

Interim Report
as at 30 September 2014

NORD / LB
Die norddeutsche Art.



RESPONSIBLE BANKING

NORD/LB GROUP AT A GLANCE

	1 Jan.–30 Sep. 2014	1 Jan.–30 Sep. 2013	Change (in %)
In € million			
Net interest income	1 492	1 476	1
Loan loss provisions	464	642	- 28
Net commission income	124	124	-
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	104	54	93
Profit/loss from financial assets	66	2	> 100
Profit/loss from investments accounted for using the equity method	- 22	24	> 100
Administrative expenses	829	852	- 3
Other operating profit/loss	- 82	- 21	> 100
Earnings before reorganisation and taxes	389	165	> 100
Reorganisation expenses	- 24	- 24	-
Expenses for Public Guarantees related to Reorganisation	1	33	- 97
Earnings before taxes	364	108	> 100
Income taxes	113	- 4	> 100
Consolidated profit	251	112	> 100
Key figures in %			
Cost-Income-Ratio (CIR)	51.3	51.4	
Return-on-Equity (RoE)	6.7	1.9	

	30 Sep. 2014	31 Dec. 2013	Change (in %)
Balance figures in € million			
Total assets	197 304	200 823	- 2
Liabilities to customers	57 664	54 859	5
Loans and advances to customers	107 545	107 604	-
Equity	7 952	8 169	- 3
Regulatory key figures			
Core capital for solvency reasons in € million	7 271	8 112	- 10
Regulatory equity in € million	9 340	9 811	- 5
Risk-weighted assets in € million	68 313	68 500	-
Total regulatory capital ratio (in %)	13.67	14.32	
Common equity tier 1 ratio (in %)	10.64	11.84	

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

Rating agency	Rating	Date of rating
Moody's	A3/P-2/D	11 August 2014
Fitch Ratings	A/F1/bbb-	2 October 2014

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

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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 the core region with branches in Hamburg, Munich, Düsseldorf, Schwerin, London, New York, Shanghai and Singapore.

- 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., Luxembourg (hereafter NORD/LB Luxembourg),
- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (hereafter Deutsche Hypo),
- LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereafter LBS).

The Bank also holds other investments as shown in the disclosures of the notes. As at 30 September 2014, Öffentliche Lebensversicherung Braunschweig, Braunschweig, and Öffentliche Sachversicherung Braunschweig, Braunschweig (the latter two together being the Öffentliche Versicherungen Braunschweig or ÖVBS) are no longer fully consolidated. Further information on this can be found in the Notes to the Interim Report, Note (4) Basis of consolidation.

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 Hypothekbank 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) and at business segment level the return on risk-adjusted capital (RoRaC), the cost-income ratio (CIR) and earnings before taxes.

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

Risk Management

The risk management of the NORD/LB Group, the corresponding structures and procedures, the processes and methods implemented for measuring and monitoring risk and the risks to the Group's development were described in detail in the Annual Report 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 assigned to responsibility of the Operational Controlling and Risk Controlling 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 own 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

Germany

After the first half of 2014 had seen higher growth than in the two previous years, total production slowed in the third quarter. In particular industrial production fared very poorly in the months of July and August. However, distortions due to the late start of the summer holidays has made it much more difficult to interpret the data. The continual decline in the Ifo Business Climate Index in recent months and the economic expectations of the Centre for European Economic Research indicate that there will be a temporary slowdown in the second half of the year. In particular the increased geopolitical risks and low level of demand in the eurozone are currently having a negative impact on economic sentiment.

Eurozone

In the eurozone economic growth has slowed gradually during the course of the year. Growth remains slow due to structural reasons in particular in France and Italy, while Germany has of late not been able to live up to its reputation as the engine of economic growth. The high level of unemployment remains a negative factor in the single currency area. In the third quarter there was a further slight fall in the inflation rate, and in September it fell to its lowest level for five years at 0.3 per cent.

Global Economic Growth and the USA

Global economic growth has so far remained below expectations in 2014, even though compared to the previous year a moderate upward trend has been observed. Against the background of slow global production, global trade remains subdued. However, economic growth in the USA is positive, and the robust recovery is expected to continue in the second half of the year here. In China economic growth has risen slightly since the start of the year.

ECB decides to lower interest rates again and approves two new purchase programmes.

Financial Markets and Interest Rates

Increasing concerns about the very low level of inflation and the bleak economic prospects have forced the European Central Bank (ECB) to lower the base rates once again in September. The ECB's Governing Council has also approved two programmes to purchase covered bonds and asset-backed securities. Demand for the ECB's first targeted longer-term refinancing operations (TLTRO) among European banks has been restrained.

International share indices were under pressed in the third quarter.

In the bond markets the cautious economic and inflation outlook and speculation about further possible measures by the ECB have resulted in a further fall in the yields of German government bonds. At the same time, the spreads of the government bonds of other member states of the eurozone and German government bonds has narrowed significantly since the start of the year. Prices in the international share markets fell sharply in early August. Although this was followed by a brief rise, by the end of the quarter the markets had returned to a downward trend.

The US dollar has risen strongly against the euro since the mid-year point. Due in particular to the much better economic data in the USA than in the eurozone and the prospect of a less expansive US monetary policy at the same time as a more expansive ECB policy, the value of the euro has fallen from around \$ 1.37 to almost \$ 1.26 per euro.

The EUR/USD cross currency basis swap spread has again been more in the negative region, but compared to the mid-year point the fall in all terms monitored (two, five and ten years) was relatively moderate.

Aircraft

According to the International Air Transportation Organisation (IATA), global revenue passenger kilometres (RPK) increased in the first nine months of 2014 in the global market by 5.9 per cent. Above-average growth rates were achieved in the Middle East, Asia/Pacific and Latin America regions.

Compared to the previous year, the global freight market benefited from an improvement in demand conditions in some regions. Airfreight volume (measured in freight tonne kilometres sold, FTK) increased by 4.4 per cent in the first nine months of 2014 with Middle East freight carriers achieving above-average growth.

Shipping

In the first nine months of 2014 the shipping market was volatile as expected. In the bulker segment the significant fall in rates in the first half-year was partially compensated for in the third quarter. In the container segment the continuing intense competition was reflected in the fluctuating development of freight rates. The fall in the number of laid-up vessels despite the continuing delivery of new container ships is to be viewed as positive. Overall the slight consolidation continued in the sector. The ten-year "2M" cooperation between the two market-leading shipping lines went ahead. The French shipping line CMA/CGM reacted with the cooperation with the Chinese shipping line CSCL and the Arab shipping line UASC and Hamburg Süd shipping line surprises with the new alliance with UASC. The fall in oil prices has eased the situation in particular in the crude oil tanker segment. In the still popular cruise ship market the specialist shipyards dominated the headlines (takeovers and flotations).

Real Estate

Due to the high availability of equity and a favourable environment for borrowed finance, the high growth in the global and European investment markets for commercial real estate continued in the first three quarters of 2014.

The German investment market also continued to enjoy high growth despite the geopolitical developments. Responsible for the sustained boom in demand is the historically unprecedented situation of low interest rates with at the same time slightly rising rents and capital values.

SIGNIFICANT EVENTS

NORD/LB has passed the EU-wide bank stress test, the results of which were published on the 26 October 2014. The minimum requirements for the common equity tier 1 (CET 1) ratio of 8 per cent in the Baseline Scenario and 5.5 per cent in the Adverse Scenario were well exceeded with scores of 10.93 per cent and 8.77 per cent respectively.

NORD/LB has passed the EU-wide bank stress test definetely.

