**	**23 781**	**27 779**	**19 222**	**23 610**	**13 786**	**30 947**	**22 375**

1) Maximum, average and minimum risks are calculated on the basis of the VaR totals for the significant subsidiaries; end-of-year risks are consolidated figures.
2) The final results for 2013 have been calculated on consolidated basis.

The historical simulation method was used throughout the Group to calculate the VaR. The validation of the VaR model shows a further improvement in the number of backtesting exceptions in NORD/LB's banking book in the period under review. The remaining exceptions result primarily from fundamental risks, i. e. differences in the scope of movements in the various swap curves within the same currency leading to higher daily fluctuations in the cash value in the Treasury Division. Until the planned inclusion of these risks in the VaR model, a reserve item will be considered in the RBC model. The validation of the risk model in the NORD/LB Covered Finance Bank shows in addition that there is need for action regarding the risk assessment of bond options in the banking book. Until the utilisation of these options in the VaR model has been corrected, a conservative add-on amount will be calculated and added to the VaR of NORD/LB CFB.

For comparison purposes, the VaR is also calculated on the basis of regulatory parameters (confidence level 99 per cent, holding period ten days) and without a scaling factor. As at 31 March 2014 it is € 163 million (€ 148 million) in the NORD/LB Group. These figures also include, unlike the regulatory reporting, the interest rate and share-price risks in the banking book.

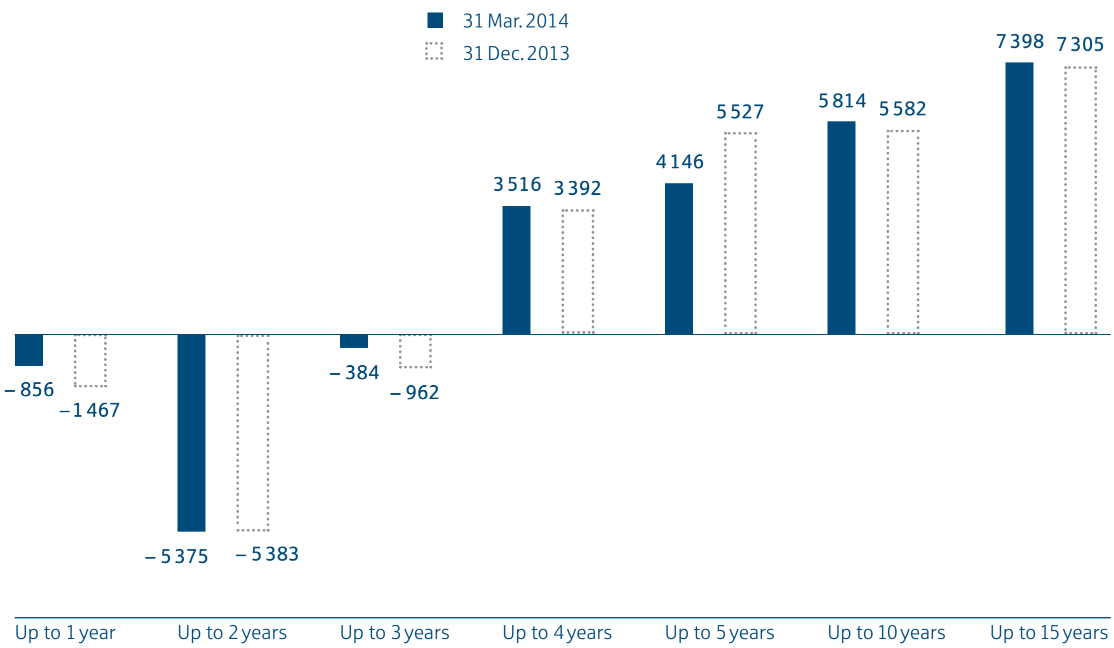
Liquidity Risk

The liquidity situation in the markets stabilised in the first three months of 2014 due to the measures taken by the EU states and the European Central Bank (ECB), but continues to be characterised by uncertainty with regard to the possible medium to long-term impact of the national debt crisis on the EU periphery countries and the development in Ukraine.

The cumulative liquidity maturity balance sheet shows as at 31 March 2014 hardly any changes in the liquidity situation. The NORD/LB Group had sufficient liquidity at all times in first three months of 2014. The liquidity risk limits derived from the risk-bearing capacity were complied with at all times at NORD/LB Group level; this applies for all currencies together and the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As at the reporting date, significant companies from a risk point of view hold securities in the amount of € 52 billion (€ 54 billion), 86 per cent (86 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve.

ACCUMULATED LIQUIDITY MATURITIES (in € million)



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

Operational Risk

The set-up of an integrated OpRisk management was continued in the first three months of 2014. The NORD/LB Group prepared in the first quarter of 2014 for the first time a joint, Group-wide Governance, OpRisk and Compliance Report which reports on the internal control system, compliance, operational risk and security.

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

Overall Assessment

The NORD/LB Group's development currently depends above all on the continuing uncertain developments in the shipping markets and the development of the euro countries. Risks may also emerge from the impending stress test by the ECB. In addition, the ongoing discussion about the EU periphery countries will have an impact on the future situation. However, the NORD/LB Group considers these effects to be manageable and will continue to monitor and analyse developments closely.

Beyond the above-mentioned risks, no new material risks can currently be identified. The NORD/LB Group has taken precautions to adequately account for all of the risks known to the Bank and considers itself to be well prepared for the upcoming challenges.

The good consolidated profit under the prevailing conditions achieved in 2013 forms the basis for the target for 2014, i.e. to beat the previous year's figure. In the NORD/LB Group the first three months have been satisfactory when compared to the plan and the previous year, and we still expect the targets to be achieved.

However, the challenges presented in previous years have not yet been overcome. In the first quarter of 2014 additional risk provisioning were made in particular for the shipping portfolio. In addition, the change in market parameters (including the USD/€ base spread) had a negative impact in the valuation effects in the profit/loss from financial instruments at fair value. As a result, the profit/loss for the first quarter cannot be extrapolated for the whole year.

Thanks to stable income and our proven, customer-oriented business model with its highly diversified sources of income, the NORD/LB Group expects that the targets set for the profit and service centres for 2014 will be met at the end of the year. As a result the consolidated profit should be higher than in the previous year, with the RoE and CIR improving accordingly. However, this assessment entails risks under the current conditions, such as the ongoing crisis in the shipping sector, cost-containment measures, a reduction in RWA and total assets and one-time expenses (reorganisation expenses, expenses for guarantees) and the debt crisis that has not yet been overcome.

In the current forecast income is slightly behind target, however, mixed developments have been recorded with the individual sources of income. Net interest income, profit/loss from hedge accounting and financial assets are above target, while net commission income and profit/loss from AFV financial instruments are currently behind target in the forecast for the end of 2014. Administrative expenses are within budget. The effects of the crisis in the shipping sector can still be seen in risk provisioning, although the NORD/LB Group considers the budgeted risk provisioning for 2014 to be adequate. Reorganisation expenses are lower in the current forecast than in the plan for 2014 as some of the costs for the state guarantees were already covered by a provision in the profit for 2013.

The regulatory capital will be largely determined in 2014 by the new requirements of the EU-CRR. However, taking into account these structural changes, NORD/LB still expects to meet in 2014 the minimum requirements of the EU-CRR and possible additional regulatory requirements concerning the required level of regulatory capital.

