

Norddeutsche Landesbank Girozentrale

(Public-law institution)

Annual Report 2017

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Combined management report

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See combined management report

See combined management report

In contrast to the previous year, the management report for NORD/LB Norddeutsche Landesbank Girozentrale (abbreviated in this document as NORD/LB) and the Group management report have been combined pursuant to § 315 para. 5 of the German Commercial Code (HGB) in conjunction with § 298 para. 2 HGB and published in the Annual Report 2017 of NORD/LB.

The annual financial statements of NORD/LB and the consolidated financial statements (with the combined management report) for financial year 2017 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette. The annual financial statements for NORD/LB and the consolidated financial statements are also available for download on the internet at www.nordlb.com.

Annual Financial Statements

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Assets	Norddeutsche Landesbank Girozentrale				
				1 Jan.2017 (in € 000)	former NORD/LB A&R 31 Dec.2016 (in € 000)
	€	€	€		
1. Cash reserve					
a) Cash on hand		54 441 694,78		56 702	49 976
b) Balances with central banks		1 205 908 351,88		1 280 607	849 031
of which:			1 260 350 046,66	1 337 309	899 007
with the "Deutsche Bundesbank" _____ € 80 248 970,28				(564 602)	(133 026)
2. Treasury bills and other bills eligible for refinancing with central banks					
a) Treasury bills, discounted treasury notes and similar debt instruments issued by public institutions		–		74 975	74 975
of which:					
eligible for refinancing at the Deutsche Bundesbank _____ € 0,00				(74 975)	(74 975)
			–	74 975	74 975
3. Claims on banks					
a) mortgage loans		35 495 600,12		37 459	37 459
b) municipal loans		19 694 723 531,57		12 952 052	10 889 498
c) Other claims		10 954 411 544,28		13 148 133	12 247 902
			30 684 630 675,97	26 137 643	23 174 858
Due on demand _____ € 2 922 703 963,87				(3 322 325)	(2 750 533)
against securities lending _____ € 0,00				(0)	(0)
4. Claims on customers					
a) mortgage loans		6 407 893 166,23		6 558 705	4 973 051
b) municipal loans		17 671 054 432,16		21 315 178	17 176 362
c) Other claims		41 806 723 525,47		48 518 698	33 828 093
			65 885 671 123,86	76 392 580	55 977 506
against securities lending _____ € 0,00				(0)	(0)
5. Debt securities and other fixed-interest securities					
a) Money-market instruments					
aa) von öffentlichen Emittenten		47 454 294,81		13 095	13 095
of which: eligible as collateral for "Deutsche Bundesbank" advances _____ € 25 045 000,00				(0)	(0)
ab) von anderen Emittenten		823 712 085,58		1 265 724	1 265 724
			871 166 380,39	1 278 819	1 278 819
of which: eligible as collateral for "Deutsche Bundesbank" advances _____ € 0,00				(0)	(0)
b) Bonds and debt securities					
ba) von öffentlichen Emittenten		7 138 332 994,42		8 481 185	6 471 519
of which: eligible as collateral for "Deutsche Bundesbank" advances _____ € 6 873 633 385,63				(8 148 392)	(6 138 726)
bb) von anderen Emittenten		12 206 248 409,59		12 806 659	13 202 270
			19 344 581 404,01	21 287 844	19 673 789
of which: eligible as collateral for "Deutsche Bundesbank" advances _____ € 11 111 745 799,19				(11 029 043)	(11 377 675)
c) Debt securities, issued by the institution itself		121 973 099,52		1 185 348	75 441
Nominal amount _____ € 117 978 026,27				(1 079 596)	(74 530)
			20 337 720 883,92	23 752 011	21 028 049
Amount carried forward			118 168 372 730,41	127 694 518	101 154 396

Balance sheet as at 31 December 2017

	€	€	€	Assets	
				former NORD/LB AöR	
				1 Jan.2017	31 Dec.2016
				Tsd €	Tsd €
Amount carried forward			118 168 372 730,41	127 694 518	101 154 396
6. Shares and other non fixed-interest securities			1 270 557 400,24	1 319 830	1 250 089
6a. Trading portfolio			10 554 883 820,58	12 373 796	12 258 549
7. Participating interests			174 616 544,77	219 248	167 184
of which:					
in banks _____ €	61 125 397,97			(61 125)	(61 023)
in financial institutions _____ €	218 430,00			(443)	(218)
8. Investments in affiliated companies			1 404 622 915,62	1 474 426	1 401 487
of which:					
in banks _____ €	1 086 900 616,49			(1 086 901)	(1 086 901)
8. Investments in affiliated companies	511 291,88			(511)	(0)
9. Assets held in trust			3 503 280 861,01	3 896 704	3 882 078
of which:					
loans on a trust basis _____ €	3 492 964 817,37			(3 877 878)	(3 876 630)
11. Intangible assets					
a) internally generated industrial property rights and similar rights and values		40 636 322,20		45 135	45 135
b) Concessions, industrial property rights and similar rights and values including its licences against payment		65 248 209,44		63 342	59 402
c) Advance payments made		2 076 564,17		7 621	0
d) Finance lease		3 367 771,86		4 460	4 460
			111 328 867,67	120 557	108 997
12. Tangible assets			318 199 161,57	331 368	192 865
14. Other assets			1 539 363 644,26	1 669 871	1 441 379
15. Prepaid expenses					
a) from new issue and lending business		721 483 638,92		586 904	578 545
b) other		631 508 560,81		563 050	562 538
			1 352 992 199,73	1 149 954	1 141 083
Total assets			138 398 218 145,86	150 250 273	122 998 108

Liabilities

Norddeutsche Landesbank Girozentrale

	€	€	€	former NORD/LB AöR 1 Jan.2017 (in € 000)	31 Dec.2016 (in € 000)
1. Liabilities to banks					
a) issued registered mortgage Pfandbriefs		34 815 680,11		43 015	0
b) issued registered public sector Pfandbriefs		550 638 341,36		598 272	448 670
c) Other liabilities		41 198 634 022,67		44 504 781	34 365 951
			41 784 088 044,14	45 146 067	34 814 620
of which:					
Due on demand	€ 4 326 506 863,55			(3 542 740)	(3 002 356)
ensuring loans taken up registered mortgage Pfandbriefs transferred to lender	€ 0,00			(0)	(0)
und öffentliche Namenspfandbriefs	€ 47 441 053,27			(61 165)	(61 165)
2. Liabilities to customers					
a) issued registered mortgage Pfandbriefs		1 602 818 256,31		1 113 748	819 571
b) issued registered public sector Pfandbriefs		9 048 073 265,58		9 411 523	7 675 142
c) Savings deposits					
ca) with an agreed notice period more than three months		1 169 786 270,37		1 218 900	1 026 106
cb) with an agreed notice period more than three months		16 288 809,80		23 408	19 949
			1 186 075 080,17	1 242 308	1 046 055
d) Other liabilities			37 860 026 558,04	39 233 443	31 513 321
				49 696 993 160,10	51 001 021
of which:					
Due on demand	€ 18 786 995 543,38			(19 283 529)	(15 670 434)
ensuring loans taken up registered mortgage Pfandbriefs transferred to lender	€ 0,00			(0)	(0)
and registered public sector Pfandbriefs	€ 0,00			(0)	(0)
3. Securitised liabilities					
a) Issued debt securities					
aa) mortgage Pfandbriefs		1 630 850 109,20		2 681 133	2 111 704
ab) public sector Pfandbriefs		8 685 185 105,33		8 421 383	7 156 576
ac) other debentures		15 191 554 434,70		17 378 339	13 803 525
			25 507 589 649,23	28 480 855	23 071 804
b) Other securitised liabilities			39 986 597,40	273 321	273 321
				25 547 576 246,63	28 754 175
of which:					
money-market instruments	€ 37 582 339,70			(265 902)	(265 902)
3a. Trading portfolio				5 458 539 956,22	6 185 418
4. Liabilities held in trust				3 503 280 861,01	3 882 079
of which:					
loans on a trust basis	€ 3 492 964 817,37			(3 877 878)	(3 876 630)
5. Other liabilities				1 439 723 487,55	3 553 895
Amount carried forward				127 430 201 755,65	138 537 281
					112 434 584

Balance sheet as at 31 December 2017

Liabilities

	€	€	€	1 Jan.2017 (in € 000)	former NORD/LB A6R 31 Dec.2016 (in € 000)
Amount carried forward			127 430 201 755,65	138 537 281	112 434 584
6. Deferred income					
a) from new issue and lending business		581 908 490,69		534 389	522 027
b) other		281 940 316,10		313 716	313 705
			863 848 806,79	848 106	835 732
7. Provisions					
a) Provisions for pensions and similar obligations		530 396 038,90		509 506	411 586
b) Tax provisions		85 677 444,88		136 217	124 337
c) Other provisions		557 012 476,44		481 527	606 009
			1 173 085 960,22	1 127 250	1 141 932
9. Subordinated liabilities			2 804 536 502,93	3 236 051	2 636 051
10. Participatory capital			0,00	0	0
of which: there of falling due in less than two years	€	0,00		(0)	(0)
10a Instruments of additional regulatory Tier 1 capital			50 200 000,00	150 200	0
11. Funds for general banking risks			68 308 221,55	68 308	60 000
of which: special item for general banking risks in accordance with § 340e, para. 4 of the German Commercial Code	€	68 308 221,55		(68 308)	(60 000)
12. Equity					
a) Subscribed capital					
aa) Share capital		1 607 257 810,00		1 607 258	1 607 258
ab) Other Capital contributions		460 793 000,00		427 682	427 682
			2 068 050 810,00	2 034 939	2 034 939
b) Capital reserves					
ba) Other reserves		3 324 313 451,76		3 324 314	3 324 314
			3 324 313 451,76	3 324 314	3 324 314
c) Retained earnings		530 556 494,01		952 547	952 547
d) Profit shown on the balance sheet after appropriation to or transfer from reserves		85 116 142,95		- 28 723	- 421 990
			6 008 036 898,72	6 283 077	5 889 809
Total liabilities			138 398 218 145,86	150 250 273	122 998 108
1. Contingent liabilities					
a) Contingent liabilities under redis-counted bills of exchange		0,00		0	0
b) Liabilities from guarantees and other indemnity agreements		9 581 791 095,91		9 207 165	7 952 368
c) Liabilities from assets pledged as collateral for third-party liabilities		0,00		0	0
			9 581 791 095,91	9 207 165	7 952 368
2. Other obligations					
a) Repurchase obligations from non-genuine partial repurchase agreements		0,00		0	0
b) Placement and underwriting obligations		0,00		0	0
c) Irrevocable credit commitments		7 538 031 809,88		8 348 947	6 493 835
			7 538 031 809,88	8 348 947	6 493 835