NORD/LB views these results as proof of the robustness of its business model, with the effects of the shipping crisis having been more than compensated for by successes in other asset classes. They are also attributable to the conservative risk policy, which has already proven to be successful in the past during for example the financial crisis.

Irrespective of the results of the stress test, NORD/LB will continue its policy of consistently making valuation allowances and boosting its capital by its own efforts.

REPORT ON THE EARNINGS, ASSETS AND FINANCIAL POSITION

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

NORD/LB closes first nine months of 2014 with earnings before taxes of € 363 million.

Earnings Position

Earnings before taxes for the nine months of the financial year 2014 totalled € 363 million.

The figures for the income statement are summarised as follows:

(in € million)	1 Jan.–30 Sep. 2014	1 Jan.–30 Sep. 2013 ¹⁾	Change (in %)
Net interest income	1 492	1 476	1
Loan loss provisions	464	642	- 28
Net commission income	124	124	-
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	104	54	93
Profit/loss from financial assets	66	2	> 100
Profit/loss from investments accounted for using the equity method	- 22	24	> 100
Administrative expenses	829	852	- 3
Other operating profit/loss	- 82	- 21	> 100
Earnings before reorganisation expenses and taxes	389	165	> 100
Reorganisation expenses	- 24	- 24	-
Expenses for public guarantees related to reorganisation	1	33	- 97
Earnings before taxes	364	108	> 100
Income taxes	113	- 4	> 100
Consolidated profit	251	112	> 100

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

Net interest income has increased compared to the previous year by € 16 million to € 1,492 million. With interest rates remaining low in money and capital markets, interest expenses were reduced by more than interest income. The fall in interest income from lending and money market transactions is largely due to the continued low interest rates and reduced volume of loans and advances to banks and the reduction of the bank's security portfolios. Interest expenses were also reduced due to improved refinancing options (interest rates). Interest income and interest expenses from financial instruments at fair value through profit or loss also declined.

The expense for **loan loss provisions** has fallen significantly compared to the same period of the previous year by € 178 million to € 464 million. Compared to the same period of the previous year allocations to specific valuation allowances have risen by € 118 million, but conversely the amount of valuation allowances reversed has increased compared to the previous period by € 186 million. Allocations to general valuation allowances have also risen, by € 88 million, although the amount of valuation allowances reversed has increased compared to the previous period by € 141 million. Both of these improvements in earnings are mainly attributable to ship finance. Sharp drop in net expense for loan loss provisions, in particular for ship finance.

Net commission income is stable compared to the previous year and totals € 124 million.

Risk provisioning greatly reduced in particular in the area of ship finance.

Profit/loss from financial instruments at fair value through profit or loss including hedge accounting totals € 104 million and has risen by € 50 million compared to the previous year. This effect is mainly attributable to an increase in trading profit compared to the previous year and an increase in the profit from hedge accounting, which more than compensated for the negative contribution to earnings from the fair value option. The trading profit/loss was affected by the positive development in valuation gains/losses and realised profits/losses for debt securities and bonded loans as well as interest derivatives due to the fall in EUR interest rates compared to the previous year. The widening of the EUR/USD base spread has resulted in an increase in income from currency derivatives. The profit/loss from the use of the fair value option is affected significantly by inverse interest-induced effects compared to the trading profit/loss and fell to € – 459 million. The development of profit/loss from hedge accounting is partly attributable to an adjustment of the valuation method in line with market practice. This has resulted in a smaller balancing item for changes in values between the underlying and hedging transactions used in hedge accounting.

The **profit/loss from financial assets** is € 66 million and therefore € 64 million above the previous year's figure. This is mainly due to an increase of € 29 million income from Available für Sale (AfS) securities. The income drivers here are the € 12 million increase in the proceeds of disposals and the € 17 million drop in valuation allowances. The profit/loss from financial assets classified as Loans and Receivables (LaR) is € 24 million above the previous year's figure, which was affected by a valuation allowance. The profit/loss from shares in non-consolidated companies has risen due to a write-down by € 11 million.

Due in particular to a write-down at an affiliated company, the **profit/loss from investments accounted for using the equity method** has reduced compared to the previous year by € 46 million to € – 22 million.

Administrative expenses have fallen compared to the previous year by € 23 million to € 829 million. This fall is attributable to a reduction in depreciation and non-staff-related administrative expenses, in particular IT and communication expenses.

Other operating profit has fallen compared to the previous year by € 61 million. This development is primarily due to a rise in net allocations to provisions in insurance business. A reduction in income from the disposal of receivables and an increase in expenses from the redemption of issued debt securities have also had a negative effect on the earnings performance.

Other operating profit/loss negatively affected by insurance business.

The **reorganisation expenses** of € – 24 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 attributable to the payment of a premium for a guarantee provided by the states of Lower Saxony and Saxony-Anhalt and the partial reversal of a provision made in the previous year.

Income taxes correspond with earnings before taxes. Special tax effects were not considered.

Assets and Financial Position

(in € million)	30 Sep. 2014	31 Dec. 2013 ¹⁾	Change (in %)
Loans and advances to banks	25 099	27 481	- 9
Loans and advances to customers	107 545	107 604	-
Risk provisioning	- 2 594	- 2 246	- 15
Financial assets at fair value through profit or loss	15 445	13 541	14
Positive fair values from hedge accounting derivatives	3 861	3 872	-
Financial assets	45 242	47 043	- 4
Shares in investments accounted for using the equity method	344	306	12
Other assets	2 362	3 222	- 27
Total assets	197 304	200 823	- 2
Liabilities to banks	58 690	59 181	- 1
Liabilities to customers	57 664	54 859	5
Securitised liabilities	42 301	50 228	- 16
Financial liabilities at fair value through profit or loss	17 488	15 131	16
Negative fair values from hedge accounting derivatives	3 938	3 344	18
Provisions	2 732	4 304	- 37
Other liabilities	1 675	894	87
Subordinated capital	4 864	4 713	3
Reported equity capital including non-controlling interests	7 952	8 169	- 3
Total liabilities	197 304	200 823	- 2

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

Total assets reduced
by € 3.5 billion.

The **balance sheet total** has fallen by € 3.5 billion compared to 31 December 2013. On the assets side this was mainly due to a reduction in loans and advances to banks and customers and a reduction in financial assets. On the liabilities side the fall in the balance sheet total is reflected above all in a fall in securitised liabilities.

Loans and advances to banks have reduced compared to the reference date by € 2,382 million. This change is due in particular to the reduction in other loans and advances and loans and advances for money market transactions to German banks.

Loans and advances to customers are still the largest balance sheet item at 55 per cent. Compared to the previous year, this item has only changed slightly.

Risk provisioning affected
by valuation allowances in
the area of ship finance.

Loan loss provisions increased compared to the previous year by € 348 million to € 2,594 million. The increase is mainly due to the increase in specific valuation allowances in ship finance.

Financial assets at fair value through profit or loss comprise trading assets and financial assets designated at fair value and are € 1,904 million above the previous year's level. This is mainly attributable to valuation and volume effects, which are also reflected on the liabilities side.

Financial assets have reduced compared to the reference date by € 1,801 million and now total € 45,242 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 € 491 million compared to the reference date. The reduction is due in particular to a reduction in other liabilities to domestic and foreign banks.

Liabilities to customers have increased by € 2,805 million compared to the reference date. This is due in particular to an increase in liabilities to domestic customers resulting from money market transactions and an increase in other liabilities to domestic and foreign customers.