The NORD/LB Group continues to face strong competition from banks for deposits and for certain customer groups with the resulting pressure on margins, but there are also opportunities for new business and increasing margins due to the withdrawal of competitors and due to the Bank's good reputation. The NORD/LB Group will continue on a cautious path of upward development.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2014

31 Content
32 Income Statement
33 Statement of Comprehensive Income
34 Balance Sheet
36 Condensed Statement of Changes in Equity
36 Condensed Cash Flow Statement
37 Selected Notes
40 Segment Reporting
78 Statements Relating to the Future

Interim Consolidated Financial Statements 29

Income Statement 32

Statement of Comprehensive Income 33

Balance Sheet 34

Condensed Statement of Changes in Equity 36

Condensed Cash Flow Statement 36

Selected Notes 37

General Disclosures **37**

(1) Principles for preparing the Interim consolidated financial statements 37

(2) Accounting policies 37

(3) Adjustment of figures for the previous year 39

(4) Basis of consolidation 40

Segment Reporting **40**

(5) Segment reporting by business segment 44

Notes to the Income Statement **46**

(6) Net interest income 46

(7) Loan loss provisions 47

(8) Net commission income 47

(9) Profit/loss from financial instruments at fair value through profit or loss 48

(10) Profit/loss from hedge accounting 48

(11) Profit/loss from financial assets 49

(12) Administrative expenses 49

(13) Other operating profit/loss 50

(14) Reorganisation expenses 51

(15) Expenses for public guarantees related to reorganisation 51

(16) Income taxes 51

Notes to the Balance Sheet **52**

(17) Loans and advances to banks 52

(18) Loans and advances to customers 52

(19) Risk provisioning 53

(20) Financial assets at fair value through profit or loss 53

(21) Financial assets 54

(22) Investments accounted for using the equity method 54

(23) Property and equipment 54

(24) Intangible assets 55

(25) Other assets 55

(26) Liabilities to banks 55

(27) Liabilities to customers 56

(28) Securitised liabilities 56

(29) Financial liabilities at fair value through profit or loss 57

(30) Provisions 57

(31) Other liabilities 57

(32) Subordinated capital 57

Other Disclosures **58**

(33) Fair values of financial instruments 58

(34) Derivative financial instruments 66

(35) Disclosures concerning selected countries 67

(36) Regulatory data 69

(37) Contingent liabilities and other obligations 70

(38) Related parties 70

(39) Members of governing bodies 74

(40) Basis of consolidation 75

INCOME STATEMENT

	Notes	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013 (in € million)	Change (in %)
Interest income		2 275	2 597	– 12
Interest expense		1 783	2 099	– 15
Net interest income	6	**492**	**498**	**– 1**
Loan loss provisions	7	100	241	– 59
Commission income		70	67	4
Commission expense		30	31	– 3
Net commission income	8	**40**	**36**	**11**
Trading profit / loss		168	– 83	> 100
Profit / loss from the use of the fair value option		– 176	86	> 100
Profit / loss from financial instruments at fair value through profit or loss	9	**– 8**	**3**	**> 100**
Profit / loss from hedge accounting	10	13	– 15	> 100
Profit / loss from financial assets	11	35	40	– 13
Profit / loss from investments accounted for using the equity method		– 4	10	> 100
Administrative expenses	12	291	294	– 1
Other operating profit / loss	13	– 24	– 67	64
Earnings before reorganisation and taxes		**153**	**– 30**	**> 100**
Reorganisation expenses	14	– 10	– 5	– 100
Expenses for public guarantees related to reorganisation	15	10	11	– 9
Earnings before taxes		**133**	**– 46**	**> 100**
Income taxes	16	41	– 14	> 100
Consolidated profit		**92**	**– 32**	**> 100**
of which: attributable to the owners of NORD/LB		112	– 29	
of which: attributable to non-controlling interests		– 20	– 3	

STATEMENT OF COMPREHENSIVE INCOME

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

	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013[1] (in € million)	Change (in %)
Consolidated profit	**92**	**– 32**	**> 100**
Other comprehensive income that will not be reclassified subsequently to profit or loss			
Remeasurements of the net defined benefit liability	– 202	2	> 100
Changes in value investments accounted for using the equity method recognised directly in equit	– 5	– 1	> 100
Deferred taxes	64	–	–
	– 143	**1**	**> 100**
Other comprehensive income that will be reclassified subsequently to profit or loss			
Increase / decrease from available for sale (AfS) financial instruments			
Unrealised profit / losses	231	164	41
Transfer due to realisation profit / loss	2	3	– 33
Translation differences of foreign business units			
Unrealised profit / losses	2	15	– 87
Transfer due to realisation profit / loss	–	–	–
Changes in value investments accounted for using the equity method recognised	15	– 5	> 100
Deferred taxes	– 76	– 52	– 46
	174	**125**	**39**
Other profit / loss	**31**	**126**	**– 75**
Comprehensive income for the period under review	**123**	**94**	**31**
of which: attributable to the owners of NORD/LB	144	96	
of which: attributable to non-controlling interests	– 21	– 2	

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

BALANCE SHEET

Assets	Notes	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Cash reserve		762	1 311	– 42
Loans and advances to banks	17	26 490	27 481	– 4
Loans and advances to customers	18	105 614	107 661	– 2
Risk provisioning	19	– 2 298	– 2 248	– 2
Balancing items for financial instruments hedged in the fair value hedge portfolio		– 96	– 171	44
Financial assets at fair value through profit or loss	20	14 279	13 541	5
Positive fair values from hedge accounting derivatives		4 317	3 872	11
Financial assets	21	45 809	47 043	– 3
Investments accounted for using the equity method	22	312	306	2
Property and equipment	23	613	601	2
Investment property		102	101	1
Intangible assets	24	130	136	– 4
Current income tax assets		42	69	– 39
Deferred income taxes		744	741	–
Other assets	25	604	401	51
Total assets		**197 424**	**200 845**	**– 2**

Liabilities	**Notes**	**31 Mar. 2014 (in € million)**	**31 Dec. 2013 (in € million)**	**Change (in %)**
Liabilities to banks	26	55 558	59 181	– 6
Liabilties to customers	27	57 660	54 861	5
Securitised liabilities	28	45 765	50 228	– 9
Balancing items for financial instruments hedged in the fair value hedge portfolio		519	351	48
Financial liabilities at fair value through profit or loss	29	15 639	15 131	3
Negative fair values from hedge accounting derivatives		3 797	3 344	14
Provisions	30	4 699	4 303	9
Current income tax liabilities		115	116	– 1
Deferred income taxes		71	48	48
Other liabilities	31	636	379	68
Subordinated capital	32	4 674	4 713	– 1
Equity				
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		2 220	2 220	–
Revaluation reserve		267	122	> 100
Currency translation reserve		– 7	– 6	– 17
Equity capital attributable to the owners of NORD/LB		**7 419**	**7 275**	**2**
Equity capital attributable to non-controlling interests		872	915	– 5
		8 291	**8 190**	**1**
Total liabilities and equity		**197 424**	**200 845**	**– 2**

CONDENSED STATEMENT OF CHANGES IN EQUITY

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2014	**1 607**	**3 332**	**2 220**	**122**	**– 6**	**7 275**	**915**	**8 190**
Comprehensive income for the period under preview	–	–	–	145	– 1	144	– 21	123
Changes in the basis of consolidation	–	–	–	–	–	–	– 22	– 22
Equity as at 31 Mar. 2014	**1 607**	**3 332**	**2 220**	**267**	**– 7**	**7 419**	**872**	**8 291**

(in € million) [1]	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2013	**1 607**	**3 332**	**2 011**	**– 95**	**– 3**	**6 852**	**848**	**7 700**
Comprehensive income for the period under preview	–	–	– 27	124	– 1	96	– 2	94
Equity as at 31 Mar. 2013	**1 607**	**3 332**	**1 984**	**29**	**– 4**	**6 948**	**846**	**7 794**

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

The consolidation effects and other changes in equity mainly comprise transactions which result in changes in shareholdings without changing the consolidation method.

CONDENSED CASH FLOW STATEMENT

	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013 (in € million)	Change (in %)
Cash and cash equivalents as at 1 January	**1 311**	**665**	**97**
Cash flow from operating activities	– 502	– 21	> 100
Cash flow from investing activities	– 9	– 18	50
Cash flow from financing activities	– 38	– 113	66
Total cash flow	**– 549**	**– 152**	**> 100**
Effects of changes in exchange rates	–	3	– 100
Cash and cash equivalents as at 31 March	**762**	**516**	**48**

SELECTED NOTES

General Disclosures

(1) Principles for preparing the interim consolidated financial statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 31 March 2014 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). For requirements relating to interim financial statements in particular IAS 34 is applied. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2013.

The interim consolidated financial statements as at 31 March 2014 comprise the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes. The segment reporting is shown in the notes.

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

These interim consolidated financial statements were signed by the Managing Board on 20 May 2014 and approved for publication.

(2) Accounting policies

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

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

With the first quarter of 2014 the provisions for the bank levy will be adjusted in accordance with the interpretation of the Restructuring Fund Regulation (Restrukturierungsfonds-Verordnung, RstruktFV). As a result the provision for the bank levy will be recognised from 2014 on a pro-rata basis, while previously a provision was made in full at the start of the year.

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

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

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

The initial application of IFRS 10 with retrospective effect results in the changes disclosed in Note (4) Basis of consolidation.