Norddeutsche Landesbank Girozentrale

	€	€	€	1 Jan.2016 Tsd €	former NORD/LB AöR 1 Jan.2016 Tsd €
1. Interest income from					
a) Lending and money market transactions	2 586 011 035,38			2 909 741	2 215 307
b) Fixed-income and book entry securities	314 156 126,45			355 849	339 975
c) Current income from trading portfolio	1 433 037 219,06			1 215 659	1 218 040
		4 333 204 380,89		4 481 248	3 773 322
2. Negative interest income from lending and money market transactions		55 869 340,52		15 268	13 374
3. Interest expenses		2 940 130 808,49		2 928 895	2 563 918
4. Positive interest expenses from lending and money market transactions		59 960 886,18		30 784	28 716
			1 397 165 118,06	1 567 870	1 224 746
5. Current income from					
a) Shares and other non fixed-interest securities		726 587,51		10 244	10 078
b) Participating interests		7 405 861,16		5 390	3 550
c) Shares in affiliated companies		39 725 140,81		36 124	31 306
			47 857 589,48	51 758	44 933
6. Earnings from profit pooling. Profit transfer or partial profit transfer agreement			66 093 194,50	113 415	109 206
7. Commission income		260 564 333,77		337 417	293 024
8. Commission expenses		159 646 623,43		128 300	103 891
			100 917 710,34	209 117	189 132
9. Net income deriving from trading business			120 736 593,44	127 949	116 719
10. Other operating income			86 044 219,13	187 792	168 881
11. General administrative expenses					
a) Staff expenses					
aa) Wages and salaries	366 606 340,86			346 350	273 443
ab) Social security contributions and expenses for pension provision and other employee benefits	92 365 824,00			77 488	65 183
		458 972 164,86		423 838	338 626
of which: for pensions _____ €	6 777 639,17			(4 575)	(4 272)
b) Other administrative expenses		573 447 283,85		537 120	451 579
			1 032 419 448,71	960 958	790 205
12. Depreciations and write-downs of intangible assets			45 465 873,73	41 590	35 082
13. Other operating expenses			143 821 784,24	482 053	457 207
14. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions			827 303 263,53	3 037 868	1 446 124
Amount carried forward			230 195 945,26	2 264 569	875 000

Income Income statement for the period from 1 January to 31 December 2017

				1 Jan.2016	former NORD/LB AöR 1 Jan.2016
	€	€	€	Tsd €	Tsd €
Amount carried forward			230 195 945,26	2 264 569	875 000
15. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions			0,00	354 903	358 469
16. Earnings from write-ups to claims and certain securities and allocations to loan loss provisions			48 436 326,23	0	0
17. Expenses on assumption of losses			38 714 309,15	5 044	5 044
18. Transfer to the funds for general banking risks			0,00	1 518	0
of which: Allocation to special item acc.to §340e, para.4 German Commercial Code € 0,00				1 518	0
19. Profit on ordinary activities			- 220 473 928,18	- 2 626 034	- 1 238 515
20. Extraordinary income		393 267 317,20		393 267	0
21. Extraordinary expenses		76 468 112,14		65 697	22 907
22. Extraordinary result			316 799 205,06	327 571	- 22 907
23. Refund from income taxes		- 9 692 498,05		32 389	35 198
24. Refund from other taxes not show under item 13		- 3 280 091,58		18 972	18 751
			- 12 972 589,63	51 361	53 949
24. Income from the dissolution of the fund for general banking risks			0,00	1 441 633	852 633
26. Income from assumption of losses			0,00	33 112	33 111
27. Profit transferred under a profit transfer agreement due to profit pooling			24 181 723,56	0	0
28. Annual profit / Annual loss			85 116 142,95	- 875 080	- 429 627
29. Earnings brought forward from the previous year			0,00	7 635	7 635
30. Profit / Loss			85 116 142,95	- 867 445	- 421 990

Appendix

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I. Disclosures concerning the accounting policies and principles of currency translation

(In the following text the previous year's figures for the reporting year 2017 are shown and those from 31 December 2016 are shown in brackets.)

Principles for the preparation of the Annual Financial Statements

Norddeutsche Landesbank Girozentrale Hanover, Braunschweig, Magdeburg (NORD/LB) is registered with the Hanover (HRA 26247), Braunschweig (HRA 10261) and Stendal (HRA 22150) local courts. Bremer Landesbank Kreditanstalt Oldenburg Girozentrale Bremen was registered with Bremen Local Court (HRA 22159) until the merger effective from 31 August 2017.

The annual financial statements of NORD/LB as at 31 December 2017 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch (HGB)), the German Accounting Regulation for Credit and Financial Services (Verordnung über die Rechnungslegung der Kreditinstitute und inanzdienstleistungsinstitute (RechKredV)) and the German Covered Bond Act (Pfandbriefgesetzes (PfandBG)).

The balance sheet and income statement are structured according to the RechKredV.

The balance sheet has been prepared in accordance with § 268 para. 1 HGB, taking into account the appropriation of the earnings for the year.

Effective from 1 January 2017, Norddeutsche Landesbank (NORD/LB) acquired all shares in Bremer Landesbank Kreditanstalt Oldenburg (BLB) held by the Free Hanseatic City of Bremen and the Savings Banks Association of Lower Saxony and concluded a control agreement. As at 31 August 2017, BLB was legally merged with NORD/LB with retroactive effect from 1 January 2017, on the basis of resolutions to this effect by the owners' meetings of the two companies. The legal basis of the merger is the State Treaty on the Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – between the Free Hanseatic City of Berlin and the Federal State of Lower Saxony as

well as the State Treaty on Norddeutsche Landesbank – Girozentrale – between the Federal State of Lower Saxony, the Federal State of Saxony-Anhalt and the Federal State of Mecklenburg Western Pomerania. Once the merger became effective, all rights and duties of BLB existing at this point are transferred to NORD/LB by way of universal succession. As a result of the merger, BLB lost its legal independence and operates henceforth as a branch of NORD/LB. The full integration of BLB into NORD/LB is being implemented gradually by means of an internal transformation process. For further information, we would refer you to the corresponding sections of the management report.

The acquisition costs of NORD/LB for the assets and liabilities of BLB are equal to the value of the equity interest. The discrepancy between the carrying amount of the subsumed equity interest of NORD/LB in Bremer Landesbank and the net assets of Bremer Landesbank results in a merger gain in accordance with IDW RS HF 42 ss. 72 in the amount of € 393 million.

NORD/LB uses the option to carry forward carrying amount in accordance with § 24 UmwG (as well as § 11(2) UmwStG). For accounting purposes, NORD/LB thus assumes the position of BLB and is bound by the accounting decisions previously taken by BLB. The transfer of assets and liabilities to NORD/LB AöR takes place by way of transactions in the current account. Here the carrying amounts from the annual financial statements of BLB as at 31 December 2016 are taken as acquisition costs for NORD/LB. NORD/LB will not assume assets and liabilities which cease to exist as a result of the merger. This applies to existing receivables and liabilities between NORD/LB and BLB which extinguish with the merger.

NORD/LB accounts for the merger in the annex to the balance sheet by way of a consolidated bal-

ance sheet as at 31 December 2016 and consolidated income statement for the year 2016 as well as additional notes in order to ensure comparability with NORD/LB's figures from previous years before the merger with the figures as at the current reporting date.

In connection with the restructuring associated with the merger, material costs are to be reduced and staffing measures utilised to leverage synergy effects. As at 31 December 2016, the costs forecast at that time of approx. € 35.1 million were set aside for this purpose at the level of Bremer Landesbank. Measures to reduce staff costs were defined more specifically during 2017. In this context, on 26 September 2017 NORD/LB AöR decided on the restructuring plan for the integration of Bremer Landesbank, and it staged several events to inform the workforce about the upcoming restructuring. Given the progress with specific measures defined (inter alia via the conclusion of a future safeguarding agreement), in the second half-year the acquired provisions were increased, taking account of the discounting effects of approx. € 71.9 million to a total of approx. € 107.0 million including the reserve assumed from Bremer Landesbank by NORD/LB AöR.

In 2016, NORD/LB posted negative earnings after taxes at individual institution level in accordance with the German Commercial Code (Deutsches Handelsgesetzbuch – HGB) and as a result of that a net accumulated loss as at 31 December 2016 in accordance with HGB. As a result, no interest was paid on silent participations in 2016, and the silent participations participated in the net accumulated loss in proportion to the relative share they represented of the overall liable equity at the time.

By resolution of the NORD/LB Owners' Meeting, the net accumulated loss from the year 2016 was covered in full by a transfer from retained earnings.

In 2017, the Bank once again reported a net profit after taxes in accordance with HGB and, as at the reporting date, a net retained profit in accordance with HGB in the same amount. As a result of the net profit and the net retained profit, the balance sheet amounts of all silent participations have been fully restored to their respective nominal amounts. In addition, all silent participations will receive the contractually stipulated interest for the year 2017.

Accounting policies – trading portfolio

Financial instruments assigned to the trading portfolio are valued at fair value minus a risk haircut in accordance with § 340e para. 3 sentence 1 of the German Commercial Code. The change in fair value as compared to the reporting sheet date or to the acquisition costs - the valuation gains/losses - is recorded under the items Net income or Net loss from the trading portfolio. More information on the calculation of fair values is presented in the section titled "Establishing fair values".

Current interest income and expenses from the trading business are shown in Interest income. Dividend income from the trading business is recorded under the item "Current income from shares and other variable yield securities".

As there is currently no difference in terms of holdings between the trading portfolio reported in the balance sheet and the regulatory trading book, NORD/LB has used the Value-at-Risk (VaR) calculated for regulatory purposes, adjusted by regulatory offsetting using a correlated foreign currency VaR of the trading book in accordance with the internal model, based on Regulation (EU) No. 575/2013 (formerly SolvV), pursuant to § 340e para. 3 sentence 1 of the German Commercial Code (HGB), i.e. it deducted the VaR amount calculated from trading assets.