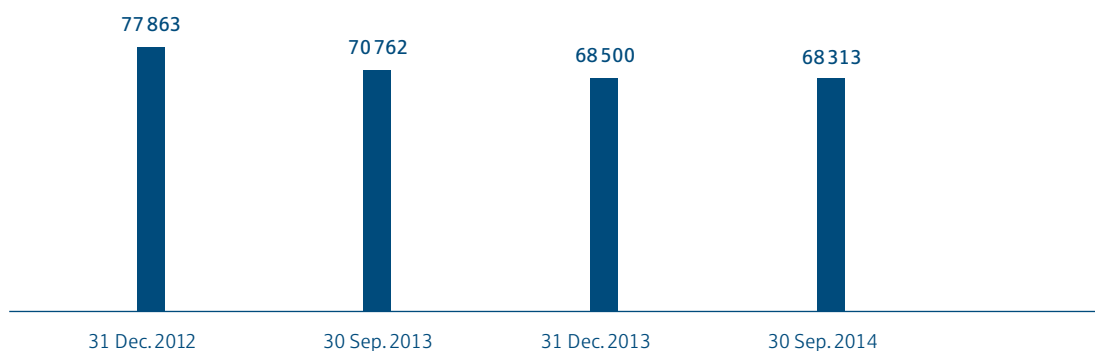
The reduction in **securitised liabilities** of € 7,927 million to € 42,301 million is attributable to the maturity of municipal bonds and other debt securities. New issues were not made at the same level.

Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. This item increased compared to the previous year primarily due to valuation effects by € 2,357 million.

In the third quarter of 2014 the sub-group Öffentliche Versicherung Braunschweig was deconsolidated. Due to this special effect, **reported equity** has fallen compared to the reference date.

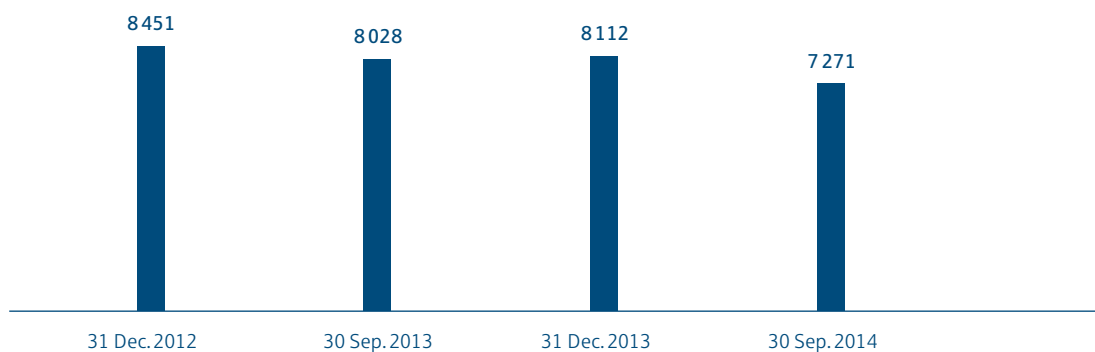
RWA have developed as follows:

RISK-WEIGHTED ASSETS (in € million)



Total core capital has changed as follows:

COMMON EQUITY TIER 1 (in € million)



The significant fall in total core capital as at the reporting date compared to the previous periods is mainly due to the application of a new legal basis. Up to and including the end of 2013, total core capital 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 total core capital for NORD/LB at Group level.

SUMMARY

There has been a significant improvement in consolidated earnings compared to the same period of the previous year. Following a reduction in risk provisioning, earnings before taxes have risen from € 108 million in the previous year to € 364 million in the period under review. Earnings have also improved compared to the first six months of the current year.

SUPPLEMENTARY REPORT

No events that are of relevance for the period under review from 1 January to 30 September 2014 have taken place after the reporting date of 30 September 2014.

FORECAST AND RISK REPORT

GENERAL ECONOMIC DEVELOPMENT

Economic Forecast for the Germany and Eurozone

For the German economy NORD/LB is expecting a temporary economic slowdown in the second half of the year due to the sharp decline in the early indicators and the of late relatively poor economic data from industry. In the medium term the German economy will remain in a good position. Private consumption will remain the key driver of growth, while net export and investment growth will remain weak for the time being. The robust state of the German job market and sustained low interest rates suggest that domestic demand will remain strong in the medium term.

The German economy will remain in a good position in the medium term despite a temporary slowdown.

The general economic outlook for the eurozone remains very subdued. France and Italy are struggling with structural problems (low level of competitiveness). Developments in Spain have been positive of late though. However, the eurozone's GDP will only grow by 0.7 per cent in 2014 as, based on the early indicators, GDP will at best stagnate. A return to recession cannot be ruled out for the eurozone. Business confidence, particularly in the manufacturing sector, and consumer confidence have been on the decline for several months. The economic sentiment indicator published by the EU Commission fell in September for the first time for a year below 100.0 points (long-term average). Other sentiment indicators also identify a clear downward trend following the general optimistic sentiment in spring. It is expected that GDP growth will only be slightly higher in 2015 with 0.8 per cent.

Global Economic Outlook and Economic Forecast for the USA

For the remainder of 2014, NORD/LB still expects the global economy to recover at a moderate rate. The US economy will achieve solid growth in the second half of the year, while it is expected that the eurozone will at best stagnate. In the emerging markets the situation is likely to remain very mixed for the time being and impetus for global economic growth will be on the whole moderate.

Financial Market Development and Interest-Rate Forecast

The ECB is going to stick to its very expansive monetary policy in the long term and will very probably take further steps to increase liquidity and achieve higher inflation in the medium term. NORD/LB is expecting the ECB's zero interest-rate policy to last several years. However, consumer price inflation will only rise gradually and is likely to remain well below the target of just under 2 per cent until 2016. In this environment capital market interest rates will remain close to the all-time lows for some time.

Continuing zero interest policy expected.

In the USA the question of a first slight increase in interest rates is likely to be on the agenda for monetary policy in the coming year after the monthly bond purchases have been gradually tapered. However, NORD/LB is not expecting an increase in interest rates in the USA until mid-2015 at the earliest. The Federal Reserve will also keep a close eye on how the exchange rate of the US dollar develops and the general economic conditions. In any event it is expected that the Federal Reserve will only adjust its monetary policy very cautiously in order to avoid unnecessarily provoking adverse reactions in the financial markets.

Following a brief countermovement, NORD/LB is expecting the US dollar to further rise in value over the next twelve months to \$ 1.24 per euro. Against this background, no reasons for greater fluctuations can be seen across the entire time curve for the EUR/USD cross currency basis swap spreads. Therefore spreads should stabilise around –10 basis points in the coming months.

Banking Market Development

The European banking has been experiencing since 2008 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 is accompanied by an intensive risk review and a further stress test. The ECB published the final results on the 26 October. 25 banks failed to meet the capital requirements in the Stress Scenario. Twelve banks were able to close the capital gaps identified as at 31 December 2013 retrospectively during the course of 2014. Of the remaining 13 banks, 10 now have to present capital plans. Restructuring plans already exist for the remaining three banks.

Despite high charges record results of major banks in first half 2014.

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 the first half of 2014. The US banking market therefore continues to be characterised by strict cost management in 2014. 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 tense 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 and the first half of 2014. Even after the implementation of the Basel III capital and liquidity requirements, the banks in the region have sound capital and liquidity ratios. The dynamic growth of recent years might be affected in the second half of 2014 and in 2015 though by the economic slowdown in China. Until now banking regulatory authorities and governments in several Asian banking markets have counteracted overheating in individual industries and sectors with foresight and success, including price trends in the real estate sector, the construction industry and the rapid rise of the shadow banking system in China. In highly contested or economically weak banking systems, larger financial institutions are expanding increasingly into neighbouring Asian markets.