- **IFRS 11 – Joint Arrangements**

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

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

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

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

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

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

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

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

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

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

  The application of the amendments to IAS 32 with retrospective effect do not have any effect on NORD/LB interim consolidated financial statements as at 31 March 2014.

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

  The application of this new rule had no effect on NORD/LB's interim consolidated financial statements as at 31 March 2014 .

- **IAS 28 (amended 2011) – Investments in Associates and Joint Ventures**
  The amended IAS 28 includes rules on the use of the equity method for the accounting of associates and joint ventures. This is primarily a consequential amendment to extend the scope in conjunction with IFRS 11.

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

- **Amendments to IAS 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 and new disclosure requirements were introduced for when there is an impairment or reversal of impairment and the recoverable amount has been calculated based on the fair value less the costs of the disposal.

  The amendment of IAS 36 does not have any effect on the interim consolidated financial statements as at 31 March 2014.

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

The facts stated in in Note (3) Adjustment of figures for the previous year result in additional changes.

(3) Adjustment of figures for the previous year

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

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

Part of the portfolio, which was reported in the past as equity attributable to the owners of NORD/LB, is now reported under non-controlling interests.

31 Mar. 2013 (in € million)	Prior to adjustment	Adjustment	After Adjustment
Comprehensive income for the period under review			
Retained earnings	– 32	5	– 27
Revaluation reserve	127	– 3	124
Of which: attributable to the owners of NORD/LB	94	2	96
Of which: capital attributable to non-controlling interests	–	– 2	– 2

The respective adjustments were also taken into account in the notes for the following items: Statement of Comprehensive Income and Condensed Statement of Changes in Equity

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the interim consolidated financial statements include 61 (31 December 2013: 50) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise a controlling influence in another manner. In addition 2 (31 December 2013: 1) joint ventures and 10 (31 December 2013: 10) associated companies are accounted for using the equity method.

Compared to 31 December 2013 the basis of consolidation has changed as follows:

Due to the initial application of IFRS 10, the following companies were included for the first time in the basis of consolidation. The companies are associated with credit commitments by the NORD/LB Group.

MS "Hedda Schulte" Shipping GmbH & Co. KG, Hamburg
Niraven B.V. Group, Amsterdam (6 companies)

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.

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

Information on the subsidiaries, joint ventures and associated companies included in the interim consolidated financial statements are shown in Note (40) Basis of consolidation.

Segment Reporting

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

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

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

In order to consider the increased equity requirements, since 2013 a capital securitisation level of 8 per cent of risk-weighted assets applies for calculating committed capital in the segments. 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. This segment also includes the business conducted by Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig.

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

Corporate Customers & Markets

The business segment includes, for the Corporate Customers Division, all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and in neighbouring regions, and in particular Agricultural Banking and Residential Housing. The Markets Division covers the Financial Markets activities performed in Germany, the foreign branches and in the Group companies on behalf of customers. The Savings Bank Network division covers transactions with the public sector; institutional business with associated savings banks and syndicated business transacted with associated savings banks are reported.

As a full-service provider, banking products and banking services are offered. The services include traditional transaction management, tailored business financing, management of interest and currency risk and solutions for company pension schemes. In the segment comprehensive solutions are developed for complex business financing and for the strategic positioning of corporate customers. This division also provides its customers with a professional, conceptual liquidity and risk management, measures for the structuring of equity and innovative financing instruments.

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

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

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

Energy and Infrastructure Customers

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

Ship and Aircraft Customers

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

Real Estate Banking Customers

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

Group Controlling / Others

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

Earnings after taxes in Group Controlling / Others totalled € 59 million in the first quarter of 2014.

Positive contributions were made by net interest income in the amount of € 66 million, and in particular approx. € 57 million from Financial Markets activities recorded here, approx. € 25 million from income from investments and financing not allocated to the segments and € – 16 million from consolidations. Also recognised in this segment under loan loss provisions are reversals, primarily of general valuation allowances, in the amount of approx. € 52 million.

Net commission income had a negative effect in the amount of € – 7 million. The profit / loss from financial instruments at fair value is negative in the amount of € 7 million due in particular to the central valuation effects reported here; positive factors such as interest-rate and credit-rating-induced valuation effects valuation effects with derivatives compensated for the negative impact of the narrowing of the USD / EUR base spread for currency derivatives and valuation losses in the fair value option following the improvement in NORD/LB's own credit spread. The profit / loss from hedge accounting had a positive effect in the amount of € 13 million.

Also reported in this segment are the effects from the profit / loss from financial assets (€ 35 million, in particular from the sale of AfS items) and the profit / loss from investments accounted for using the equity method (€ – 4 million). In other operating profit / loss (€ 0 million) the contributions from other Group companies (€ 9 million) and income from the Treasury Division (€ 4 million) compensated for the consolidation items.

Administrative expenses in this segment total € 70 million. Administrative expenses in this segment result in the amount of € 26 million from the Financial Markets activities reported here and € 13 million from other Group companies. Further administrative expenses (approx. € 54 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 € – 23 million.

Furthermore, in the first quarter of 2014 reorganisation expenses (€ 10 million) and expenses related to public guarantees for reorganisation (€ 10 million) were incurred.

Reconciliations

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

(5) Segment reporting by business segment

31 Mar. 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	72	127	42	115	61	66	9	493
Loan loss provisions	–	6	– 9	151	7	– 52	– 2	100
Net interest income after loan loss provisions	**72**	**121**	**51**	**– 36**	**54**	**119**	**10**	**392**
Net commission income	5	25	13	10	2	– 7	– 9	40
Profit/loss from financial instruments at fair value through profit or loss	1	– 4	– 1	4	1	– 7	– 2	– 9
Profit/loss from hedge accounting	–	–	–	–	–	13	–	13
Profit/loss from financial assets	2	–	–	–	–	35	– 2	35
Profit/loss from investments accounted for using equity method	–	–	–	–	–	– 4	–	– 4
Administrative expenses	84	71	20	30	16	70	– 1	291
Other operating profit/loss	– 20	1	1	– 1	–	–	– 6	– 24
Profit/loss before reorganisation and taxes	**– 24**	**72**	**44**	**– 53**	**42**	**79**	**– 7**	**153**
Reorganisation expenses	–	–	–	–	–	– 10	–	– 10
Expenses for public guarantees related to reorganisation	–	–	–	–	–	10	–	10
Earnings before taxes (EBT)	**– 24**	**72**	**44**	**– 53**	**42**	**59**	**– 7**	**133**
Taxes	–	–	–	–	–	–	40	40
Consolidated profit	**– 24**	**72**	**44**	**– 53**	**42**	**59**	**– 48**	**92**
Segment assets	10 796	64 320	13 988	25 739	16 352	65 883	346	197 424
of which: investments at equity	–	–	–	–	–	312	–	312
Segment liabilities	11 236	45 873	2 938	4 705	552	130 184	1 937	197 424
Risk-weighted assets	4 799	17 865	7 138	40 844	10 375	13 599	– 27 812	66 809
Capital employed [1]	384	1 372	571	3 268	814	1 085	161	7 655
CIR	144.3 %	47.8 %	37.3 %	23.7 %	24.7 %			57.2 %
RoRaC/RoE [2]	– 19.8 %	19.5 %	26.5 %	– 6.5 %	17.8 %			6.9 %

31 Mar. 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	71	116	42	131	65	81	– 9	498
Loan loss provisions	2	– 8	– 1	151	24	73	1	241
Net interest income after loan loss provisions	**69**	**124**	**43**	**– 20**	**41**	**8**	**– 10**	**256**
Net commission income	6	23	13	10	3	– 7	– 12	36
Profit/loss from financial instruments at fair value through profit or loss	3	31	1	– 2	7	– 33	– 4	3
Profit/loss from hedge accounting	–	–	–	–	–	– 13	– 1	– 15
Profit/loss from financial assets	18	–	–	–	–	20	1	40
Profit/loss from investments accounted for using equity method	–	–	–	–	–	10	–	10
Administrative expenses	81	71	19	28	18	70	7	294
Other operating profit/loss	9	1	1	– 2	–	– 48	– 27	– 66
Profit/loss before reorganisation and taxes	**24**	**109**	**40**	**– 43**	**34**	**– 134**	**– 60**	**– 30**
Reorganisation expenses	–	–	–	–	–	– 5	–	– 5
Expenses for public guarantees related to reorganisation	–	–	–	–	–	11	–	11
Earnings before taxes (EBT)	**24**	**109**	**40**	**– 43**	**34**	**– 150**	**– 60**	**– 46**
Taxes	–	–	–	–	–	–	– 14	– 14
Consolidated profit	**24**	**109**	**40**	**– 43**	**34**	**– 150**	**– 45**	**– 32**
Segment assets	10 801	65 457	14 047	26 335	16 374	67 605	226	200 845
of which: investments at equity	–	–	–	–	–	306	–	306
Segment liabilities	11 145	43 364	2 952	4 974	733	136 330	1 346	200 845
Risk-weighted assets	5 762	15 279	7 205	40 620	14 832	16 633	– 23 031	77 300
Capital employed [1]	483	1 226	576	3 250	1 187	1 305	– 135	7 891
CIR	91.2 %	41.3 %	33.7 %	20.6 %	23.5 %			63.2 %
RoRaC/RoE [2]	20.2 %	29.8 %	21.1 %	– 5.3 %	10.7 %			– 2.3 %