The historical simulation method is used to calculate the VaR.

The VaR parameters used in accordance with banking supervisory regulations, and which are therefore also relevant for reporting in accordance with commercial law, are:

- Use of a correlated VaR for the following risk types:
 - General interest-rate risk,
 - Specific interest-rate risk (issuer-specific credit-spread risk, no risk of default),
 - Currency risk,
 - Share-price risk,
 - Option-price risk
- Confidence level: 99 %
- Holding period: 10 days
- Observation period: 1 year

The mid-market rate is used for the valuation of the trading portfolio. The effects of the inclusion of counterparty-specific default risks for OTC derivatives are recorded as a credit value adjustment (CVA) or debit value adjustment (DVA). The CVA/DVA ratios are calculated using exposure simulation and market-implied credit data. The Bank also uses OIS discounting for the valuation of secured OTC derivatives where OIS discounting has trended at the current market standard.

Moreover, NORD/LB AöR has applied a funding valuation adjustment (FVA) since financial year 2016. This adjustment represents the market-implied refinancing costs for unsecured derivative positions. A discounted approach was used for the calculation. The area of application comprises material unsecured OTC interest rate derivatives.

Accounting policies – non-trading portfolio (banking book)

The cash reserve is recognised at nominal value.

Loans and advances to customers and banks are recognised at nominal value, respectively at amortised cost. If there are differences between the nominal values and the amounts paid out for mortgage loans and other loans and advances -

insofar as they incur interest - the items are recognised at nominal value in accordance with § 340e para. 2 of the German Commercial Code. The differences are reported under Deferred income and written back as scheduled.

In light of the low interest rate environment, NORD/LB has included interest-rate cap agreements in loan contracts. In this case, the variable interest component (benchmark interest rate) is calculated with a minimum specific percentage rate per year (floor clause).

From an accounting perspective, this is an “embedded derivative” (floor), which according to IDW RS HFA 22, subsection 16c) from the German Institute of Public Auditors, that can only be recognised separately from its host contract (loan) if the interest-rate cap agreements are leveraged in relation to the host contract or already have a positive value on the assets side upon recognition.

At NORD/LB AöR, the basic principle for loans of this type is that the market interest-rate must be higher on the initial drawdown than the agreed customer interest rate. At the time the contract is concluded, the interest rate cap agreement has no positive value on the assets side, so there is no obligation to separate the “embedded derivative” (floor) from the host contract (loan).

In accordance with IDW RS HFA 22, subsection 16c) from the Institute of Public Auditors, NORD/LB does not generally provide for a separation obligation for these transactions.

Low and interest-free receivables are recognised at their present value, and where necessary corrected by specific valuation allowances or general loan loss provisions.

Recognisable risks in the lending business are adequately accounted for through the formation of specific valuation allowances and provisions as part of the periodic or ad-hoc loan monitoring. Significant loans (volume of receivables per individual borrower from EUR 1.5 million) for which objective indications of impairment have been

identified are provisioned on an individual basis. The amount is quantified as the difference between the carrying amount of the receivable and the present value of the anticipated future cash inflows from interest, repayments and the proceeds of sale of securities. The recognition of interest on impaired claims is recorded on the balance sheet by way of a present-value allocation of the carrying amount as interest income from the impaired receivable. The former Bremer Landesbank made use of this de facto accounting option in the past insofar as it recorded interest income so as to reduce risk provisioning, recording it as write-up to receivables and certain securities as well as from the reversal of reserves in lending business. Non-significant loans are recognised using a general valuation allowance per individual borrower, to which a statistically determined default amount is applied. Based on a credit rating classification system, country risks in the form of sovereign default risks and transfer risks are also taken into account in the evaluation of country-specific constraints and, where appropriate, provisions based on cautious standards are established for cross-border exposures to certain countries. Country risks are reflected with an assessment of compliance with country limits (rating procedure for country and transfer risk). Adequate general loan loss provisions are in place for other general credit risks. General loan loss provisions are still calculated according to statements from the BFA 1/1990 from the Banking Committee of the Institute of Public Auditors and the German Federal Ministry of Finance Circular of 10 January 1994. Insofar as credit risk is removed or declines, the stipulated types of risk provisioning are reversed to the corresponding extent. Here, NORD/LB complies with the requirement to reinstate original values as set down in tax and commercial law. If the Bank determines that a claim is completely or partially irrecoverable, it must be written down.

Securities held in the liquidity reserve are valued at the strict lower-of-cost-or-market principle. Securities in the banking book are treated in accordance with the diluted lower-of-cost-or-market

principle where no foreseeable permanent impairment exists.

Pursuant to IDW RS HFA 22 from the Institute of Public Auditors, structured products are broken down into their constituent parts (host instrument and embedded derivative) and recognised separately. The currently applicable accounting methods are applied to the constituent parts. The separated derivatives are considered in the loss-free valuation of the banking book or included in valuation units. Structured products which are measured at fair value or at the strict lower-of-cost-or-market principle are not recognised separately.

Option premiums and future margin payments for transactions that are not yet due as well as accrued interest income from interest rate swap transactions are recorded under Other assets or Other liabilities. Amounts not yet amortised from interest-rate cap agreements and up-front payments from interest-rate swaps not yet amortised are included in Deferred income.

Credit Default Swaps (CDS) for which the Bank serves as the collateral provider are treated in a similar manner as the procedure for contingent receivables and contingent liabilities from guarantees and other indemnity agreements. If claims can be expected from the CDS, then provisions should be established. Income components from CDS in the collateral-provider position are stated in Commission income. If CDS have been taken out to hedge securities (with the Bank as collateral taker), the hedging effect of the CDS will be taken into account when the need for amortising the securities is assessed. If there is a risk that the creditworthiness of the collateral provider (counterparty to the CDS contract) is questionable, then this risk must be taken into consideration separately.

The same procedure should be followed as for a guarantee. Income components from CDS in the collateral-taker position are stated in Interest income.

In those instances in which risks from the non-trading portfolio are transferred to the trading portfolio, internal transactions, just as external transactions, must be considered from a German commercial law perspective in line with the deputation principle.

Participations and shares in affiliated companies are recorded at acquisition cost or at the lower fair value in the case of permanent impairment. If the reasons for the impairment loss no longer exist, then a write-up is made for no more than the acquisition cost.

Property and equipment are stated in the balance sheet at acquisition cost and those with finite useful lives are amortised. In so doing, their useful lives are established based on their economic benefit. Insofar as impairments are likely to be permanent, NORD/LB recognises an impairment loss. If the reasons for the recognition of the impairment loss no longer exist, write-ups are made up to a maximum of the amortised costs or amortised production costs. In the reporting year, impairment losses as per § 253 para. 3 sentence 5 of the German Commercial Code (HGB) amounted to € 0.1 million (1 January 2017: € 4.7 million). Assets whose acquisition cost is between € 150 and € 1,000 are capitalised as pooled assets and depreciated at a flat rate of 20 percent per year over five years. Low-value assets whose acquisition cost does not exceed € 150 are fully depreciated according to tax law procedures in the year of their acquisition.

Pursuant to § 248 para. 2 of the German Commercial Code, NORD/LB exercised its option to capitalise internally generated intangible assets in the banking book. In this connection, the external costs incurred as a result of the development phase and internal development efforts are reported. The former Bremer Landesbank did not make use of this accounting option in the past. The useful life of software developed internally is generally set at five years.

Purchased software is depreciated over three years, unless otherwise specified in the contract.

Insofar as impairments are likely to be permanent, NORD/LB recognises an impairment loss. If the reasons for the recognition of the impairment loss no longer exist, write-ups are made up to a maximum of the amortised costs or amortised production costs.

Liabilities to banks and customers are shown at their settlement values as liabilities. Interest-rate related differences between amounts borrowed and amounts repaid are reported under Deferred income and written back as scheduled.

Zero bonds are recognised at their purchase price plus accrued interest in accordance with the yield on purchase.

Provisions are valued at the settlement value based on sound business judgement. Provisions with a term of more than one year are discounted at the average market interest rate for their corresponding residual terms as published by the German Bundesbank in accordance with the German Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). Interest and expenses from discounting provisions are recorded under Other operating income and expenses. The impact resulting from the change in the underlying discount rates is also shown in Other operating income and expenses.

The Bank exercised the netting option for income and expenses pursuant to §340 f para. 3 of the German Commercial Code.

Negative interest income as well as positive interest expenses are recognised separately on the income statement. The negative interest income arose on loans and advances to banks and loans and advances to customers (incl. repurchase transactions). The positive interest expenses arose on liabilities to banks and liabilities to customers (incl. repurchase transactions).

Calculation of fair values

Fair values must be determined for accounting purposes (valuation of primary and derivative financial instruments held for trading at fair value) and for reporting purposes (designation of fair value for derivative financial instruments not held for trading). For both of these purposes, the fair values are determined in the same manner as described below.

If financial instruments are traded on an active market, the market/stock exchange price is used to directly determine the fair value, i.e. in this case no adjustments or present value calculations are

made in order to determine the fair value. Publicly listed stock market prices are used if available. Otherwise other sources of prices are used (e.g. quotes from market makers). Examples of financial instruments held by NORD/LB that are traded on an active market are exchange-traded securities, exchange-traded options and futures.

In all other cases, the fair value is determined using generally recognised valuation methods. Some of the generally recognised valuation methods used by NORD/LB for primary and derivative trading operations include the following:

Valuation method	Application	Significant input parameters
Discounted Cashflow Method	Illiquid interest-bearing Securities	Swap curves, Credit rating information
	Credit Default Swaps	Swap curves, credit-spreads and where applicable credit rating information
	Interest-rate swaps, FRAs	Swap curves
	Securities forward contracts	Contract data, specific -securities forward prices, swap curves
	Interest-rate currency swaps, Forward exchange contracts transactions	Swap curves in the currencies exchanged, basic swap spreads, exchange rate
Hull & White Model for Options	Bermudan swaptions	Volatility of the underlying market price, risk-free interest rate, swap rate, mean reversion
Black-Scholes Model	FX options	Exchange rates, volatility of the underlying market price, risk-free interest rate for both currencies
	OTC share options (European)	Volatility of the underlying market price, risk-free interest rate, underlying (share), dividends
Barone-Adesi, Whaley-Model	OTC share FX-options (American)	FX-rate, volatilities, riskfree interest rate
Normal Black Model	Caps and floors Swaptions	Exchange rates, volatility of the underlying market price, risk-free interest rate
CVA/DVA Simulation Method	All derivatives	Market value, ratings, creditspreads, swap curves, netting and collateral information
FVA (discounting rate)	unsecured Interest-rate swaps and -swaptions	Fair values, swap curve, CCY - basic swap spreads,

The main factors were reliably determined for all trading operations valued by means of the above-mentioned valuation methods. Consequently, there were no instances in which NORD/LB was not able to determine the fair value.