Shipping

In line with the subdued expectations for economic growth, expectations in the shipping markets are also restrained. Geopolitical tensions are also cause for continuing uncertainty. Against this background, for the last three months a mixed development is expected in the individual sectors.

The scrapping activities at the start of the year are having an impact, as well as the increases in demand in regions less frequented by pure container ships such as Africa. As the Chinese New Year will be held later in 2015, demand will be limited for the time being and a sideways movement is expected for rates. This is also indicated by the continuing wave of deliveries of primarily large container ships in the fourth quarter and 2015.

For the bulker sector China's coal and iron ore imports will remain decisive in the next few months. While coal imports might fall temporarily due to the new environmental protection measures, the low global iron ore prices might be used to build up stocks, especially as steel production is expected to increase in China in 2015.

The crude oil markets are currently being affected by sustained low oil prices. Although Saudi Arabia has already reduced its output, there are no signs of a uniform approach by OPEC. US oil production meanwhile is approaching 9 million barrels per day. China's demand for oil developed positively in 2014 and supports in particular the tanker classes required for long distances. As in the bulker sector, an increase in the order books in the tanker sector is also noticeable, although these will not be realised in 2015.

Aircraft

The IATA is forecasting for 2014 growth of 5.9 per cent for global passenger transport (RPK) and 3.1 per cent for airfreight volume demand (FTK).

Positive development
in air transport will
continue in 2014.

Against this background, the IATA is expecting a net profit for global airlines of \$ 18.0 billion (2013: \$ 10.6 billion), which equates to a net margin of approx. 2.4 per cent (2013: 1.5 per cent).

Real Estate

As in previous years, global investment in commercial real estate is expected to rise in 2014. According to forecasts by estate agents, global investment should reach \$700 billion in the current year. This is due in particular to the better-than-expected performance in America and Europe and the stable volumes in the Asia-Pacific region.

The German investment market for commercial real estate should also benefit in the coming months from further inflows of capital. In addition to the relatively high return on real estate investments compared to alternative forms of investment, in particular the continuing phase of low interest rates in conjunction with rising capital values are making the German investment market attractive. As a result investments in 2014 as a whole should be between € 35 and 40 billion.

EXTENDED RISK REPORT

Risk-Bearing Capacity

The utilisation rate for risk capital in the going-concern scenario is 44 per cent as at 30 September 2014 and therefore slightly above the utilisation rate as at 31 December 2013. This is mainly due to a reduction in risk capital caused by the EU Capital Requirements Regulation and Directive (CRR and CRD IV) which came into effect on 1 January 2014, CRR/CRD IV requires that Group risk capital is calculated based on IFRSs. This switch was also made in the RBC methods.

Risk-bearing capability
remains strong.

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

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

(in € million) ¹⁾	Risk-bearing capacity 30 Sep. 2014		Risk-bearing capacity 31 Dec. 2013	
Risk capital	2 820	100 %	3 846	100 %
Credit risk	968	34 %	857	22 %
Investment risk	65	2 %	42	1 %
Market-price risk	266	9 %	502	13 %
Liquidity risk	129	5 %	102	3 %
Operational risk	85	3 %	75	2 %
Other ²⁾	-285	-10 %	-103	-3 %
Total risk potential	1 227		1 476	
Risk capital utilisation		44 %		38 %

¹⁾ Total differences are rounding differences.

²⁾ Includes adjustment items for the comparison between the regulatory and economic loss expectations.

NORD/LB has continuously complied with the specifications of the Group risk strategy concerning the allocation of risk capital to risk types. 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 and off-balance-sheet financial instruments fell further in the first nine months of 2014. The reduction is primarily due to loans and advances to banks, financial assets and irrevocable credit commitments.

Risk-bearing financial instruments (in € million)	Maximum default risk 30 Sep. 2014	Maximum default risk 31 Dec. 2013 ¹⁾
Loans and advances to banks	25 094	27 478
Loans and advances to customers	104 953	105 361
Adjustment item for financial instruments hedged in the fair value hedge portfolio	17	- 171
Financial assets at fair value through profit or loss	15 445	13 541
Positive fair values from hedge accounting derivatives	3 861	3 872
Financial assets	45 242	47 043
Sub-total	194 612	197 124
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	13 841	17 221
Total	208 453	214 345

¹⁾ The previous year's figures were adjusted accordingly.

The total exposure which is used for internal controlling purposes rose from € 213 billion to € 218 billion in the period under review. The increase is due to the consideration of loans and advances to central counterparties and clearing brokers (financing institutions/insurance companies) required by CRR.

Credit exposure increased due to method changes.

The quality of the NORD/LB Group's credit portfolio has deteriorated slightly in 2014 so far. The share of non-performing loans as at the reporting date is 3.9 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 77 per cent (75 per cent) as at 30 September 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⁾	Loans ³⁾	Securities ⁴⁾	Derivates ⁵⁾	Other ⁶⁾	Total exposure	Total exposure
(in € million)	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	31 Dec. 2013
Very good to good	101 401	42 038	9 530	14 222	167 191	158 669
Good/satisfactory	12 120	1 689	375	1 323	15 507	17 826
Reasonable/satisfactory	8 556	657	328	1 013	10 554	11 565
Increased risk	6 356	892	263	501	8 011	9 047
High risk	3 371	89	31	151	3 642	3 357
Very high risk	4 129	66	78	59	4 332	4 466
Default (= NPL)	8 403	3	15	41	8 461	7 770
Total	144 335	45 435	10 618	17 310	217 699	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 58 per cent (58 per cent) and still constitutes a significant share of the total exposure.

Industries ^{1) 2)}	Loans ³⁾	Securities ⁴⁾	Derivates ⁵⁾	Other ⁶⁾	Total exposure	Total exposure
(in € million)	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	31 Dec. 2013
Financing institutes/ insurance companies	42 580	24 020	5 780	8 914	81 294	76 076
Service industries/other	58 591	18 840	2 512	1 998	81 941	83 071
– Of which: Land, housing	18 967	–	579	586	20 132	19 078
– Of which: Public administration	24 449	18 539	1 447	182	44 618	47 571
Transport/communications	23 624	865	549	275	25 314	24 762
– Of which: Shipping	17 015	0	148	94	17 257	16 395
– Of which: Aviation	3 737	–	16	0	3 752	4 009
Manufacturing industry	5 056	620	712	237	6 625	6 739
Energy, water and mining	8 303	867	674	4 436	14 280	13 645
Trade, maintenance and repairs	3 606	120	274	298	4 298	4 236
Agriculture, forestry and fishing	778	29	6	1 078	1 890	1 851
Construction	1 798	74	112	72	2 056	2 318
Total	144 336	45 435	10 618	17 310	217 699	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.

Germany and the eurozone
remain the most important
business region.

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. The share of credit exposure in Germany is 70 per cent (69 per cent).

Regions ^{1) 2)}	Loans ³⁾	Securities ⁴⁾	Derivates ⁵⁾	Other ⁶⁾	Total exposure	Total exposure
(in € million)	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	31 Dec. 2013
Euro countries	121 669	38 288	6 343	17 174	183 475	179 482
– Of which: Germany	105 648	25 200	4 154	16 519	151 521	145 928
Other Europe	8 929	3 076	2 812	103	14 920	13 938
North America	5 397	2 755	979	7	9 138	9 712
Middle and South America	2 770	162	18	–	2 950	2 564
Middle East/Africa	1 084	–	5	15	1 104	1 191
Asia/Australia	4 485	1 154	462	10	6 112	5 811
Total	144 335	45 435	10 618	17 310	217 699	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.