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

(in € million)	31 Mar. 2014	31 Mar. 2013
Long-term equity under commercial law	7 655	7 891
Revaluation reserve	267	29
Silent participations in reported equity	369	– 127
Reported equity	**8 291**	**7 794**

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

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

Notes to the Income Statement

(6) Net interest income

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

	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	992	1 082	– 8
Interest income from debt securities and other fixed-interest securities	217	251	– 14
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	927	1 099	– 16
Interest income from fair value option	10	13	– 23
Current income			
from shares and other non fixed-interest securities	3	3	–
from investments	4	–	–
Interest income from other amortisations	122	148	– 18
Other interest income and similar income	–	1	– 100
	2 275	**2 597**	**– 12**
Interest expenses			
Interest expenses from lending and money market transactions	490	555	– 12
Interest expenses from securitised liabilities	214	326	– 34
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit/loss and hedge accounting derivatives	829	986	– 16
Interest expenses from fair value option	80	72	11
Interest expenses from subordinated capital	56	57	– 2
Interest expenses from other amortisations	90	83	8
Interest expenses from provisions and liabilities	18	18	–
Other interest expenses and similar expenses	6	2	> 100
	1 783	**2 099**	**– 15**
Total	**492**	**498**	**– 1**

(7) Loan loss provisions

	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowance	388	144	> 100
Reversal of lumpsum specific loan loss provisions	3	3	–
Reversal of general loan loss provisions	68	28	> 100
Reversal of provisions for lending business	12	30	– 60
Additions to receivables written off	9	6	50
	480	**211**	**> 100**
Expenses for provisions for lending business			
Allocation to specific valuation allowance	538	327	65
Allocation to lumpsum specific loan loss provisions	2	3	– 33
Allocation to general loan loss provisions	14	94	– 85
Allocation to provisions for lending business	24	20	20
Direct write-offs of bad debts	1	8	– 88
Premium payments for credit insurance	1	–	–
	580	**452**	**28**
Total	**100**	**241**	**– 59**

(8) Net commission income

	1 Jan.– 31 Mar. 2014 (in € million)	1 Jan.– 31 Mar. 2013 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	65	61	7
Commission income from non-banking transactions	5	6	– 17
	70	**67**	**4**
Commission expense			
Commission expense from banking transactions	17	19	– 11
Commission expense from non-banking transactions	13	12	8
	30	**31**	**– 3**
Total	**40**	**36**	**11**

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

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

	1 Jan.–31 Mar. 2014 (in € million)	1 Jan.–31 Mar. 2013 (in € million)	Change (in %)
Trading profit/loss			
Profit/loss from debt securities and other fixed-interest securities	45	10	> 100
Profit/loss from derivatives			
Interest-rate risks	78	– 82	> 100
Currency risks	– 31	– 18	– 72
Share-price and other price risks	3	7	– 57
Credit derivatives	25	2	> 100
	75	**– 91**	**> 100**
Profit/loss from receivables held for trading	41	– 2	> 100
Profit/loss from other trading transactions	–	2	– 100
	161	**– 81**	**> 100**
Foreign exchange result	6	– 3	> 100
Other income	1	1	–
	168	**– 83**	**> 100**
Profit/loss from the use of fair value option			
Profit/loss from receivables to customers and banks	5	– 3	> 100
Profit/loss from debt securities and other fixed-interest securities	22	– 9	> 100
Profit/loss from liabilties to banks and customers	– 175	128	> 100
Profit/loss from securitised liabilties	– 28	– 30	7
	– 176	**86**	**> 100**
Total	**– 8**	**3**	**> 100**

(10) Profit/loss from hedge accounting

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

	1 Jan.–31 Mar. 2014 (in € million)	1 Jan.–31 Mar. 2013 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	105	– 8	> 100
from derivatives employed as hedging instruments	– 111	11	> 100
	– 6	**3**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	– 127	13	> 100
from derivatives employed as hedging instruments	146	– 31	> 100
	19	**– 18**	**> 100**
Total	**13**	**– 15**	**> 100**

(11) Profit/loss from financial assets

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

	1 Jan. – 31 Mar. 2014 (in € million)	1 Jan. – 31 Mar. 2013 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**– 1**	**– 1**	**–**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	33	29	14
shares and other non fixed-interest securities	–	12	– 100
Other financial assets classified as AfS	–	– 1	100
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	2	–	–
shares and other non fixed-interest securities	–	– 1	100
Other financial assets classified as AfS	1	2	– 50
	36	**41**	**– 12**
Profit/loss from shares in companies (not consolidated)	**–**	**–**	**–**
Total	**35**	**40**	**– 13**

(12) Administrative expenses

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

	1 Jan. – 31 Mar. 2014 (in € million)	1 Jan. – 31 Mar. 2013 (in € million)	Change (in %)
Staff expenses	162	159	2
Other administrative expenses	111	115	– 3
Amortisation	18	20	– 10
Total	**291**	**294**	**– 1**

(13) Other operating profit/loss

	1 Jan. – 31 Mar. 2014 (in € million)	1 Jan. – 31 Mar. 2013 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	305	263	16
from insurance business	262	258	2
from other business	36	23	57
	603	**544**	**11**
Other operating expenses			
from allocation to provisions	509	465	9
from insurance business	88	84	5
from other business	30	62	– 52
	627	**611**	**3**
Total	**– 24**	**– 67**	**64**

Income from the reversal of provisions and expense from allocation to provisions primarily concern provisions relating to insurance business. The expense from allocation to provisions also includes an amount of € 9 million (€ 36 million) provided for the bank levy set in accordance with the Restructuring Fund Regulation.

Other operating income from insurance business is primarily the result of premium income ((€ 235 million (€ 231 million)) and income from insurance contracts (€ 4 million (€ 6 million)).

Income from other business includes income from the disposal of receivables (€ 15 million (€ 0 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 8 million (€ 10 million)), and income from the derecognition of other liabilities (€ 7 million (€ 0 million)).

Other operating expenses from insurance business mainly comprise indemnity expenses (€ 72 million (€ 66 million)) and expenses from deferred reinsurance contracts (€ 9 million (€ 12 million)).

Expenses from other business primarily include expenses from the derecognition of other liabilities (€ 7 million (€ 0 million)) and expenses to generate charter income from ships (€ 5 million (€ 7 million)).

The expenses from other business also include unscheduled depreciation in the amount of € 5 million (€ 0 million). This is the result of a fall in the market value of ships due to the crisis in the shipping market.

(14) Reorganisation expenses

Reorganisation expenses relate to measures aimed at securing the long-term future and maintaining the competitiveness of the NORD/LB Group, with its material costs and staff expenses being reported separately due to their importance. The need for reorganisation is related to the efficiency improvement programme launched in 2011 and a capital-boosting programme which is the result of EU requirements. The reorganisation expenses include in the amount of € 10 million (€ 4 million) expenses from the allocation made to reorganisation provisions for contracted agreements already concluded concerning the termination of contracts of employment.

(15) Expenses for public guarantees related to reorganisation

Expenses for public guarantees related to reorganisation concern the NORD/LB Group's capital-boosting programme. The reported amount of € 10 million (€ 11 million) is entirely attributable to the payment of a premium for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt and associated expenses for services.