Accounting of securities lending

In securities lending transactions, NORD/LB allocates the beneficial ownership to the lender. The result is that the lent securities remain on NORD/LB's balance sheet and are measured according to the valuation rules of the respective security category. If NORD/LB borrows securities, the securities are not recognised by NORD/LB as beneficial ownership was not transferred to NORD/LB.

Pension obligations

In 2015 NORD/LB AöR transferred some of its existing pension obligations to the provident fund Norddeutsche Landesbank Girozentrale Hannover/Braunschweig e. V., Hanover. The same was realised by Bremer Landesbank by the inclusion of the existing provident fund of Bremer Landesbank Kreditanstalt Oldenburg GmbH (provident fund). These transfers resulted in pension entitlements through direct and indirect commitments. NORD/LB's direct and indirect pension provisions are measured using an accrued benefit calculation known as the Projected Unit Credit Method. This method measures the current pensions on the reporting date and the share of the pension entitlements earned through years of service. Future increases expected due to associated future expected salary increases or pension adjustments are also taken into account. The actuarial present value of obligations is determined by discounting the expected future pension benefits (settlement value as per § 253 para. 1 sentence 2 of the German Commercial Code) at the average market interest rate for the past ten financial years applicable on the reporting date as per § 253 para. 2 of the German Commercial Code. In determining the actuarial present value of obligations, the simplification rule as per § 253 para. 2 sentence 2 of the German Commercial Code is used and the interest rate is generally discounted over a residual period of 15 years.

The new amount resulting from the change in the way pension obligations are measured under the Accounting Law Reform Act (BilMoG) of 1 January 2010 is € 395,1 million for the public-law institution. In application of the simplification rule pursuant to Art. 67 para. 1 sentence 1 of the Introductory Act on the German Commercial Code (EGHGB), the difference between the new amount and the previous amount will be distributed over 15 years. As a consequence of this change in procedure, the distribution of the difference in the amounts was limited to the direct pension obligations, reducing the remaining distribution time. Whereas NORD/LB recovered the difference in the previous year already, on 31 December 2017, the former Bremer Landesbank posted a reduced difference of € 0.6 million (1 January 2017: € 2.6 million).

As at 31 December, the Bank's provisions in Germany amounted to € 530,1 million (1 January 2017: € 509.1 million). Thereof, € 284.6 million (1 January 2017: € 263.6 million) are allocated to direct obligations. For the Bank in Germany, the difference between the amount and that calculated on the basis of the pension obligation rate in line with the average market interest rate from the past seven fiscal years stood at € 61.4 million (1 January 2017: € 50.6 million). The indirect pension liabilities of € 245.5 million (1 January 2017: € 245.5 million) arose from a negative balance (difference between the requisite settlement value for the pension obligations as per § 253 para. 1 sentence 2 para. 2 of the German Commercial Code and the assets transferred to the provident fund) at the time the means of implementation were changed provided the reason for provisioning still existed as per § 249 para. 2 sentence 2 of the German Commercial Code. Accordingly, the changes to indirect pension provisions can no longer be accounted for through profit and loss; in particular, changes to the discount rate do not affect the balance sheet nor do they result in either profit or loss. The shortfall resulting from unrecognised pension obligations pursuant to Art. 28 para. 2 of the Introductory Act on the German Commercial Code (EGHGB) amounts to € 549.6 million (1 January 2017: € 423.3 million).

The following assumptions for the German Bank were used to determine the direct and indirect pension obligations:

	31 Dec.2017	1 Jan.2017
Discount rate (10-year average interest rate)	3,68%	4,01%
Discount rate (7-year average interest rate)	2,80%	3,23%
Salary increases	2,00%	2,00%
Pension increases	2,75%	2,75% / 2,87% / 1,00%
Pension increase p.a. chairmen/contractual employee	-	-
Total pensions	-	-
Additive pensions	-	-
Defined contribution plans	-	-
Fluctuation	3,00%	3,00%

¹⁾ The average market interest rate from the past seven fiscal years was applied until 2015 for measuring NORD/LB's pension benefit obligations. Starting in 2016, this rate has been used to calculate the difference in amounts as per § 253 para. 6 of the German Commercial Code.

The measurement of NORD/LB's direct and indirect pension provisions is based on Dr Klaus Heubeck's 2005 G mortality tables.

The settlement value of the existing pension plans in New York is equivalent to € 305 thousand (1 January 2017: € 408 thousand).

As regards indirect pension obligations, the London branch has a shortfall of € 1.8 million at 31 December 2017 (1 January 2017: € 3.9 million).

Based on a service agreement, NORD/LB employees have the option of placing credit balances from time credits and deferred remuneration into long-term working time credit accounts which are invested in a special fund through a trustee.

This relates to a securities-linked commitment, so that the relevant provisions are recognised at the fair value of the fund's assets and are netted against the pension plan assets as per § 253 para. 1 of the German Commercial Code.

As at 31 December 2017, the fair value of the special funds amounted to € 9.2 million, with acquisition costs of € 9.1 million.

Income and expenses from the pension plan assets and the corresponding provisions are offset in Other operating profit/loss.

Currency translation

Currency translation is carried out in the non-trading portfolio in accordance with § 256a in conjunction with § 340h of the German Commercial Code ("special cover") and the statement made by the "Bankenfachausschuss" (Banking Committee) of the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany) (IDW RS BFA 4), as the Bank manages currency risk via separate currency positions and carries the individual currency items in the currency positions. The special cover comprises all assets, liabilities and pending transactions which are not allocated to the trading portfolio, are financial instruments and are in a foreign currency.

The assets and liabilities and the valuation of forward currency transactions and outstanding spot currency transactions are translated using the average spot exchange rate (ECB reference exchange rate) or rates from other reliable sources on the reporting date.

For futures transactions in the non-trading portfolio, the pro-rata, swap premiums/discounts which have not yet been amortised are valued at the current swap rates for the remaining term of the transactions.

The results from the valuation of the remaining positions are added for each currency; losses are deducted. Any remaining positive results, such as unrealised gains from open items, are not recognised.

As regards financial instruments in the trading portfolio, currencies are translated in accordance with the corresponding valuation and accounting principles. The results of the currency translations are reported under the items Net income or Net expenses in the trading portfolio.

The results of these currency translations for financial instruments in the non-trading portfolio are netted out and recorded under Other operating income.

Overall NORD/LB's assets and liabilities in foreign currencies total € 38 879.2 million (1 January 2017: € 46 276.8 million) and € 36 259.0 million (1 January 2017: € 44 234.1 million), respectively.

The base currency used for reporting at the foreign branches in London, Shanghai and Singapore is the euro, while the base currency for the New York branch is the US dollar. All transactions are posted in their original currency. Assets, liabilities and off-balance-sheet transactions are translated into the base currency using the respective ECB reference rate on the reporting date. Expenses and income in foreign currency are translated daily into the base currency using the ECB reference rate. The balance sheet and income statement of the New York branch are converted from the base currency of the US dollar into euros using the ECB reference rate as at the reporting date.

Formation and accounting of valuation units

In the following cases, NORD/LB's economic hedging transactions are also shown in the balance sheet by forming valuation units:

- Individual transaction-specific interest hedges of fixed-interest securities in the liquidity reserve with interest rate swaps (31 December 2017: € 1 168.9 million; 1 January 2017: € 2 394.0 million);

- Individual transaction-specific hedges of the underlying share price or exchange-rate risks of certain structured issues with share-price or exchange-rate-specific derivatives (31 December 2017: € 176.8 million; 1 January 2017: € 202.9 million);

- Individual transaction-specific passing on of inflation risk hedged against customers to the market (31 December 2017: € 111.2 million; 1 January 2017: € 120.9 million).

In addition to the above-mentioned hedging relationships shown as valuation units, there are the following economic hedging transactions which are not shown in the balance sheet by forming valuation units, but by the measures below:

- Currency hedges in the banking book. The economic hedging relationship is presented in the balance sheet by the translation of the foreign-currency assets, foreign-currency liabilities and pending currency transactions in accordance with § 256a in conjunction with § 340h of the German Commercial Code.
- Hedging of general interest-rate risk in the banking book within the scope of asset/liability management (overall bank management). The economic control relationship is taken into account when assessing whether the requirements for loss-free valuation in the banking book have been complied with by considering all of the interest-bearing banking book assets and liabilities and all interest derivatives in the banking book.
- Hedging of the default risk relating to banking book assets with CDS contracts. The economic hedging relationship is presented in the balance sheet by considering as a loan security the hedge effect of the CDS contracts in the calculation of the valuation allowance required for the hedged assets.

NORD/LB uses the freeze method for any valuation units formed.

Loss-free valuation of interest-rate-based transactions in the banking book (interest book)

Interest-rate-based financial instruments in the banking book (interest book) are subject to a loss-free valuation as stipulated by the Institute of Public Auditors in Germany (IDW RS BFA 3). If the value of the payment obligation from the interest-bearing transaction is greater than the value of the counterperformance, a provision for contingent losses in the amount of the excess liability is to be made.

In the present value approach, NORD/LB compares the cash flows, discounted as at the reporting date, of all on-balance-sheet and off-balance-sheet interest-rate-based financial instruments not in the trading portfolio with their carrying amounts taking into account the expected funding risk expenses, risk expenses and administrative expenses.

As at the reporting date there was no excess liability.