Exposure in Greece, Ireland, Italy, Portugal and Spain, in particular to financing institutes and insurance companies, was reduced further and is now € 8.8 billion (€ 10.3 billion). Their share in the total exposure is 4 per cent (5 per cent). The exposure to central and regional governments and municipalities is € 2.5 billion (€ 2.8 billion) and still 1 per cent of the total exposure.

Exposure in selected Euro- pean countries ¹⁾²⁾ (in € million)	Greece		Ireland		Italy		Portugal		Spain		Total	
	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Sovereign Exposure	–	0	211	289	1 658	1 792	353	350	274	344	2 495	2 774
– Of which: CDS	–	–	193	184	–	73	195	193	–	–	387	449
Financing insti- tutes/insurance companies	–	–	537	568	565	1 272	161	292	1 717	2 099	2 980	4 232
Corporates/ Other	235	224	2 392	2 262	178	133	115	144	414	488	3 334	3 252
Total	235	225	3 140	3 120	2 400	3 197	629	786	2 404	2 931	8 809	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.

NORD/LB Group has an exposure of € 1.2 billion to corporate customers in Cyprus. This primarily concerns a ship exposure whose economic risk lies outside of Cyprus. NORD/LB Group does not have any sovereign exposure or exposure to financing institutes and insurance companies in Cyprus.

In Hungary NORD/LB Group has an exposure of € 291 million (€ 209 million sovereign exposure, € 43 million financing institutions and insurance companies, € 40 million corporates/others). In Russia the exposure is € 248 million (€ 52 million corporates, € 196 million financing institutions and insurance companies) and in Slovenia € 56 million (€ 30.5 million sovereign exposure, € 25.1 million financing institutions and insurance companies). The exposure in Egypt, Argentina and Ukraine are of minor significance.

NORD/LB Group is closely monitoring and analysing developments in these countries. 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 (34) Disclosures relating to countries.

Sovereign Exposure in selected countries by maturity ¹⁾²⁾ (in € million)	Greece	Ireland	Italy	Portugal	Spain	Total
	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014	30 Sep. 2014
Up to 1 year	–	–	130	10	44	184
More than 1 up to 5 years	–	211	311	342	198	1 062
More than 5 years	–	–	1 217	–	32	1 249
Total	–	211	1 658	353	274	2 495

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 figures also include indirect exposure (primarily credit default swaps). The calculation is based on utilisation. In the case of guarantees, this is 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 collateral received is not considered.

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

Market-Price Risk

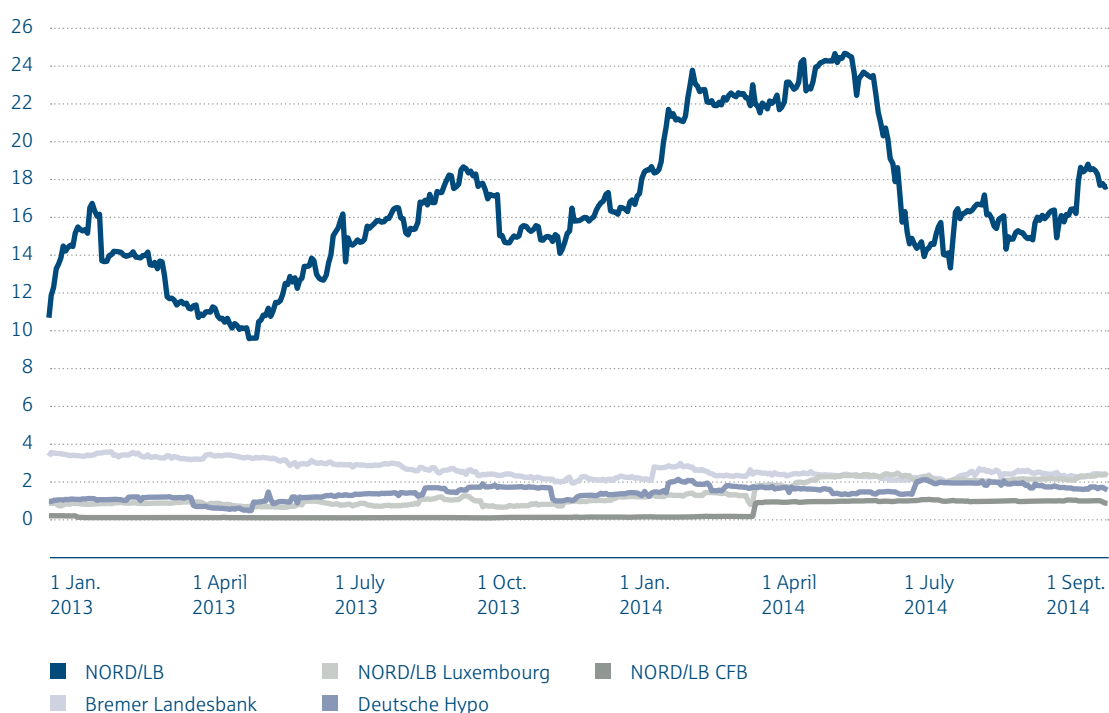
The market-price risk of the NORD/LB Group (confidence level 95 per cent, holding period 250 days) was reduced in period under review from € 502 million to € 266 million. This reduction is due on the one hand to a change in the strategic interest position in the second quarter and is a result on the other hand of the following change in method implemented at the start of 2014. 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.

Significant reduction
in market price risk
at Group level.

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

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 to 40 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 the end of September, the daily total Value-at-Risk 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 € 20 million and € 31 million, with an average value of € 26 million. The portfolios of NORD/LB clearly dominate the risk position in the period under review. The distinct reduction in risks in NORD/LB as at the end of the half-year is the result of the aforementioned change in the strategic interest position. 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⁾	Maximum		Average		Minimum		End-of year risk	
	1 Jan.– 30 Sep. 2014	1 Jan.– 31 Dec. 2013	1 Jan.– 30 Sep. 2014	1 Jan.– 31 Dec. 2013	1 Jan.– 30 Sep. 2014	1 Jan.– 31 Dec. 2013	30 Sep. 2014	31 Dec. 2013 ²⁾
Interest-rate risk (VaR 95 %, 1day)	30 572	22 899	25 198	18 578	19 050	13 410	19 050	22 083
Currency risk (VaR 95 %, 1day)	1 208	1 059	739	730	523	387	898	1 010
Share-price and fund-price risk (VaR 95 %, 1day)	1 839	1 224	1 519	931	933	270	1 466	736
Volatility risk (VaR 95 %, 1day)	956	1 361	554	648	342	298	851	384
Other add-ons	115	104	52	45	0	4	47	8
Total	31 394	23 781	25 795	19 222	19 938	13 786	19 938	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 in the RBC model will be considered. 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 presentation 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 Covered Finance Bank.

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 30 September 2014 it is € 56 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.