(16) Income taxes

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

Notes to the balance sheet

(17) Loans and advances to banks

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	3 573	4 415	– 19
Foreign banks	2 731	2 172	26
	6 304	**6 587**	**– 4**
Other loans and advances			
German banks			
Due on demand	1 052	1 253	– 16
With a fixed term or period of notice	15 681	15 803	– 1
Foreign Banks			
Due on demand	1 495	1 823	– 18
With a fixed term or period of notice	1 958	2 015	– 3
	20 186	**20 894**	**– 3**
Total	**26 490**	**27 481**	**– 4**

(18) Loans and advances to customers

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Loans and advances to customers resulting from money market transactions			
Domestic customers	1 126	1 846	– 39
Customers abroad	65	14	> 100
	1 191	**1 860**	**– 36**
Other loans and advances			
Domestic customers			
Due on demand	3 176	3 296	– 4
With a fixed term or period of notice	74 926	75 896	– 1
Customers abroad			
Due on demand	541	431	26
With a fixed term or period of notice	25 780	26 178	– 2
	104 423	**105 801**	**– 1**
Total	**105 614**	**107 661**	**– 2**

(19) Risk provisioning

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Specific valuation allowance	1 861	1 756	6
Lumpsum specific loan loss provisions	13	14	– 7
General loan loss provisions	424	478	– 11
Total	**2 298**	**2 248**	**2**

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

	Specific valuation allowance		Lumpsum specific loan loss provisions		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
1 January	**1 756**	**1 493**	**14**	**19**	**478**	**437**	**124**	**136**	**2 372**	**2 085**
Allocations	538	327	2	3	14	94	24	20	578	444
Reversals	388	144	3	3	68	28	12	30	471	205
Utilisation	41	118	–	–	–	–	–	–	41	118
Unwinding	18	20	–	–	–	–	–	–	18	20
Effects of changes of foreign exchange rates and other changes	14	3	–	–	–	–	– 8	–	6	3
31 March	**1 861**	**1 541**	**13**	**19**	**424**	**503**	**128**	**126**	**2 426**	**2 189**

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

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	3 361	3 551	– 5
Shares and other non fixed-interest securities	47	46	2
Positive fair values from derivatives	7 202	6 603	9
Trading portfolio claims	2 396	2 320	3
	13 006	**12 520**	**4**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	251	246	2
Debt securities and other fixed-interest securities	1 012	765	32
Shares and other non fixed-interest securities	10	10	–
	1 273	**1 021**	**25**
Total	**14 279**	**13 541**	**5**

(21) Financial assets

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

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

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Financial assets classified as LaR	**3 068**	**3 117**	**– 2**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	41 549	42 917	– 3
Shares and other non fixed-interest securities	709	536	32
Shares in companies (not consolidated)	356	348	2
Other financial assets classified as AfS	127	125	2
	42 741	**43 926**	**– 3**
Total	**45 809**	**47 043**	**– 3**

(22) Investments accounted for using the equity method

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Joint ventures	28	26	8
Associated companies	284	280	1
Total	**312**	**306**	**2**

(23) Property and equipment

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Land and buildings	339	343	– 1
Operating and office equipment	59	59	–
Ships	201	188	7
Other property and equipment	14	11	27
Total	**613**	**601**	**2**

(24) Intangible assets

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Software			
Purchased	19	20	– 5
Internally developed	58	64	– 9
	77	**84**	**– 8**
Intangible assets under development	40	39	3
Other intangible assets	13	13	–
Total	**130**	**136**	**– 4**

(25) Other assets

The balance sheet item other assets includes assets relating to insurance business in the amount of € 175 million (€ 193 million). These primarily concern assets from outwards reinsurance.

(26) Liabilities to banks

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Deposits from other banks			
German banks	931	2 046	– 54
Foreign banks	396	183	> 100
	1 327	**2 229**	**– 40**
Liabilities resulting from money market transactions			
German banks	17 188	18 128	– 5
Foreign banks	8 156	7 809	4
	25 344	**25 937**	**– 2**
Other liabilities			
German banks			
Due on demand	1 968	2 671	– 26
With a fixed term or period of notice	22 011	22 374	– 2
Foreign banks			
Due on demand	1 729	2 037	– 15
With a fixed term or period of notice	3 179	3 933	– 19
	28 887	**31 015**	**– 7**
Total	**55 558**	**59 181**	**– 6**

(27) Liabilities to customers

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 523	1 558	– 2
Customers abroad	17	18	– 6
With an agreed notice period of more than three months			
Domestic customers	318	343	– 7
Customers abroad	2	2	–
	1 860	**1 921**	**– 3**
Liabilities resulting from money market transactions			
Domestic customers	11 878	8 164	45
Customers abroad	1 767	2 172	– 19
	13 645	**10 336**	**32**
Other liabilities			
Domestic costumers			
Due on demand	11 519	11 738	– 2
With a fixed term or period of notice	28 701	29 311	– 2
Customers abroad			
Due on demand	688	692	– 1
With a fixed term or period of notice	1 247	863	44
	42 155	**42 604**	**– 1**
Total	**57 660**	**54 861**	**5**

(28) Securitised liabilities

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Issued debt securities			
Pfandbriefe	9 586	8 947	7
Municipal debentures	13 146	13 417	– 2
Other debt securities	21 261	25 730	– 17
	43 993	**48 094**	**– 9**
Money market instruments			
Commercial paper	1 583	1 790	– 12
Certificates of deposit	189	344	– 45
	1 772	**2 134**	**– 17**
Total	**45 765**	**50 228**	**– 9**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities in the amount of € 4,846 million (€ 6,984 million).

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

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	6 551	6 178	6
Delivery obligations from short-sales	248	110	> 100
	6 799	**6 288**	**8**
Financial liabilities designated at fair value			
Liabilities to banks and customers	5 808	5 680	2
Securitised liabilities	3 007	3 138	– 4
Subordinated capital	25	25	–
	8 840	**8 843**	**–**
Total	**15 639**	**15 131**	**3**

(30) Provisions

	31 Mar. 2014 (in € million)	31 Mar. 2013 (in € million)	Change (in %)
Provisions for pensions and other obligations	2 170	1 955	11
Other provisions	2 529	2 348	8
Total	**4 699**	**4 303**	**9**

Other provisions include provisions for insurance contracts in the amount of € 2,113 million (€ 1,943 million) and provisions for reorganisation measures in the amount of € 11 million (€ 12 million).

(31) Other liabilities

The balance sheet item other liabilities includes liabilities from insurance contracts in the amount of € 44 million (€ 44 million). These contain liabilities from direct insurance and reinsurance contracts to the amount of € 4 million (€ 4 million).

(32) Subordinated capital

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Subordinated liabilities	3 555	3 540	–
Participatory capital	184	209	– 12
Silent participations	935	964	– 3
Total	**4 674**	**4 713**	**– 1**

Other disclosures

(33) Fair values of financial instruments

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

The respective level is determined by the input data used in the measurement and reflects the market proximity of the variables included in establishing the fair value. If input data from various levels of the 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.
Market data which forms the basis of risk controlling is generally applied for these Level 2 measurements.

For securities on the assets side for which there was no active market on 31 December 2013 and for which measurement could no longer be based on market prices, fair value was determined for measurement purposes in accordance with a mark-to-matrix method that was based on discounted cash flows. For discounted cash flow methods, all payments are discounted by the risk-free interest rate curve adjusted for the credit spread. Spreads are determined on the basis of comparable financial instruments (for example on consideration of the respective market segment and the issuers credit rating).

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

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

Level 3

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

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

For derivatives of OTC markets there are generally no listed prices available, the fair values are therefore established using other measurement methods. The fair values are initially measured using cash-flow models without taking into account the credit default risk. For the correct measurement of fair values, both the credit default risk of the counterparty (CVA) and the bank's own credit default risk (DVA) need to be considered. The credit default risk is considered by way of an add-on.