II. Disclosures and Notes to the Balance Sheet and Income Statement

The notes below concerning the individual items of the balance sheet and income statement appear in the order that the items are reported:

Notes to the Balance Sheet		Assets		
(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016	
2. Treasury bills and other bills eligible for refinancing with central banks				
a) Treasury bills, discounted treasury notes and similar debt instruments issued by public institutions				
Balance sheet value	–	74 975	74 975	
of which				
eligible for refinancing at the Deutsche Bundesbank	–	74 975	74 975	
3. Claims on banks				
Balance sheet value	30 684 631	26 137 643	23 174 858	
of which				
with a residual term of				
Due on demand	13 150 714	5 824 432	5 256 925	
less than 3 months	4 333 459	7 588 225	7 537 873	
more than 3 months but less than 1 year	1 764 207	2 360 495	2 690 680	
more than 1 year less than 5 years	3 571 815	3 706 721	2 790 959	
more than 5 years	7 864 435	6 657 769	4 898 421	
of which				
Claims on affiliated companies	2 491 150	3 715 382	3 715 382	
Claims on companies in which an equity investment exists	77 475	295 308	295 308	
Subordinated receivables	195 116	493 691	493 691	
Used to cover old stock	–	84 950	84 950	
The full amount of receivables from banks includes:				
Claims on affiliated savings banks	8 024 182	7 852 993	5 085 379	
4. Claims on customers				
Balance sheet value	65 885 671	76 392 580	55 977 506	
of which				
with a residual term of				
less than 3 months	10 117 818	9 136 418	5 510 631	
more than 3 months but less than 1 year	6 323 296	5 140 479	3 443 699	
more than 1 year less than 5 years	22 694 135	20 308 294	14 581 945	
more than 5 years	26 750 422	41 807 389	32 441 231	
of which				
Claims on affiliated companies	745 346	542 855	386 951	
Claims on companies in which an equity investment exists	379 841	445 930	336 863	
Subordinated receivables	226 713	132 503	132 503	
Used to cover old stock	1 231 831	1 468 152	1 468 148	
With an indefinite term	1 278 281	2 454 090	1 542 703	
5. Debt securities and other fixed-interest securities				
a) Money-market instruments				
aa) Issued by public sector issuers				
Balance sheet value	47 454	13 095	13 095	
of which				
due in the following year	47 455	13 095	13 095	
börsenfähige und börsennotierte Geldmarktpapiere	47 454	–	–	
marketable and unlisted money-market instruments	–	13 095	13 095	

Assets

(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016
ab) Issued by other issuers			
Balance sheet value	823 712	1 265 724	1 265 724
of which			
due in the following year	823 707	1 265 719	1 265 719
marketable and listed money-market instruments	750 842	936 817	936 817
b) Bonds and debt securities			
ba) Issued by public sector issuers			
Balance sheet value	7 138 333	8 481 185	6 471 519
of which			
due in the following year	557 666	1 498 055	1 232 577
marketable and listed money-market instruments	6 960 073	8 201 676	6 192 010
marketable and unlisted money-market instruments	178 260	279 509	279 509
bb) Issued by other issuers			
Balance sheet value	12 206 248	12 806 659	13 202 270
of which			
due in the following year	1 440 868	2 269 917	2 207 074
marketable and listed money-market instruments	11 547 608	12 327 939	12 618 709
marketable and unlisted money-market instruments	658 640	478 946	583 787
Affiliated company securities	3 063 353	3 091 933	4 102 421
Subordinated debt securities	276 430	602 079	697 595
c) Debt securities, issued by the institution itself			
Balance sheet value	121 973	1 185 348	75 441
of which			
due in the following year	20 285	11 460	11 460
marketable and listed money-market instruments	121 973	1 080 507	75 441
marketable non listed money-market instruments	–	104 841	–
Subordinated debt securities	–	104 841	–
6. Shares and other non fixed-interest securities			
Balance sheet value	1 270 557	1 319 830	1 250 089
of which			
marketable and listed shares and other non fixed-interest securities	4 130	3 388	–
marketable non listed shares and other non fixed-interest securities	198	66 470	116
6a. Trading portfolio			
Balance sheet value	10 554 884	12 373 796	12 258 549
of which			
Derivative financial instruments	5 248 438	6 895 829	6 869 003
Claims	2 079 970	2 832 962	2 832 962
Debt securities and other fixed-interest securities	3 229 560	2 661 174	2 572 197
Shares and other non fixed-interest securities	1 813	827	827
Risk discount	– 4 897	– 16 996	– 16 439

¹⁾ As at 1 January 2017, the balance sheet included debt securities issued by the former Bremer Landesbank with nominal value of € 1.1 billion, which were redeemed over the course of 2017.

Assets

(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016
7. Participations			
Balance sheet value	174 617	219 248	167 184
of which			
Marketable listed shares	–	2 794	–
Marketable unlisted shares	6 924	4 814	4 814
The equity holding is shown in III. Paragraph 11.			
8. Investments in affiliated companies			
Balance sheet value	1 404 623	1 474 426	1 401 487
of which			
Marketable unlisted shares	1 098 401	1 087 026	1 087 026
The equity holding is shown in III. Paragraph 11.			
9. Assets held in trust			
Balance sheet value	3 503 281	3 896 704	3 882 078
of which			
Claims on banks	517 603	561 275	560 077
Claims on customers	2 980 811	3 322 052	3 322 002
11. Intangible assets			
Balance sheet value	111 329	120 557	108 997
of which			
internally generated software ¹⁾	40 636	45 135	45 135
Finance lease	3 368	4 460	4 460
12. Tangible assets			
Balance sheet value	318 199	331 368	192 865
of which			
land and buildings	275 944	280 898	159 541
Operating and office equipment	42 255	50 470	33 324
14. Other assets			
Balance sheet value	1 539 364	1 669 871	1 441 379
of which			
The following are reported as significant items:			
Option premiums and margins	801 376	810 532	778 486
Interest and interest due from interest-rate swaps	514 840	615 298	468 670
Balancing item from currency valuation	62 099	19 725	19 725
Claims against fiscal authorities	53 162	149 642	108 758
Reported assets on interim accounts	14 422	36 019	31 920
Pro rata interest claims from flat-traded securities of the trading portfolio	9 868	10 274	10 274
irrevocable payment commitments	24 715	11 310	11 310
15. Deferred expenses and accrued income			
Balance sheet value	1 352 992	1 149 954	1 141 083
of which			
deferred premiums in accordance with § 340e Paragraph 2 HGB	616 211	492 623	492 617
discounts and maturing premiums	106 218	95 312	86 959

¹⁾ In the reporting year, development costs related to the development of software in the amount of € 1.8 million (1 January 2017: € 8.8 million) were incurred; research costs were, however, zero.

Assets

The table below shows the changes to fixed assets:

	Aquisition/ manufac- turing cost	Additions	Disposals	Reclassi- fications	Accu- mulative deprecia- tion	Balance sheet value 31 Dec.2017	Balance sheet value 1 Jan.2017	Balance sheet value 31 Dec.2016	Depreciation for the accounting- period
(in € 000)									
Intangible assets	268 692	38 060	2 171	-	159 695	111 329	120 557	108 997	35 622
internally gener- ated industrial property rights and similar rights and values	124 132	1 847	-	-	78 997	40 636	45 135	45 135	6 346
Concessions, industrial proper- ty rights and similar rights and values including its licences against payment	139 099	34 194	2 171	-	79 697	65 248	63 342	59 402	28 184
Advance pay- ments made	-	2 018	-	-	-	2 077	7 621	-	-
Finance lease	5 461	-	-	-	1 001	3 368	4 460	4 460	1 092
Tangible assets	434 417	173 964	4 089	-	241 553	318 199	331 368	192 865	47 943
land and build- ings	234 092	134 030	51	-	74 551	275 944	280 898	159 541	17 577
Operating and office equipment	200 325	39 934	4 038	-	167 002	42 255	50 470	33 324	30 366
		Change ¹⁾							
Participating interests			- 44 632			174 617	219 248	167 184	
Investments in affiliated companies			- 69 803			1 404 623	1 474 426	1 401 487	
Securities in fixed assets			- 881 840			2 430 010	3 311 850	2 664 166	
of which:									
Bonds and debt securities			- 881 840			2 430 010	3 311 850	2 664 166	
Shares						-	-	-	

¹⁾ The summary provided for under § 34 para. 3 of the German Accounting Regulation for Credit and Financial Services Institutions (RechKredV) was utilised..

Liabilities

(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016
1. Liabilities to banks			
Balance sheet value	41 784 088	45 146 067	34 814 620
of which			
a) Due on demand	4 266 438	3 559 373	3 018 989
of which			
Liabilities to affiliated companies	69 960	97 102	86 704
Liabilities to companies in which an equity investment exists	1 723	2 106	2 032
b) With an agreed term or notice period	37 517 650	41 586 694	31 795 631
of which with a residual term of			
less than 3 months	13 068 820	16 978 298	16 040 515
more than 3 months but less than 1 year	4 079 060	5 364 341	3 959 361
more than 1 year but less than 5 years	8 345 456	7 937 907	5 069 393
more than 5 years	12 024 314	11 306 147	6 726 362
of which			
Liabilities to affiliated companies	259 194	40 605	40 605
Liabilities to companies in which an equity investment exists	173 896	247 154	247 154
Assets pledged as collateral ¹⁾	13 331 662	12 008 566	12 008 566
The full amount of bank loans and overdrafts includes:			
Liabilities to affiliated savings banks	2 568 613	2 790 183	2 254 802
2. Liabilities to customers			
Balance sheet value	49 696 993	51 001 021	41 054 089
of which			
a) Savings deposits			
aa) with an agreed notice period of three months	1 169 786	1 218 900	1 026 106
Savings deposits with an agreed notice period			
ab) of more than three months	16 289	23 408	19 949
of which with a residual term of			
less than 3 months	3 745	9 069	5 610
more than 3 months but less than 1 year	2 172	3 355	3 355
more than 1 year but less than 5 years	9 769	10 570	10 570
more than 5 years	603	413	413
b) Other liabilities			
ba) Due on demand	18 451 400	19 330 153	15 685 625
of which			
Liabilities to affiliated companies	112 627	191 578	96 508
Liabilities to companies in which an equity investment exists	130 561	117 859	202 862

¹⁾ Collateral has been provided for borrowing undertaken within the scope of genuine repos. Collateral was also provided for refinancing funds for specific purposes and open market transactions to the German Bundesbank.