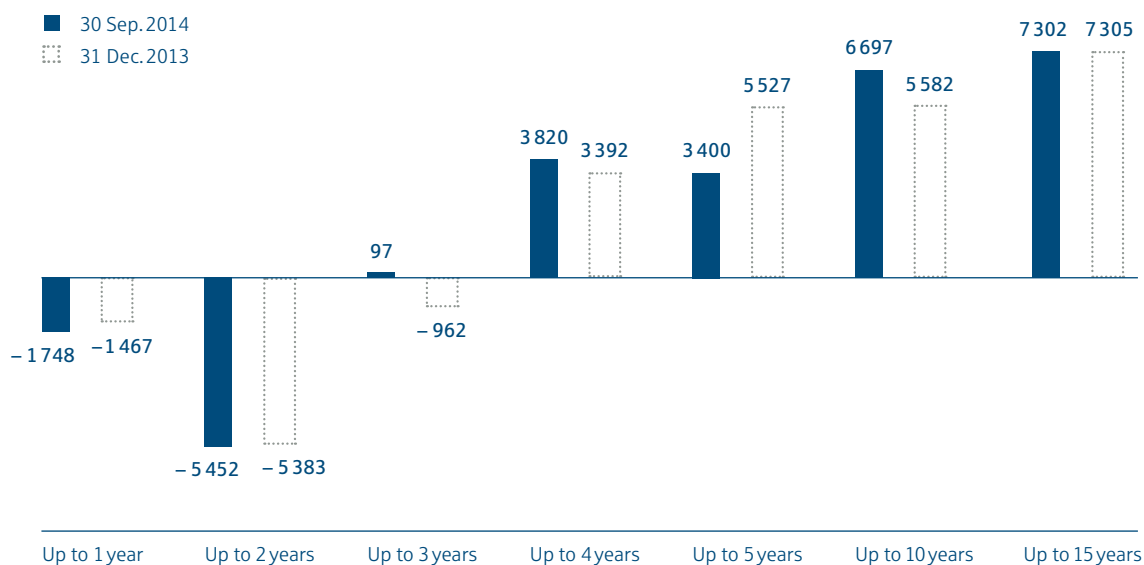
Liquidity Risk

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

The cumulative liquidity maturity balance sheet shows as at 30 September 2014 a slight increase in liquidity gaps in various maturity ranges (up to one, four and ten years), although these are within the liquidity risk limits derived from the risk-bearing capacity model. The NORD/LB Group had sufficient liquidity at all times in first nine months of 2014. The liquidity risk limits were complied with at all times at NORD/LB Group level; this applies for all currencies together and the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As at the reporting date, significant companies from a risk point of view hold securities in the amount of € 53 billion (€ 54 billion), 85 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.

Liquidity ratio in accordance with the LiqV¹⁾

	30 Sep. 2014	31 Dec. 2013
NORD/LB	1.48	1.35
Bremer Landesbank	2.63	2.15
Deutsche Hypo	1.49	1.87

¹⁾ NORD/LB Luxembourg and NORD/LB CFB are not required to determine a comparable ratio by law.

Operational Risk

The setup of an integrated OpRisk management was continued in the period under review. 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. Regular integrated reporting also takes place on a quarterly basis.

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. The current global trouble spots, in particular in Ukraine and in the Middle East, continue to present risks. A further drop in the value of the euro against the US dollar might also have a negative effect. However, the NORD/LB Group considers these effects to be manageable and will continue to monitor and analyse developments closely.

No new material risks noticeable.

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.

NORD/LB expects profit to be well above the previous year's figure.

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. The earnings position of the NORD/LB Group after the first nine months of 2014 is satisfactory when compared to the target and as a result it is still expected that profit will be well above the previous year's figure.

Unfortunately, the result of the third quarter cannot be extrapolated for the whole year, as the challenges presented in previous years have not yet been overcome and new challenges are emerging (such as the economic situation, exchange rate developments and regulatory requirements). In the third quarter of 2014 additional risk provisioning was made in particular for the shipping portfolio, although this was much lower than in the previous year. In addition, the change in market parameters (including the credit valuation adjustment, debt valuation adjustment, own credit spread) had a negative impact in the valuation effects in the profit/loss from financial instruments at fair value.

But, thanks to stable income and our proven, customer-oriented business model with its highly diversified sources of income, which also successfully withstood the recent stress test, the NORD/LB Group expects that the targets set for 2014 will be met by most of the profit and service centres. As a result the consolidated profit should be much higher than in the previous year, with the return on equity (RoE) improving accordingly. However, this assessment entails risks under the current conditions, such as the continuation of the shipping crisis, restrained economic activity, 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 around 5 per cent below 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, profit/loss from AFV financial instruments, at equity result and other operating profit/loss are currently behind target in the forecast for the end of 2014. Administrative expenses are noticeably below budget. Due to the continuing difficult situation in the shipping markets, the NORD/LB Group is expecting that the planned risk provisioning for 2014 will almost be achieved. The profit/loss from public guarantees in conjunction with restructuring is much lower in the current forecast than in the plan for 2014, because some of the costs for the state guarantee were already covered by a provision in the profit for 2013 and also because this state guarantee was terminated with effect of 30 June 2014.

The regulatory capital will be largely determined in 2014 by the new requirements of the CRR. Despite, taking into account these changes, NORD/LB still expects to meet the minimum requirements of the 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 certain customer groups with the resulting pressure on margins, and the continuing phase of low interest rates is limiting sources of income that are dependent on interest rate levels. On the other hand there are opportunities for new business and increased margins due to the withdrawal of competitors and due to the good reputation of the bank. The NORD/LB Group will continue on a cautious path of upward development.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2014

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INCOME STATEMENT

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

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

INCOME STATEMENT – SUMMARY BY QUARTER

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

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

STATEMENT OF COMPREHENSIVE INCOME

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

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

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

STATEMENT OF COMPREHENSIVE INCOME – SUMMARY BY QUARTER

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

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

BALANCE SHEET

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

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

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

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

CONDENSED STATEMENT OF CHANGES IN EQUITY

	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
(in € million)								
Equity as at 1 Jan. 2014	1 607	3 332	2 052	122	- 6	7 107	1 062	8 169
Comprehensive income for the period under review	-	-	37	240	7	284	- 64	220
Distribution	-	-	- 1	-	-	- 1	- 1	- 2
Changes in the basis of consolidation	-	-	- 57	-	- 8	- 65	- 370	- 435
Equity as at 30 Sep. 2014	1 607	3 332	2 031	362	- 7	7 325	627	7 952

	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
(in € million)								
Equity as at 1 Jan. 2013	1 607	3 332	2 011	- 95	- 3	6 852	848	7 700
Adjustments according to IAS 8	-	-	- 154	-	-	- 154	154	-
Adjusted equity as at 1 Jan. 2013	1 607	3 332	1 857	- 95	- 3	6 698	1 002	7 700
Comprehensive income for the period under review	-	-	77	136	- 2	211	31	242
Equity as at 30 Sep. 2013	1 607	3 332	1 934	41	- 5	6 909	1 033	7 942

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

For a more detailed account, the notes to the statement of changes in equity are referred to.

CONDENSED CASH FLOW STATEMENT

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

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

SELECTED NOTES

General Disclosures

(1) Principles for preparing the interim Consolidated financial statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 September 2014 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). The interim financial statements meet the requirements of IAS 34 for condensed interim financial reporting. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2013.

The interim consolidated financial statements as at 30 September 2014 comprise the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes. The segment reporting is shown in the notes.

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

These interim consolidated financial statements were signed by the Managing Board on 18 November 2014 and approved for publication.

(2) Accounting policies

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

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

- **IFRS 10 – Consolidated Financial Statements**

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

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

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

- **IFRS 11 – Joint Arrangements**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting**

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

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

- **Amendments to IAS 36 – Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets**

With these amendments the disclosure of the recoverable amount of cash-generating units implemented with IFRS 13 was corrected. In addition new disclosure requirements were introduced for when there is an impairment or reversal of impairment and the recoverable amount has been calculated based on the fair value less the costs of the disposal.