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

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

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

(in € million)	Fair Value	Carrying amount	Difference 31 Mar. 2014	Fair Value	Carrying amount	Difference 31 Dec. 2013
Assets						
Cash reserve	762	762	–	1 311	1 311	–
Loans and advances to banks	27 290	26 490	800	28 216	27 481	735
Loans and advances to customers	104 287	105 614	– 1 327	106 454	107 661	– 1 207
Risk provisioning	– [1]	– 2 298	–	– [1]	– 2 248	–
Sub-total of loans and advances to banks / customers (net after loan loss provisions)	**131 577**	**129 806**	**1 771**	**134 670**	**132 894**	**1 776**
Balancing items for financial instruments hedged in the fair value hedge portfolio	– [2]	– 96	–	– [2]	– 171	–
Financial assets at fair value through profit or loss	14 279	14 279	–	13 541	13 541	–
Positive fair values from hedge accounting derivatives	4 317	4 317	–	3 872	3 872	–
Financial assets not reported at fair value	2 798	3 068	– 270	2 864	3 164	– 300
Financial assets reported at fair value	42 741	42 741	–	43 879	43 879	–
Other assets not reported at fair value	18	18	–	17	17	–
Other assets reported at fair value	41	41	–	25	25	–
Total	**196 533**	**194 936**	**1 501**	**200 179**	**198 532**	**1 476**
Liabilities						
Liabilities to banks	56 390	55 558	832	59 836	59 181	655
Liabilties to customers	60 354	57 660	2 694	57 179	54 861	2 318
Securitsed liabilities	44 507	45 765	– 1 258	51 116	50 228	888
Balancing items for financial instruments hedged in the fair value hedge portfolio	– [2]	519	–	– [2]	351	–
Financial liabilities at fair value through profit or loss	15 639	15 639	–	15 131	15 131	–
Negative fair values from hedge accounting derivatives	3 797	3 797	–	3 344	3 344	–
Other liabilities not reported at fair value	64	64	–	44	44	–
Subordinated capital	5 055	4 674	381	5 037	4 713	324
Total	**185 806**	**183 676**	**2 649**	**191 687**	**187 853**	**4 185**

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

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

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

(in € million)	Level 1 31 Mar. 2014	Level 1 31 Dec. 2013	Level 2 31 Mar. 2014	Level 2 31 Dec. 2013	Level 3 31 Mar. 2014	Level 3 31 Dec. 2013	Total 31 Mar. 2014	Total 31 Dec. 2013
Assets								
Assets held for trading	1 491	1 569	11 380	10 935	135	16	13 006	12 520
Debt securities and other fixed-interest securities	1 444	1 519	1 917	2 032	–	–	3 361	3 551
Shares and other non fixed-interest securities	47	46	–	–	–	–	47	46
Positive fair values from derivatives	–	4	7 202	6 599	–	–	7 202	6 603
– Interest-rate risks	–	1	6 444	5 697	–	–	6 444	5 698
– Currency risks	–	3	574	720	–	–	574	723
– Share-price and other price risks	–	–	171	169	–	–	171	169
– Credit derivatives	–	–	13	13	–	–	13	13
Trading portfolio claims	–	–	2 261	2 304	135	16	2 396	2 320
Financial assets as at fair value through profit or loss	356	111	917	910	–	–	1 273	1 021
Loans and advances to banks and customers	–	–	251	246	–	–	251	246
Debt securities and other fixed-interest securities	346	101	666	664	–	–	1 012	765
Shares and other non fixed-interest securities	10	10	–	–	–	–	10	10
Positive fair values from hedge accounting derivatives	–	–	4 317	3 872	–	–	4 317	3 872
Positive fair values from employed micro fair value hedge derivatives	–	–	2 262	2 116	–	–	2 262	2 116
– Interest-rate risks	–	–	2 088	1 948	–	–	2 088	1 948
– Currency risks	–	–	174	168	–	–	174	168
Positive fair values from employed micro fair value hedge derivatives	–	–	2 055	1 756	–	–	2 055	1 756
– Interest-rate risks	–	–	2 055	1 756	–	–	2 055	1 756
Financial assets at fair value	10 196	9 259	32 057	34 213	488	407	42 741	43 879
Debt securities and other fixed-interest securities	9 479	8 681	31 981	34 147	89	57	41 549	42 885
Shares and other non fixed-interest securities	664	527	45	9	–	–	709	536
Shares in companies (not consolidated)	51	43	31	25	274	227	356	295
Other financial assets classified as AfS	2	8	–	32	125	123	127	163
Other assets recorded at for value	17	17	8	8	16	–	41	25
Total	**12 060**	**10 956**	**48 679**	**49 938**	**639**	**423**	**61 378**	**61 317**

(in € million)	Level 1 31 Mar. 2014	Level 1 31 Dec. 2013	Level 2 31 Mar. 2014	Level 2 31 Dec. 2013	Level 3 31 Mar. 2014	Level 3 31 Dec. 2013	Total 31 Mar. 2014	Total 31 Dec. 2013
Liabilities								
Trading liabilities	149	41	6 640	6 242	10	5	6 799	6 288
Negative fair values from derivatives relating to	3	4	6 538	6 169	10	5	6 551	6 178
– Interest-rate risks	1	2	6 143	5 664	6	–	6 150	5 666
– Currency risks	–	–	356	442	1	1	357	443
– Share-price and other price risks	2	2	1	1	–	–	3	3
– Credit derivatives	–	–	38	62	3	4	41	66
Delivery obligations from short-sales and other trading assets	146	37	102	73	–	–	248	110
Financial liabilities reported at fair value	54	100	8 780	8 735	6	8	8 840	8 843
Liabilities to banks and customers	–	–	5 808	5 680	–	–	5 808	5 680
Securitised liabilities	54	100	2 947	3 030	6	8	3 007	3 138
Subordinated capital	–	–	25	25	–	–	25	25
Negative fair values from hedge accounting derivatives	–	–	3 797	3 344	–	–	3 797	3 344
Negative fair values from employed micro fair value hedge derivatives	–	–	2 619	2 498	–	–	2 619	2 498
– Interest-rate risks	–	–	2 368	2 268	–	–	2 368	2 268
– Currency risks	–	–	251	230	–	–	251	230
Negative fair values from employed portfolio fair value hedge derivatives	–	–	1 178	846	–	–	1 178	846
– Interest-rate risks	–	–	1 178	846	–	–	1 178	846
Total	**203**	**141**	**19 217**	**18 321**	**16**	**13**	**19 436**	**18 475**

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

1 Jan.–31 Mar. 2014 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading						
Debt securities and other fixed-interest securities	3	–	43	–	–	–
Financial assets at fair value						
Debt securities and other fixed-interest securities	553	–	1 757	35	–	10
Designated financial liabilities reported at fair value						
Securitised liabilities	75	–	26	–	5	–

For asset-side financial instruments, a level assessment takes place on an individual transaction basis. As at the balance sheet date the transfers have been mostly between Level 1 and Level 2 compared to the previous end-of-year reporting date. This is the result of the application of HFA 47, i. e. the examination of market activity on an individual transaction basis. HFA 47 specifies how financial instruments are to be classified in the various levels. Accordingly, (mixed) prices calculated by price service agencies on the basis of reported prices are to be allocated to Level 2. Broker quotations have to come from an "active market" in order to be allocated to Level 1. If there are only a few broker quotations or if these involve big bid-ask spreads or price differences, it is assumed that there is no active market. The individual transfers from Level 2 to Level 3 are also based on a change in market activity, and as a result model prices have to be used here. Conversely, in some cases Level 3 valuations are not necessary because a matrix valuation is possible.

When measuring the bank's own structured issues (dFV), the use of market prices is reviewed as at the reporting date. Following this review, some issues generally move between Level 1 and 2 due to a change in trading activity. The transfer from Level 3 to Level 1 for one transaction is also based on this review of the market price as at the reporting date. Unlike on the previous reporting date when the issue was valued based on historical volatility and therefore categorised in Level 3, this time there was proof of sufficient market activity.

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

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

	Trading assets			
	Positive fair values from derivatives Credit derivatives		Loans and advances to trading and other trading assets	
(in € million)	2014	2013	2014	2013
1 January	**–**	**–**	**16**	**–**
Effect on the income statement [1)]	–	–	7	–
Addition from purchase or issuance	–	–	112	–
Addition from Level 1 and 2	–	1	–	–
31 March	**–**	**1**	**135**	**–**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1)]	–	–	7	–

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

(in € million)	Financial assets at fair value: Fixed-income and book entry securities 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]	–	–	–	–	2	– 1
Effect on the equity capital	5	2	6	5	–	–
Addition from purchase or issuance	2	–	41	–	–	–
Addition from Level 1 and 2	35	–	–	–	–	–
Disposal to Level 1 and 2	10	5	–	–	–	–
31 March	**89**	**57**	**274**	**222**	**125**	**145**
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement [1]	–	–	–	–	2	– 1

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

(in € million)	Other assets recorded at for value 2014	2013
1 January	**–**	**–**
Changes due to mergers	16	–
31 March	**16**	**–**

[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, (24) Profit/loss from financial instruments at fair value through profit or loss, (25) Profit/loss from hedge accounting, (26) Profit/loss from financial assets, (28) Administrative expenses and (29) Other operating profit/loss.