Liabilities

(in € 000)	31 Dec.2017	31 Dec.2016	31 Dec.2016
bb) With an agreed term or notice period	30 059 518	30 428 560	24 322 409
of which with a residual term of			
less than 3 months	4 572 872	3 538 335	3 308 996
more than 3 months but less than 1 year	6 643 471	6 118 625	4 744 565
more than 1 year but less than 5 years	5 267 039	6 570 405	5 301 859
more than 5 years	13 576 137	14 201 195	10 966 989
of which			
Liabilities to affiliated companies	–	664	664
Liabilities to companies in which an equity investment exists	271 529	315 433	639 720
Assets assigned as collateral	41 871	215 784	215 784
3. Securitised liabilities			
a) Issued debt securities			
Balance sheet value ¹⁾	25 507 590	28 480 855	23 071 804
of which			
Due in the following year	6 332 314	6 170 834	5 034 879
Liabilities to affiliated companies	1 005 884	1 007 054	1 007 054
Liabilities to companies in which an equity investment exists	25 808	1 057 808	25 808
b) Other securitised liabilities			
Balance sheet value	39 987	273 321	273 321
of which with a residual term of			
less than 3 months	37 582	84 895	84 895
more than 3 months but less than 1 year	516	158 197	158 197
more than 1 year but less than 5 years	1 264	29 435	29 435
more than 5 years	624	794	794
3a. Trading portfolio			
Balance sheet value	5 458 540	6 185 418	6 220 458
of which			
Derivative financial instruments	5 278 935	6 086 237	6 121 277
Liabilities (for short-term securities)	179 605	99 181	99 181
4. Liabilities held in trust			
Balance sheet value	3 503 281	3 896 704	3 882 078
of which			
Liabilities to banks ²⁾	1 233 686	1 417 864	1 416 665
Liabilities to customers	2 264 729	2 465 464	2 465 413

¹⁾ As at 1 January 2017, the balance sheet included securitised liabilities of the former Bremer Landesbank with nominal value of € 1.0 billion which are capitalised as own debt securities and which were redeemed over the course of the year 2017.

²⁾ This includes equity of Investitionsbank Sachsen-Anhalt in the amount of € 174.4 million (1 January 2017: € 163.9 million).

Liabilities

(in € 000)	31 Dec.2017	31 Dec.2016	31 Dec.2016
5. Other liabilities			
Balance sheet value	1 439 723	3 553 895	3 118 214
of which			
reported as significant items:			
Balancing item from currency valuation	373 779	2 316 306	2 094 052
Countervalues for outstanding securities purchases	610 375	553 655	517 088
Interest payable and accrued interest from swaps	300 578	399 348	312 243
Interest payable from profit participation rights, subordinated liabilities and capital contributions	26 328	47 615	39 309
Outstanding items on interim accounts, not classified	58 591	179 695	118 656
Verbindlichkeiten aus erhaltenen Lieferungen und Leistungen	34 312	42 753	26 532
	2 565	1 440	–
6. Deferred income			
Balance sheet value	863 849	848 105	835 731
of which			
Separation of premiums from issuing and loan business	575 936	513 312	505 373
Separation of premiums from issuing and loan business	10 036	23 876	20 103
7. Provisions			
of which			
Other provisions	557 012	481 527	606 009
NORD/LB forms provisions for pensions and similar duties, tax provisions and other provisions for uncertain liabilities.			
Basically the following items are shown under other provisions:			
Staff expenses – other	250 489	217 549	204 789
Restructuring provisions "One Bank"	106 990	35 077	–
Legal risks	44 818	39 877	39 727
Staff expenses – reorganisation provisions (efficiency improvement programme)	33 910	47 747	47 747
Risks from lending business	27 756	50 676	42 397
anticipated losses on pending transactions	1 718	1 629	191 575
9. Subordinated liabilities			
Balance sheet value	2 804 537	3 236 051	2 636 051
of which			
due within five years in accordance with the CRR	868 600	986 470	986 470

In respect of the reported liabilities, NORD/LB paid interest in the amount of € 134.1 million (1 January 2017: € 135.7 million).

The following subordinated liabilities exceed 10 % of the total amount:

Currency amount	Interest rate	Due on
€ 350 million	6,00 % p.a.	29 Jun. 2020
USD 500 million	6,25 % p.a.	10 Apr. 2024

An early repayment obligation only exists if a change in taxation results in additional payments to the transferee.

The conditions for the subordination of these funds comply with applicable statutory provisions. The conversion of these funds into capital or any other form of debt has not been agreed and is not planned.

(in Tsd €)	31 Dec.2017	31 Dec.2016	31 Dec.2016
10a Instruments of additional regulatory Tier 1 capital			
Balance sheet value¹⁾	50 200	150 200	–

¹⁾ As at 1 January 2017, the balance sheet item instruments of additional regulatory Tier-1 capital included an additional Tier-1 bond of the former Bremer Landesbank with a nominal value of € 0.1 billion, which was capitalised as own debt security and redeemed over the course of 2017.

The additional Tier-1 bond of the tranche remaining after the merger was issued on the following terms:

Currency amount	Interest rate	Due on
€ 50.2 million	8,50% p.a.	until maturity

11. Funds for general banking risks			
Balance sheet value	68 308	68 308	60 000

12. Equity

The net accumulated loss from the year 2016 was covered in full by reversal of reserves through the appropriation of earnings. The current net accumulated gain therefore did not contain a loss carryforward. The net accumulated loss from the previous year for NORD/LB AöR in the amount of € 422.0 million was covered in full by retained earnings in accordance with the resolution of the Owners' Meeting. BLB did not apply retained earnings to cover the net accumulated loss from the previous year. It will be proposed to NORD/LB's owners at the Owners' Meeting on 13 April 2018 that the net accumulated gain from the year 2017 be allocated to retained earnings.

1. Contingent liabilities

Under contingent liabilities there were as at 31 December 2017 nine material liabilities relating to sureties and guarantees from the lending business. The individual amounts ranged from € 65,5 million to € 202.3 million. NORD/LB's maximum liability to customers from guarantees was € 7 076,5 million (1 January 2017: € 7 076.5 million) and letters of credit in the amount of € 231.9 million (1 January 2017: € 217.8 million). The risk of the contingent liabilities being utilised is considered to be low as the liabilities are ranked and monitored on a credit-related basis. Risk provisioning in the amount of € 12.9 million (1 January 2017: € 41.2 million) was allocated.

2. Other obligations

Irrevocable loan commitments in 2017 can be broken down as follows (in € 000):

Commercial enterprises	6 619 517
Banks	688 929
Public authorities	92 096
Private persons	137 489

As at 31 December 2017, Other liabilities include material irrevocable loan commitments, the individual amounts of which range from € 94.2 million to € 170.0 million. Based on the credit rating analyses, credit-related ranking and monitoring of other liabilities that have been conducted, it is generally assumed that the borrowers will meet their obligations. Risks may arise from a drop in the customers' credit ratings, for which an appropriate provision has been made. This provision amounted to € 13.9 million (1 January 2017: € 7.9 million).

3. Unrestricted letters of comfort

NORD/LB ensures that the following companies are able to meet their obligations:

- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover
- Nieba GmbH, Hanover, Germany
- Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg - Findel, Luxembourg,
- Skandifinanz AG, Zurich, Switzerland.

On account of the economic situation of these companies, NORD/LB does not expect claims under the aforementioned letters of comfort. Correspondingly, at the present moment, there is no need to determine the extent of possible liability under the letters of comfort.

The letter of comfort in favour of NORD/LB Asset Management Holding GmbH, Hanover, was rescinded.

Notes to the income statement

The total balance of the income statement items 1., 4., 5., 7., 9. and 10. is spread across the following regions:

(in € 000)	Federal Republic of Germany	Europe (excl. of Federal Republic of Germany)	North America	Asia	Total
1. Net interest income	4 131 740 (4 215 080)	2 658 (54 803)	126 685 (128 502)	72 122 (82 863)	4 333 204 (4 481 248)
4. Positive Interest from Lending and money market transactions	59 889 (30 075)	3 (688)	69 (21)	- (-)	59 961 (30 783)
5. Current income	47 858 (51 758)	- (-)	- (-)	- (-)	47 858 (51 758)
7. Net commission income	220 220 (272 328)	4 194 (19 553)	22 528 (32 134)	13 622 (13 402)	260 564 (337 417)
9. Net profit of trading portfolio	124 543 (128 426)	- 105 (- 256)	- 2 079 (- 674)	- 1 623 (454)	120 737 (127 949)
10. Other operating income	84 984 (187 290)	112 (54)	777 (146)	171 (302)	86 044 (187 792)
Income statement items	4669 234 (4 884 957)	6 863 (74 841)	147 980 (160 129)	84 292 (97 021)	4 908 368 (5 216 948)

(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016
9. Net profit/loss of trading portfolio			
The following are reported as material items:			
Net income from securities	6 444	56 721	54 869
Net income from loans	-	49 339	49 339
Net expenditure from loans ¹⁾	52 591	-	-
Net income from derivatives	135 841	858	-
Net expenditure from derivatives	-	4 597	4 597
Income from the change in value at risk reduction	12 099	551	-
Expense from the change in the Value at Risk deduction	-	4 218	4 218
allocation to extraordinary items in accordance with paragraph 340e (4) sentence 2 No. 1 HGB	-	1 518	-
Foreign exchange gain ²⁾	23 288	31 559	21 894
10. Other operating income			
The following are reported as material items:			
Reversal of provisions	21 200	53 943	42 059
Profit from hedge derivatives of own issues	10 675	67 796	67 796
Income from rents	5 583	5 371	4 892
Offsetting of services with promotion institutes	3 339	2 786	2 786
Foreign exchange of investment book	-	10 297	10 364
IT services for third parties	492	4 770	4 770
Income from the resale of hardware, software and services	45	13 047	13 047
13. Other operating expenses			
The following are reported as material items:			
Interest expenses from the valuation of provisions	53 535	43 269	41 201
Price losses from redemption of promissory notes and registered bonds	56 273	192 853	192 853
Expenses for KSN services	10 922	11 200	11 200
Allocation to provisions for recourse risks	6 436	505	419
Interest expenses for payments of tax arrears	4 622	1 661	1 646
Foreign exchange of investment book	2 436	-	85
Expenses for the resale of hardware, software and services purchased	1 698	30 992	15 523
anticipated losses on pending transactions	-	190 000	190 000
20. Extraordinary expenses			
Extraordinary expenses include the transition effects of the valuation of provisions in the amount of € 2.0 million (1 January 2017: € 6.2 million) as a result of the implementation of the German Accounting Law Modernisation Act (BilMoG) and reorganisation expenses in the amount of € 74.5 million (1 January 2017: 36.6 million). These mainly concern employee-related expenses for measures to reduce staff expenses as part of the efficiency-improvement programme.			
25. Income from the dissolution of the fund for general banking risks			
dissolution amount for loss compensation	-	1 441 633	852 633

Other financial obligations

In accordance with the Restructuring Fund Regulation (RstruktFV), NORD/LB is required to pay a bank levy. On 1 January 2015 the Commission Delegated Regulation (EU) 2015/63 of 21 October 2014 with regard to ex ante contributions to resolution financing arrangements entered into force. The Regulation supplements the EU Bank Recovery and Resolution Directive (BRRD; Directive 2014/59/EU).