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

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

(3) Adjustment of figures for the previous year

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

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

In addition, since the second quarter of 2014 requirements for the presentation of non-controlling interests for partnerships of IAS 32 AG 29(A) have applied. Accordingly non-controlling interests for partnerships are to be reported as liabilities in the consolidated financial statements. As the partnerships concerned have negative equity, this is allocated entirely to the Group. As a result, part of the portfolio previously reported under Equity attributable to the owners of NORD/LB is now reported under Non-controlling interests.

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

The effects of the changes described above are shown below.

Adjustment of figures reported as at 1 January 2013:

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

Adjustment of figures reported as at 31 December 2013:

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

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

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

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

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

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

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

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

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the interim consolidated financial statements include 46 (31 December 2013: 57) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise a controlling influence in another manner. In addition 2 (31 December 2013: 1) joint ventures and 12 (31 December 2013: 10) associated companies are accounted for using the equity method.

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

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

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

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

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

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

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

Segment Reporting

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

Segment Reporting by Business Segment

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

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

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

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

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

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

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

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

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

Private and Commercial Customers

As well as business with private, individual, commercial and small-business customers, this business segment includes middle-market corporate customer business in the Braunschweig region. Up until the 30 September 2014 the current results of Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig are also recognised here (see also Note (4) Basis of consolidation).

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

Corporate Customers & Markets

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

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

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

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

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

Energy and Infrastructure Customers

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

Ship and Aircraft Customers

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

Real Estate Banking Customers

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

Group Controlling/Others

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

Earnings after taxes in Group Controlling/Others totalled € 18 million in the third quarter of 2014.

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

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

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

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

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

Reconciliations

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

(5) Segment reporting by business segment

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

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

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

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

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

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

Notes to the Income Statement

(6) Net interest income

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

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

(7) Loan loss provisions

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

(8) Net commission income

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

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

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

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

(10) Profit/loss from hedge accounting

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

	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	432	- 275	> 100
from derivatives employed as hedging instruments	- 440	261	> 100
	- 8	- 14	43
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	- 356	119	> 100
from derivatives employed as hedging instruments	407	- 114	> 100
	51	5	> 100
Total	43	- 9	> 100

(11) Profit/loss from financial assets

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

	1 Jan.– 30 Sep. 2014 (in € million)	1 Jan.– 30 Sep. 2013 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	1	- 23	> 100
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	61	40	53
shares and other non fixed-interest securities	4	15	- 73
Other financial assets classified as AfS	-	- 2	100
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	-	1	- 100
shares and other non fixed-interest securities	- 4	- 12	67
Other financial assets classified as AfS	5	- 5	> 100
	66	37	78
Profit/loss from shares in companies (not consolidated)	- 1	- 12	92
Total	66	2	> 100

(12) Administrative expenses

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

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

(13) Other operating profit/loss

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

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

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

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

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

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

(14) Reorganisation expenses

Reorganisation expenses relate to measures aimed at securing the long-term future and maintaining the competitiveness of the NORD/LB Group, with its material costs and staff expenses being reported separately due to their importance. The need for reorganisation is related to the efficiency improvement programme launched in 2011 and a capital-boosting programme which is the result of EU requirements. The reorganisation expenses include in the amount of € 23 million (€ 23 million) expenses from the allocation made to reorganisation provisions for contracted agreements already concluded concerning the termination of contracts of employment.

(15) Expenses for public guarantees related to reorganisation

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

(16) Income taxes

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

Notes to the Balance Sheet

(17) Loans and advances to banks

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

(18) Loans and advances to customers

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

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

(19) Risk provisioning

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

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

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

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

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

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

	30 Sep. 2014 (in € million)	31 Dec. 2013 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	2 932	3 551	-17
Shares and other non fixed-interest securities	49	46	7
Positive fair values from derivatives	8 723	6 603	32
Trading portfolio claims	1 946	2 320	-16
	13 650	12 520	9
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	251	246	2
Debt securities and other fixed-interest securities	1 544	765	> 100
Shares and other non fixed-interest securities	-	10	-100
	1 795	1 021	76
Total	15 445	13 541	14

(21) Financial assets

The balance sheet item financial assets includes all the debt securities and other fixed-interest securities classified as available for sale (AFS), shares and other variable-yield securities, shares in companies which are not measured in accordance with IAS 10, IAS 11 or IAS 28 and financial assets classified as loans and receivables (LaR). Silent participations and participatory capital with loss sharing are allocated to the category AFS.

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

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

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

(23) Property and equipment

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

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

(24) Intangible assets

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

(25) Liabilities to banks

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

(26) Liabilities to customers

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

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

(27) Securitised liabilities

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

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

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

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

(29) Provisions

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

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

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

(30) Subordinated capital

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

Other Disclosures

(31) Fair values of financial instruments

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

Level 1

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

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

Level 2

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

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

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

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

The financial instruments in the NORD/LB Group to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are consistently included in measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible.

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

Level 3

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

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

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

Secured OTC derivatives are primarily measured by the NORD/LB Group using the current market standard of overnight index swap discounting (OIS discounting). In addition, the option to calculate the counterparty risk (CVA/DVA) on the basis of the net risk position in accordance with IFRS 13.48 is exercised.

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

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

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

¹⁾ Amounts relating to loan loss provisions are shown in the corresponding fair values of loans and advances to banks and loans and advances to customers.

²⁾ Amounts relating to the assets and liabilities item "Adjustment item for financial instruments hedged in the fair value hedge portfolio" are shown in the fair values of the respective items of hedged financial instruments.

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

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

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

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

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

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

1 Jan.– 30 Sep. 2014 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading						
Debt securities and other fixed-interest securities	1	–	29	–	–	–
Financial assets at fair value						
Debt securities and other fixed-interest securities	160	–	4 842	5	–	–
Shares and other non fixed-interest securities	9	–	–	–	–	–
Liabilities held for trading						
Negative fair values from derivatives relating to	–	–	–	–	–	3
– Credit derivatives	–	–	–	–	–	3
Designated financial liabilities reported at fair value						
Securitised liabilities	64	–	18	–	–	–

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

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

When measuring the Bank’s own structured issues (dFV), the use of market prices is reviewed as at the reporting date. Following this review, some issues regularly move between Level 1 and 2 due to a change in trading activity.

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

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

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

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

(in € million)	Financial assets at fair value					
	Fixed-income and book entry securities		Shares in companies (not consolidated)		Other financial assets classified as AFS	
	2014	2013	2014	2013	2014	2013
1 January	57	60	227	217	123	146
Effect on the income statement ¹⁾	-4	-	-	-8	4	-7
Effect on the equity capital (OCI)	13	-5	11	-1	-	-1
Addition from purchase or issuance	-	-	41	11	-	-
Disposal from sale	65	-	-	4	-	-
Repayment/exercise	1	-	-	1	-	17
Addition from Level 1 and 2	5	1	-	-	-	-
Disposal to Level 1 and 2	-	3	-	-	-	-
30 September	5	53	279	214	127	121
Profit/losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement ¹⁾	-	-	-	-	4	-7

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

(in € million)	Trading liabilities					
	Negative fair values from derivatives relating to Interest-rate risks		Negative fair values from derivatives relating to Currency risks		Negative fair values from derivatives relating to Credit derivatives	
	2014	2013	2014	2013	2014	2013
1 January	-	-	1	-	4	4
Effect on the income statement ¹⁾	-	-	-1	-	-1	-2
Addition from purchase or issuance	11	-	-	-	-	-
Addition from Level 1 and 2	-	-	-	-	-	-
Disposal to Level 1 and 2	-	-	-	-	3	-
30 September	11	-	-	-	-	2

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

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

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

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

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

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

Significant unobservable data in the fair value measurement of silent participations is the credit spread. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the credit spread was stressed in the measurement by increasing or reducing it by 100 basis points. Accordingly an imputed change in the parameter would result in a change in the fair value of all silent participations in Level 3 of € 5 million (€ 6 million).