(in € million)	Trading liabilities: Negative fair values from derivatives relating to Interest-rate risks 2014	2013	Negative fair values from derivatives relating to Currency risks 2014	2013	Negative fair values from derivatives relating to Credit derivatives 2014	2013
1 January	**–**	**–**	**1**	**–**	**3**	**4**
Addition from purchase or issuance	6	–	–	–	–	–
Addition from Level 1 and 2	–	–	–	1	–	–
Disposal to Level 1 and 2	–	–	–	–	–	–
31 March	**6**	**–**	**1**	**1**	**3**	**4**

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

(in € million)	Designated financial liabilities reported at fair value Securitsed liabilities 2014	2013
1 January	**9**	**–**
Addition from purchase or issuance	2	1
Addition from Level 1 and 2	–	5
Disposal to Level 1 and 2	5	–
31 March	**6**	**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 (21) Net interest income and (24) Profit/loss from financial instruments at fair value through profit or loss.

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

Product	Fair value on balance sheet (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Asset Backed Securities	2.9	ABS-Intensity-Spread	21.2–2500 Basispoints	594 Basispoints
	–	Weighted-Average-Life (WAL)	0.05–21.7 years	7.1 years
Interest-bearing bonds	3.1	Intensity-Spread	13.6–211.8 Basispoints	60.3 Basispoints
Silent participations	109	Credit Spread	+/– 100 Basispoints	+/– 100 Basispoints
Derivatives	– 2.4	CDS-Ratingshift Factor	0–1 Rating Class	0.55 Rating Class
Derivatives	115.7	Rating	Rating Class (25er DSGV-Skala) 8–9	gemitteltes Rating 8.7

Significant unobservable data in the fair value measurement of ABS securities are the ABS intensity spread, which is derived from the rating and associated probability of default, and the weighted average life (WAL). Significant changes in the input data result in a significantly higher or lower fair value. As part of the sensitivity analysis, the ABS intensity spread and the WAL shift factor were stressed, with the rating being moved up and down a class and the WAL increased or reduced by one year. Accordingly an imputed change in the ABS intensity spread would result in a change in the fair values of ABS securities in Level 3 of € 0.5 million. The imputed change in the WAL shift factor would result in a change in the fair values of ABS securities in Level 3 of € 0.6 million.

Significant unobservable data in the fair value measurement of interest-bearing securities is the intensity spread, which is derived from the rating and associated probability of default. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the intensity spread was stressed in the measurement, with the rating being moved up and down a class. Accordingly an imputed change in the parameter would result in a change in the fair value of the interest-bearing securities in Level 3 of € 0.1 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 € 5 million.

Significant unobservable input data in the fair value measurement of derivates are the CDS rating shift factor and historic volatilities. Details concerning the sensitivity of historic volatilities are permissibly not given, as the historic volatilities are not calculated by the company itself, but are based on original market transactions. Significant changes in the CDS rating shift factor result in a significantly higher or lower fair value. As part of the sensitivity analysis, the CDS rating shift factor was stressed by being moved up and down a level. An imputed change in the CDS rating shift factor has not resulted in a change in the fair values of CDS in Level 3.

Significant unobservable data 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 not resulted in a significant change in the fair value of the loans in Level 3.

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

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

(34) Derivative financial instruments

	Nominal values		Fair value positive		Fair value negative	
(in € million)	31 Mar. 2014	31 Dec. 2013	31 Mar. 2014	31 Dec. 2013	31 Mar. 2014	31 Dec. 2013
Interest-rate risk	244 849	252 913	10 587	9 402	9 696	8 780
Currency risk	56 583	57 139	748	891	608	673
Share-price and other price risks	381	435	171	169	3	3
Credit risk	6 875	4 816	13	13	41	66
Total	**308 688**	**315 303**	**11 519**	**10 475**	**10 348**	**9 522**

(35) Disclosures concerning selected countries

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

(in € million)	Financial Instruments Held for Trading 31 Mar. 2014	Financial Instruments Held for Trading 31 Dec. 2013	Financial Instruments designated at Fair Value through Profit or Loss 31 Mar. 2014	Financial Instruments designated at Fair Value through Profit or Loss 31 Dec. 2013	Available for Sale Assets 31 Mar. 2014	Available for Sale Assets 31 Dec. 2013
Ireland						
Country	– 3	– 5	92	95	28	27
Financing institutes/ insurance companies	– 16	– 14	5	5	203	238
Companies/other	18	11	–	–	4	2
	– 1	**– 8**	**97**	**100**	**235**	**267**
Italy						
Country	12	–	233	221	1 334	1 274
Financing institutes/ insurance companies	7	– 5	–	–	697	832
Companies/other	2	2	–	–	38	43
	21	**– 3**	**233**	**221**	**2 069**	**2 149**
Portugal						
Country	– 9	– 19	–	–	176	164
Financing institutes/ insurance companies	11	9	–	–	126	126
Companies/other	–	–	–	–	22	21
	2	**– 10**	**–**	**–**	**324**	**311**
Slowenia						
Country	–	–	–	–	32	32
					32	**32**
Spain						
Country	– 6	–	–	–	348	329
Financing institutes/ insurance companies	62	33	–	–	1 588	1 586
Companies/other	9	7	–	–	23	30
	65	**40**	**–**	**–**	**1 959**	**1 945**
Hungary						
Country	– 1	– 1	–	–	195	189
Financing institutes/ insurance companies	–	–	–	–	41	41
	– 1	**– 1**	**–**	**–**	**236**	**230**
Cyprys						
Companies/other	12	13	–	–	–	–
	12	**13**	**–**	**–**	**–**	**–**
Total	**98**	**31**	**330**	**321**	**4 855**	**4 934**

For financial instruments categorised as available for sale with acquisition costs totalling € 4,691 million (€ 4,947 million), the cumulative valuation of the selected countries reported in equity totals € 158 million (€ 82 million). In addition to this, depreciation of € 0 million (€ 1 million) was recognised in the income statement for the period.

(in € million)	Loans and Receivables: Gross book value 31 Mar. 2014	Gross book value 31 Dec. 2013	Specific valuation allowances 31 Mar. 2014	Specific valuation allowances 31 Dec. 2013	General loan loss provisions 31 Mar. 2014	General loan loss provisions 31 Dec. 2013	Fair value 31 Mar. 2014	Fair value 31 Dec. 2013
Greece								
Companies/other	228	229	25	21	1	5	201	188
	228	**229**	**25**	**21**	**1**	**5**	**201**	**188**
Ireland								
Financing institutes/ insurance companies	248	270	–	–	2	3	244	263
Companies/other	1 882	1 862	–	–	3	3	1 898	1 873
	2 130	**2 132**	**–**	**–**	**5**	**6**	**2 142**	**2 136**
Italy								
Financing institutes/ insurance companies	103	111	–	–	–	–	82	86
Unternehmen/Sonstige	44	46	–	–	–	–	46	46
	147	**157**	**–**	**–**	**–**	**–**	**128**	**132**
Portugal								
Financing institutes/ insurance companies	12	12	–	–	1	1	12	12
Companies/other	34	35	–	–	–	–	34	35
	46	**47**	**–**	**–**	**1**	**1**	**46**	**47**
Slowenia								
Financing institutes/ insurance companies	25	25	–	–	–	–	25	25
	25	**25**	**–**	**–**	**–**	**–**	**25**	**25**
Spain								
Country	53	52	–	–	1	1	54	53
Financing institutes/ insurance companies	144	125	–	–	1	1	143	123
Companies/other	430	442	41	44	1	1	418	425
	627	**619**	**41**	**44**	**3**	**3**	**615**	**601**
Hungary								
Financing institutes/ insurance companies	2	3	–	–	–	–	2	3
Companies/other	48	47	–	–	–	–	48	47
	50	**50**	**–**	**–**	**–**	**–**	**50**	**50**
Cyprys								
Companies/other	1 128	1 156	15	16	20	20	909	928
	1 128	**1 156**	**15**	**16**	**20**	**20**	**909**	**928**
Total	**4 381**	**4 415**	**81**	**81**	**30**	**35**	**4 116**	**4 107**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 1,324 million (€ 1,446 million). Of this, states account for € 458 million (€ 495 million), financing institutions/insurance companies for € 865 million (€ 950 million) and companies/others for € 1 million (€ 1 million). This includes both nominal values where the Group acts as the provider of security and nominal values where the Group acts as the recipient of security. The netted fair value of these credit derivatives is € –24 million (€ –41 million).