Also in the current financial year, NORD/LB has opted to apply a portion of the fixed annual contribution as irrevocable payment. These payments, which stood at € 15.0 million (1 January 2017: € 8.2 million) are covered by cash collateral.

As a member of the deposit security reserve for Landesbanks which belongs to the Savings Banks Finance Group security system and owing to the European bank levy, NORD/LB is obliged to pay annual contributions. Apart from the contributions already made, there also exist obligations to make additional payments in the amount of € 185.3 million (1 January 2017: € 206.3 million). In the event of a need for support, these subsequent contributions could be collected immediately.

For the reporting year, an annual contribution in the amount of € 18.6 million (1 January 2017: € 20.1 million) which will be reported in Other administrative expenses, will be due to the deposit security reserve.

NORD/LB furthermore vouches for the obligations of the Sparkassenverband Niedersachsen (Association of the Savings Banks of Lower Saxony) resulting from its membership in the Deutscher Sparkassen- und Giroverband (German Association of Savings Banks and Girobanks) and the DekaBank Deutsche Girozentrale. In addition joint liability has been assumed for DekaBank Deutsche Girozentrale with the other shareholders

of this bank for legacy liabilities established prior to 18 July 2005 within the scope of the guarantor function.

Furthermore, NORD/LB together with Sparkassenverband Niedersachsen (SVN) and Landesbank Berlin Holding AG act as guarantor for LBS Norddeutsche Landesbausparkasse Berlin-Hannover.

NORD/LB has a 100 % holding in Deutsche Hypothekbank (Actien-Gesellschaft). As the guarantor of the deposit security reserve for Landesbanks and clearing centres, it is obliged to reimburse Deutscher Sparkassen- und Giroverband e. V. all expenditures including interest and interest lost for supporting measures which cannot be paid from the fund established for Deutsche Hypothekbank (Actien-Gesellschaft) in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekbank (Actien-Gesellschaft) on 19 December 2008.

NORD/LB had undertaken to release the Association of German Banks (Bundesverband deutscher Banken e.V.) from all losses which were a result of the measures in accordance with § 2 paragraph 2 of the statute of the "Einlagensicherungsfond" (deposit protection fund) for Deutsche Hypothekbank (Actien-Gesellschaft). The participation of Deutsche Hypothekbank (Actiengesellschaft) in the German banks' deposit protection fund was terminated on 31 December 2008. In accordance with § 6 no. 8 of the statute of the deposit protection fund, NORD/LB may still be liable for commitments previously entered into by Deutsche Hypothekbank (Actien-Gesellschaft).

With regard to NORD KB Beteiligungsgesellschaft mbH and NORD KB Dachfonds II Beteiligungsgesellschaft mbH, NORD/LB has an obligation to grant partnership loans totalling approximately € 1.8 million (1 January 2017: € 0 million).

NORD/LB also holds an interest with other limited partners in Immobilien Development und Beteiligungsgesellschaft Niedersachsen mbH IDB & Co. Objekt Zietenterrassen KG. One limited partner has indemnified the general partner from liability. Within this relationship, NORD/LB assumes 50 % of the possible obligations from this declaration of liability.

In accordance with its legal form, NORD/LB is liable without limitation to the creditors of GLB GmbH & Co. OHG. All of the shareholders are either legal entities under public law (Landesbanks) or companies under private law in which the majority of the shareholding is held directly or indirectly by entities under public law. Following the sale and transfer of the direct holding and atypical silent participation in DekaBank in 2011, the Company no longer actively pursues any business activity. There are no significant material risks relating to the final accounting of accessible profit shares due from previous years following the final approval of DekaBank's tax assessments.

NORD/LB has, together with the other limited partner Braunschweig Grund Objektgesellschaft Driebergen mbH & Co. KG, indemnified the general partner from liability.

With regard to the inclusion of the shares in FinanzIT GmbH, the withdrawing partners NORD/LB, Bremer Landesbank and Landesbank Saar have committed, together with the remaining partners of FinanzIT, to bear the risks of the company from the time up to their withdrawal, provided they have actually occurred and are not already covered by provisions which have already been made.

As at year-end, payment obligations for shares and other interests amounted to € 16.4 million (1 January 2017: € 14.2 million).

Over the normal course of business NORD/LB has furnished collateral in the nominal amount of

€ 106.8 million (1 January 2017: 308.8 million) in the form of securities.

NORD/LB uses synthetic securitisation transactions in order to reduce the charge on regulatory capital. Default risk is transferred to external third parties by way of the guarantee contracts "Northvest I", "Hanseatic Flag" and "Hanseatic Key". In the reporting year, a further transaction was carried out with "Northvest 2". The securitised loan portfolio constitutes a cross-section of NORD/LB's business model of and contains, among other things, credit risks from the asset classes of renewable energies, infrastructure, aircraft and German small and medium-sized businesses. Ship financing in the amount of approx. € 1.0 billion was also securitised for the first time. The initial volume of "Northvest 2" stood at approx. € 10.1 billion. Hedging of the credit risks contained therein is via a mezzanine finance guarantee with volume of € 503.1 million and contractual term of 15 years. Furthermore, in financial year 2017, the loan portfolio for "Hanseatic Flag" was increased by € 2.0 billion. Here the first-loss tranche that had already been placed was increased by 46.0 million. For "Northvest 1", a first-loss tranche in the amount of € 103.3 million was also placed.

As a result of these current measures, RWA was reduced by a further approx. € 5.5 billion. In total, securitisation transactions reduced RWA by € 9.5 billion (1 January 2017: € 5.0 billion).

In the reporting year, guarantee premiums in the amount of € 96.9 million were recognised (1 January 2017: € 70.2 million). In the following year, fees in the amount of € 142.1 million are expected from financial guarantees. In subsequent years the fees will fall steadily. The residual terms for the securitisation transactions "Hanseatic Flag" and "Hanseatic Key" acquired from Bremer Landesbank stood at nine and 10 years respectively. For "Northvest 1", the residual term stood at six years.

NORD/LB concluded a framework contract with Wincor Nixdorf International GmbH, Paderborn to regulate the collaboration in the area of information technology. The contract, which bundles the IT infrastructure services with one service provider, went into effect on 1 July 2013 and is due to expire on 30 June 2020. The annual costs are volume-dependent; the total volume of the contract over the remaining term is approximately € 33,9 million (1 January 2017: € 52,6 million).

NORD/LB has obligations from long-term rental and lease agreements for land and buildings to 2044 in the nominal amount of € 349.1 million (1 January 2017: € 354.5 million), of which € 232.0 million (1 January 2017: € 232.0 million) is owed to affiliated companies.

Accordingly, NORD/LB recognised a total of € 508.0 million (1 January 2017: € 732.0 million) as Other financial obligations.

III. Other disclosures

1. Members of the Managing Board

Thomas S. Bürkle
(Chairman, since 1 January 2017)

Dr Hinrich Holm
(Deputy Chairman)
(since 1 January 2017)

Ulrike Brouzi

Christoph Dieng
(since 3 February 2017)

Christoph Schulz

Günter Tallner
(since 3 February 2017)

2. Members of the Supervisory Board

(The current make up of the Members of the Supervisory Board can be view on NORD/LB's homepage at www.nordlb.de/die-nordlb/investor-relations/gremien-und-organe/)

Reinhold Hilbers (Chairman) Finance Minister of Lower Saxony (since 22 November 2017)	Ulrich Mädge Mayor of the Hanseatic City of Lüneburg
Peter-Jürgen Schneider (Chairman) Finance Minister of Lower Saxony (up to 22 November 2017)	Ulrich Markurth Mayor of Braunschweig
Thomas Mang (First Deputy Chairman) President of Sparkassenverband Niedersachsen	Ludwig Momann Chairman of the Managing Board Sparkasse Emsland
André Schröder (Second Deputy Chairman) Finance Minister of Saxony-Anhalt	Felix von Nathusius Businessman
Frank Berg Chairman of the Managing Board OstseeSparkasse Rostock	Antje Niewisch-Lennartz former Justice Minister of Lower Saxony
Norbert Dierkes Chairman of the Managing Board Sparkasse Jerichower Land	Frank Oppermann Bank employee NORD/LB Hanover
Edda Döpke Bank employee NORD/LB Hanover	Freddy Pedersen Trade union secretary ver.di Trade Union
Dr Elke Eller Head of HR and Director of Human Resources TUI AG	Jörg Reinbrecht Trade union secretary ver.di Trade Union
Frank Hildebrandt Bank employee NORD/LB Braunschweig	Stefanie Rieke Bank employee NORD/LB Magdeburg
Prof. Dr Susanne Knorre Management Consultant	

3. Disclosures concerning mandates

As at 31 December 2017 the following mandates were held in accordance with § 340a para. 4 no. 1 of the German Commercial Code (HGB) by members of NORD/LB:

Name	Society ¹⁾
Thomas Bürkle	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel
Dr. Hinrich Holm	NORD/LB Asset Management AG, Hanover Investitionsbank Sachsen-Anhalt, Magdeburg LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Lotto-Toto GmbH Sachsen-Anhalt, Magdeburg (bis 31.12.2017) BÖAG Börsen AG Caplantic GmbH ÖSA - Öffentliche Lebensversicherung Sachsen-Anhalt AöR ÖSA - Öffentliche Feuerversicherung Sachsen-Anhalt AöR
Ulrike Brouzi	Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel NORD/LB Asset Management AG, Hanover Salzgitter AG Stahl und Technologie, Salzgitter
Christoph Dieng	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel
Christoph Schulz	NORD/LB Covered Finance S.A., Luxembourg-Findel LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Toto-Lotto Niedersachsen GmbH, Hanover ÖVB - Öffentliche Lebensversicherung Braunschweig AöR ÖVB - Öffentliche Sachversicherung Braunschweig AöR ÖSA - Öffentliche Lebensversicherung Sachsen-Anhalt AöR ÖSA - Öffentliche Feuerversicherung Sachsen-Anhalt AöR
Günter Tallner	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover Norddeutsche Landesbank Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel

¹⁾ Banks are treated as large corporations.