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

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

Significant unobservable input data in the fair value measurement of these derivatives are the rating of the loan and historic volatilities. Details concerning the sensitivity of historic volatilities are permissibly not given, as the historic volatilities are not calculated by the company itself, but are based on original market transactions. Significant changes in the ratings result in a significantly higher or lower fair value. As part of the sensitivity analysis, the rating was stressed by being moved up and down a level. Accordingly an imputed change would result in a change in the fair value of the derivatives in Level 3 of € 1 million (€ 0 million).

A significant unobservable input parameter in the fair value measurement of loans is the internal rating. Significant changes in this input parameter result in a significantly higher or lower fair value. As part of the sensitivity analysis, the rating was moved up and down one class. Accordingly an imputed change in the parameter has resulted in a change in the fair value of the loans in Level 3 of € 1 million (€ 0 million).

The sensitivity of the loans and derivatives of in each case approx. € 1 million (€ 0 million) also takes into account transactions whose performance based on parameters that cannot be observed in the market do not have any effect on the income statement due to economically inseparable relationships (at individual transaction level). These concern loans intended for syndication and associated derivatives, which reflect the fixed forward sale. Changes in the value of loans are partly compensated for by changes in the value of derivatives. This compensation results in a net (income-statement-relevant) sensitivity that is not material.

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

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

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

(32) Derivative financial instruments

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

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

(33) Offsetting of financial assets and financial liabilities

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

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

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

(34) Disclosures concerning selected countries

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

(in € million)	Financial Instruments Held for Trading		Financial Instruments designated at Fair Value through Profit or Loss		Available for Sale Assets	
	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013	30 Sep. 2014	31 Dec. 2013
Ireland						
Country	-1	-5	-	95	22	27
Financing institutes/ insurance companies	10	-14	-	5	169	238
Companies/other	30	11	-	-	-	2
	39	-8	-	100	191	267
Italy						
Country	24	-	261	221	1 422	1 274
Finanzierungsinstitutionen/ Versicherungen	-3	-5	-	-	469	832
Companies/other	4	2	-	-	83	43
	25	-3	261	221	1 974	2 149
Portugal						
Country	-6	-19	-	-	168	164
Financing institutes/ insurance companies	-4	9	-	-	21	126
Companies/other	-	-	-	-	22	21
	-10	-10	-	-	211	311
Slowenia						
Country	-	-	-	-	31	32
	-	-	-	-	31	32
Spain						
Country	14	-	-	-	238	329
Financing institutes/ insurance companies	28	33	-	-	1 395	1 586
Companies/other	11	7	-	-	41	30
	53	40	-	-	1 674	1 945
Hungary						
Country	-	-1	-	-	164	189
Financing institutes/ insurance companies	-	-	-	-	43	41
	-	-1	-	-	207	230
Cyprys						
Companies/other	13	13	-	-	-	-
	13	13	-	-	-	-
Total	120	31	261	321	4 288	4 934

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

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

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

Business with Egypt is of minor significance.

(35) Regulatory data

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

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

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

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

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

(36) Contingent liabilities and other obligations

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

(37) Related parties

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

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

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

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

31 Dec. 2013	Companies with a significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
(in € million)						
Assets						
Loans and advances to banks	–	–	–	602	–	228
of which: money market transactions	–	–	–	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 transactions	39	–	–	–	–	36
of which: loans	2 971	39	8	326	1	881
public-sector loans	2 915	–	–	16	–	820
mortgage-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	Companies with a significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
(in Tsd €)						
Liabilities						
Liabilities to banks	–	–	–	452	–	118
of which: money market transactions	–	–	–	–	–	53
of which: deposits from other banks	–	–	–	134	–	13
Liabilities to customers	347	33	85	282	3	288
of which: money market transactions	26	16	–	21	–	152
Securitised liabilities	–	–	–	–	–	1
Financial liabilities at fair value through profit or loss	39	–	–	–	–	134
of which: negative fair values from derivatives	15	–	–	–	–	11
Negative fair values from hedge accounting derivatives	9	–	–	–	–	–
Subordinated capital	1	496	3	–	–	15
Total	396	529	88	734	3	556
Guarantees/sureties received	2 541	–	–	–	–	–
Guarantees/sureties granted	3 000	1	1	11	–	8

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

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

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

(38) Members of governing bodies**1. Members of the Managing Board**

Dr. Gunter Dunkel (Chairman)	Thomas Bürkle (since 1 January 2014)
Dr. Johannes-Jörg Riegler (Deputy Chairman until 28 February 2014)	Eckhard Forst
Ulrike Brouzi	Dr. Hinrich Holm
	Christoph Schulz

2. Members of the Supervisory Board

Peter-Jürgen Schneider (Chairman) Minister of Finance, State of Lower Saxony	Frank Hildebrandt Bank employee, NORD/LB Braunschweig
Thomas Mang (First Deputy Chairman) President, Association of Savings Bank in Lower Saxony	Martin Kind Managing Director KIND Hörgeräte GmbH & Co. KG (until 30 June 2014)
Jens Bullerjahn (Second Deputy Chairman) Minister of Finance, State of Saxony-Anhalt	Frank Klingebiel Mayor, City of Salzgitter
Frank Berg Chairman of the Managing Board, OstseeSparkasse Rostock	Prof. Dr. Susanne Knorre Management consultant
Norbert Dierkes Chairman of the Managing Board, Sparkasse Jerichower Land	Ulrich Mädge Mayor, City of Hansestadt Lüneburg
Edda Döpke Bank employee, NORD/LB Hannover	Antje Niewisch-Lennartz Minister of Justice, State of Lower Saxony
Ralf Dörries Senior Vice President, NORD/LB Hannover	Heinrich von Nathusius IFA ROTORION – Holding GmbH
Elke Eller Member of the Board, Volkswagen Commercial Vehicles, (since 1 July 2014)	Freddy Pedersen ver.di Vereinte Dienstleistungsgewerkschaft
Hans-Heinrich Hahne Chairman of the Managing Board, Sparkasse Schaumburg	Jörg Reinbrecht ver.di Vereinte Dienstleistungsgewerkschaft
	Ilse Thonagel Bank employee Landesförderinstitut Mecklenburg-Western Pomerania

(39) Basis of consolidation

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

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

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

¹⁾ Due to the joint management, this company is classified as a joint venture.

²⁾ Due to the "potential voting rights" of third parties, this company is classified as an associated company.

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

FORWARD-LOOKING STATEMENTS

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

OTHER INFORMATION

84 Responsibility Statement

RESPONSIBILITY STATEMENT

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

Hannover / Braunschweig / Magdeburg, 18 November 2014

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel

Brouzi

Bürkle

Forst

Dr. Holm

Schulz



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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NORD/LB

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Branches (including Braunschweigische Landessparkasse)

Braunschweig	Bad Harzburg	Düsseldorf
Hamburg	Helmstedt	Holzminen
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

Major holdings (alphabetical)

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale, Bremen und Oldenburg
Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover
Norddeutsche Landesbank Luxembourg S.A., Luxemburg

RESPONSIBLE
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