Business with Egypt is of minor significance.

(36) 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 Mar. 2014	31 Dec. 2013
Risk-weighted assets	**66 809**	**68 494**
Capital requirements for credit risk	4 676	4 933
Capital requirements for operational risks	343	392
Capital requirements for market risks	165	155
Eigenmittelanforderungen for adjustments on principals	161	–
Capital requirements	**5 345**	**5 480**

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

(in € million)	31 Mar. 2014	31 Dec. 2013
Subscribed capital including premium	4 965	4 980
Reserves	2 389	2 063
Eligible components of core tier 1 capital at subsidiaries	788	–
Other components of core tier 1 capital	71	1 517
– Deductible items	– 2 127	–
Adjustments due to transition rules	1 336	–
Balancing item to prevent negative additional core capital	– 75	– 448
Common equity tier 1	**7 347**	**8 112**
Paid-in instruments of additional core capital	–	813
Components of additional core capital for portfolio protection	709	–
– Deductible items	–	– 1 261
Adjustments due to transition rules	– 784	–
Balancing item to prevent negative additional core capital	75	448
Additional tier 1	**–**	**–**
Tier 1 capital (going-concern)	**7 347**	**8 112**
Paid-in instruments of supplementary capital	1 853	2 846
Eligible components of supplementary capital at subsidiaries	807	–
Other components of supplementary capital	–	3
– Deductible items	– 1	– 1 150
Adjustments due to transition rules	– 701	–
Tier 2 capital (Supplementary capital)	**1 958**	**1 699**
Total regulatory capital (gone-concern)	**9 305**	**9 811**

(in %)	31 Mar. 2014	31 Dec. 2013
Common equity tier 1 ratio	11.00 %	11.84 %
Tier 1 capital ratio	11.00 %	11.84 %
Total regulatory capital ratio	13.93 %	14.32 %

(37) Contingent liabilities and other obligations

	31 Mar. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 645	6 779	– 2
Other obligations			
Irrevocable credit commitments	9 714	10 566	– 8
Total	**16 359**	**17 345**	**– 6**

(38) Related parties

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

31 Mar. 2014 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Assets						
Loans and advances to banks	**–**	**–**	**–**	**401**	**–**	**230**
of which: money market transcations	–	–	–	45	–	–
of which: loans	–	–	–	355	–	230
public-sector loans	–	–	–	–	–	13
other loans	–	–	–	355	–	217
Loans and advances to customers	**3 175**	**13**	**7**	**320**	**1**	**916**
of which: money market transcations	23	–	–	–	–	36
of which: loans	3 152	13	7	320	1	880
public-sector loans	3 095	–	–	16	–	820
mortage-backed loans	–	13	–	103	1	26
other loans	57	–	7	201	–	34
Financial assets at fair value through profit or loss	**170**	**–**	**–**	**49**	**–**	**99**
of which: Debt securities and other fixed-interest securities	112	–	–	–	–	–
of which: Positive fair values from derivatives	52	–	–	49	–	1
of which: Trading portfolio claims	6	–	–	–	–	98
Positive fair values from hedge accounting derivatives	**71**	**–**	**–**	**–**	**–**	**3**
Financial assets	**2 108**	**–**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	2 108	–	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	–	17	–	–
Other assets	**–**	**–**	**–**	**–**	**–**	**4**
Total	**5 524**	**13**	**7**	**787**	**1**	**1 252**

31 Mar. 2014 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**–**	**–**	**421**	**–**	**99**
of which: money market transcations	–	–	–	31	–	30
of which: deposits from other banks	–	–	–	390	–	69
Liabilities to customers	**1 154**	**32**	**48**	**287**	**2**	**305**
of which: money market transcations	779	17	–	22	–	126
Securitsed liabilities	**–**	**–**	**–**	**–**	**–**	**1**
Financial liabilities at fair value through profit or loss	**36**	**–**	**–**	**–**	**–**	**139**
of which: negative fair values from derivatives	9	–	–	–	–	15
Subordinated capital	**1**	**494**	**3**	**–**	**–**	**15**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**4**
Total	**1 191**	**526**	**51**	**708**	**2**	**563**
Guarantees / sureties received	541	–	–	–	–	–
Guarantees / sureties granted	–	1	1	7	–	8

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

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

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

1 Jan. – 31 Mar. 2013 (in € million)	Companies with a significant influence	Subsidaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Interest expense	40	49	–	36	–	16
Interest income	160	3	1	38	–	42
Commission expense	18	–	–	–	–	–
Commission income	–	–	–	–	–	–
Other income and expenses	– 136	–	–	– 13	– 5	13
Total	**– 34**	**– 46**	**1**	**– 11**	**– 5**	**39**

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

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

(39) Members of governing bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

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

Ulrike Brouzi

Thomas Bürkle
(since 1 January 2014)

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

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

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

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

Frank Berg
Chairman of the Managing Board,
OstseeSparkasse Rostock

Norbert Dierkes
Chairman of the Managing Board,
Sparkasse Jerichower Land

Edda Döpke
Bank employee,
NORD/LB Hannover

Ralf Dörries
Senior Vice President,
NORD/LB Hannover

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

Frank Hildebrandt
Bank employee,
NORD/LB Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Frank Klingebiel
Mayor, City of Salzgitter

Prof. Dr. Susanne Knorre
Management consultant

Ulrich Mädge
Mayor, City of Hansestadt Lüneburg

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

Heinrich von Nathusius
IFA ROTORION – Holding GmbH

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Jörg Reinbrecht
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut Mecklenburg-Western Pomerania

(40) Basis of consolidation

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
BLB Grundbesitz KG, Bremen	100.00	–
BLB Immobilien GmbH, Bremen	100.00	–
BLBI Investment GmbH & Co. KG, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	54.83
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover	–	100.00
KreditServices Nord GmbH, Braunschweig	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
Nieba GmbH, Hanover	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover	–	100.00
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB COVERED FINANCE BANK S.A., Luxembourg-Findel/Luxembourg	100.00	–
NORD/LB G-MTN S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/LB Asset Management AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
Öffentliche Facility Management GmbH, Braunschweig	100.00	–
Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig	–	75.00
Skandifinanz AG, Zurich/Switzerland	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
Special Purpose Entities included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg	–	–
Fürstenberg Capital II GmbH, Fürstenberg	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Dover (Delaware)/USA	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
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	–	–
Niraven B.V. Gruppe		
– Niraven B.V., Amsterdam	–	–
– Olympiaweg 4 BV, Amsterdam	–	–
– Rochussen CV, Amsterdam	–	–
– Rochussenstraat 125 BV, Amsterdam	–	–
– Zender CV, Amsterdam	–	–
– Zenderstraat 27 BV, Amsterdam	–	–
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–
„OLIVIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„OLYMPIA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PANDORA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PRIMAVERA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„QUADRIGA“ Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
Investment funds included in the consolidated financial statements		
NORD/LB AM 65	–	100.00
NORD/LB AM ALCO	–	100.00
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–

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

[1] Due to the joint management, this company is classified as a joint venture.
[2] Due to the "potential voting rights" of third parties, this company is classified as an associated company.

STATEMENTS RELATING TO THE FUTURE

This report contains statements relating to the future. 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 contain uncertainties since a number of factors which affect our business are beyond the sphere of influence of NORD/LB. These factors notably include developments in the financial markets and changes in interest rates and market prices. Actual results and developments may deviate considerably from current assumptions. NORD/LB does not assume any responsibility and nor does it intend to update these statements relating to the future or to adjust them in the event of developments which deviate from those that had been anticipated.

OTHER INFORMATION

80 Responsibility Statement

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 net assets, financial position and results of operations 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, 20 May 2014

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

NORD/LB

Financial calendar 2014

29 April 2014	Release of results as at 31 December 2013
27 May 2014	Release of results as at 31 March 2014
28 August 2014	Release of results as at 30 June 2014
27 November 2014	Release of results as at 30 September 2014

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

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

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

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

International branches
London, New York, Singapore, Shanghai

Representative offices
Moscow

Major holdings (alphabetical)
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale, Bremen und Oldenburg
Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover (Amsterdam, Frankfurt,
Hannover, Hamburg, London, München, Nürnberg, Paris)
Norddeutsche Landesbank Luxembourg S.A., Luxembourg

Die norddeutsche Art.

RESPONSIBLE BANKING

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