Name	Society ¹⁾
Gudrun Clausen	Sparkasse Hanover
Uwe Didwischus	ConCardis GmbH, Eschborn
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hanover
Oliver Faak	caplantic GmbH, Hanover
Frank Herzberg	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Mike Kattner	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Christoph Kerber	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover
Dr. Ulf Meier	NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg Toto-Lotto Niedersachsen GmbH, Hanover LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover
Thomas Meyer-Vierow	Bürgschaftsbank Bremen GmbH, Bremen
Christoph Schellkes	caplantic GmbH, Hanover
Werner Schilli	ÖVB - Öffentliche Sachversicherung Braunschweig, Braunschweig ÖVB - Öffentliche Lebensversicherung Braunschweig, Braunschweig
Dr. Michael Schwalba	caplantic GmbH, Hanover
Axel Seidenschwarz	GSG OLDENBURG Bau- und Wohnungsgesellschaft mbH, Oldenburg
Christian Veit	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover (seit 1. September 2017) Öffentliche Versicherung Bremen, Bremen (seit 1. September 2017)
Thomas Wreesmann	GSG OLDENBURG Bau- und Wohnungsgesellschaft mbH, Oldenburg
Ingo Wünsche	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover
Berit Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Jörn Zimmermann	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin

¹⁾ Banks are treated as large corporations.

4. Remuneration of and loans to governing bodies

(in € 000)	31 Dec.2017	2017	31 Dec.2016
Total remuneration of current board members			
Managing Board	5 417	6 592	4 262
Supervisory Board	457	655	445
	5 874	7 247	4 707
Total remuneration of former board members and their surviving dependents			
Managing Board	7 172	7 408	4 191
Advances and loans granted			
Managing Board	245	848	324
Supervisory Board	60	835	95
Advances and loans repaid in the reporting year			
Managing Board	120	128	12
Supervisory Board	37	53	13
Advances and loans laid down in the reporting year			
Managing Board	-	-	-
Supervisory Board	-	-	-

NORD/LB's pension obligations for former members of executive bodies and their surviving dependants consist of direct pension commitments of NORD/LB and indirect pension liabilities. Provisions of € 33 765 thousand (1 January 2017: € 23 449 thousand) were established for direct pension liabilities. The remaining amount allocated to the provision pursuant to Art. 67 para. 2 of the Introductory Act on the German Commercial Code (EGHGB), German Accounting Law Modernisation Act (BilMoG) stood as at 31 December 2017 at € 649 thousand (1 January 2017: € 1 042 thousand). The indirect pension liabilities in accordance with Article 28 para. 2 of the Introductory Act on the German Commercial Code (EGHGB) amounted to € 56 784 thousand (1 January 2017: € 59 167 thousand).

5. Auditor's fees

In accordance with § 285 no.17 of the German Commercial Code, NORD/LB has exercised the option of reporting the auditor's fees in the consolidated financial statements.

In addition to the audit of the consolidated financial statements, the annual financial statements of Norddeutsche Landesbank – Girozentrale - as well as various audits of subsidiaries, including statutory contract expansions key audit points agreed upon with the Supervisory Board, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft provided the following significant, permitted services in the financial year 2017:

- Voluntary annual audits, reviews of annual reports and quarterly reports, audits in accordance with IDW PS 480 and 490 of the "Institut der Wirtschaftsprüfer" (Institute of Public Auditors in Germany)
- Assurance services under § 36 WpHG (German Securities Trading Act)
- Audit services in connection with the UmwG (German Transformation Act)
- Project quality assurance with a direct link to the audit. This includes projects connected to IT Compliance, AnaCredit, OneBank and the introduction of IFRS 9
- Assurance services based on statutory or contractual obligations. Among other things, this includes assurance services for savings bank organisations, assurance services connected to the bank levy, assurance services as per FinDAG, assurance services related to reporting duties under the Volcker Rule, assurance services connected to applying for an exemption under § 2a KWG and further assurance services with the regulatory authorities.
- Assurance services related to the issue of comfort letters
- Services related to securitisation transactions
- Advisory services under an enforcement procedure
- Further assurance and advisory services connected to regulatory requirements

6. Key events after the reporting date

In January 2018 the NORD/LB Group launched a benchmark issue of € 1,000 million. Furthermore, a US dollar issue was launched. The Luxembourg Pfandbrief worth USD 650 million has a term of 3 years.

Board member Ms Brouzi occupies the positions of Chief Financial Officer (CFO), Chief Operating Officer (COO) and Chief Digitalization Officer (CDO) for the areas of Finance/Tax, Organisation, Group IT, Compliance/Group Security and Corporate Services.

Ms Ulrike Brouzi is leaving the Group's Managing Board of her own volition as at 30 April 2018. As

7. Average number of employees

	Male	Male	Male	Female	Female	Female	Total	Total	Total
	31 Dec. 2017	1 Jan. 2017	31 Dec. 2016	31 Dec. 2017	1 Jan. 2017	31 Dec. 2016	31 Dec. 2017	1 Jan. 2017	31 Dec. 2016
Employees	2 585	2 510	1 992	2 535	2 491	1 999	5 120	5 001	3 991

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 614 employees (1 January 2017: 617 employees).

8. Further Disclosures

Services performed for third parties

Material services performed for third parties relate to:

- the management of trust assets
- the management of custodian accounts
- the brokering of building loan contracts, investment products, loans and insurance
- the brokering of foreign notes and coins and precious metals for associated savings banks
- asset management
- the brokering of loans and investment products

Omitted depreciation to lower fair value

The items “Debt securities and other fixed-interest securities” and “Shares and other non-fixed-interest securities” include securities valued like

fixed assets which have not been written down to their lower fair value. These concern the following securities (disclosures on carrying amounts and fair values do not include accumulated interest):

	Book values	Fair values	omitted depreciation	Book values	Fair values	omitted depreciation	Book values	Fair values	omitted depreciation
(in € 000)	31 Dec.2017	31 Dec.2017	31 Dec.2017	1 Jan.2017	1 Jan.2017	1 Jan.2017	31 Dec.2016	31 Dec.2016	31 Dec.2016
Bonds and debt securities	1 026 119	1 001 950	24 170	1 296 839	1 249 321	47 518	996 839	952 878	43 961
Shares	-	-	-	-	-	-	-	-	-

NORD/LB assumes with all bonds and debt securities that the loss of value is not permanent as the securities are held to final maturity and the issuers are all issuers with first-class credit ratings. If as at the reporting date there are valuation units consisting of interest-bearing securities and interest-rate swaps, the net fair value of the security and interest rate swap are entered in the above table as the fair value of the security.

The shares are intended to be held long term.

Write-downs are only made if the loss in value is likely to be permanent. There was no reason for a write-down to lower fair value as at the reporting date.

The following securities in fixed assets include hidden reserves, i.e. the fair value is higher than the carrying amount (disclosures on carrying values and fair values do not include accumulated interest):

	Book values	Fair values	Book values	Fair values	Book values	Fair values
(in € 000)	31 Dec. 2017	31 Dec. 2017	1 Jan. 2017	1 Jan. 2017	31 Dec. 2016	31 Dec. 2016
Bonds and debt securities	1 268 080	1 367 062	2 857 842	3 027 321	1 627 842	1 774 196
Shares	4 130	4 224	53 279	53 829	-	-

Marketable securities not valued at lower of cost or market

The items “Debt securities and other fixed-interest securities” and “Shares and other non-fixed-

interest securities” include marketable securities not valued at lower of cost or market, i.e. they are treated as fixed assets (carrying values do not include accumulated interest):

(in € 000)	31 Dec.2017	1 Jan.2017	31 Dec.2016
Debt securities and other fixed-interest securities	2 411 692	2 982 512	2 634 168
Shares and other non fixed-interest securities	-	-	-

The marketable securities not valued at lower of cost or market were separated from the marketable securities valued at lower of cost or market on the basis of the asset category in the portfolio and the valuation method chosen.

Regulation for Credit and Financial Services Institutions (RechKredV) concerning the foreign currency, interest-based and other futures transactions which have not yet been settled as at the reporting date.

The tables below also include the disclosures in accordance with § 36 of the German Accounting

Derivatives not measured at fair value in external relationships (derivatives in the non-trading portfolio)

	Nominal values	Positive fair values	Negative fair values	Book values	Recorded in balance sheet item
(in € million)	31 Dec.2017	31 Dec.2017	31 Dec.2017	31 Dec.2017	31 Dec.2017
Interest-rate risks					
Interest-rate swaps	4 501	759	- 64	140	Assets 15./ Liabilities 6.
FRAs	-	-	-	-	
Interest-rate options					
purchases	5 294	630	- 0	575	Assets 14.
sales	662	-	- 356	- 171	Passiva 5.
Caps, Floors	3 119	29	- 60	- 23	Assets 15./ Liabilities 6.
Stock-exchange contracts	-	-	-	-	-
Other forward interest rate transactions	394	1	- 74	-	-
Interest-rate risks – total –	13 970	1 420	- 553	521	
Currency risks					
Forward foreign exchange transactions	766	13	- 6	10	Liabilities 5.
Currency swaps / interest-rate currency swaps	4	-	-	-	Assets 14./ Liabilities 5.
Currency options					
purchases	0	-	-	-	-
sales	-	-	-	-	-
Currency risks – total –	771	13	- 6	10	
Shares and other price risks					
Share futures contracts	-	-	-	-	-
Share swaps	-	-	-	-	-
Share options	-	-	-	-	-
purchases	-	-	-	-	-
sales	-	-	-	-	-
Stock-exchange contracts	-	-	-	-	-
Shares and other price risks – total –	-	-	-	-	
Credit derivatives					
Assignor	9	0	- 0	- 2	Assets 15./ Liabilities 6.
Assignee	2 283	50	- 0	27	Assets 15./ Liabilities 6.
Credit derivatives – total –	2 292	50	- 0	26	
Derivatives not valued at fair value – total	17 033	1 482	- 559	557	

The derivatives primarily relate to transactions which were concluded to cover interest rate, exchange rate and other market price risk positions in the non-trading portfolio.

The nominal values represent the gross volume of all purchases and sales and long and short positions. To calculate the nominal value of the share options, the closing rate of the underlying transaction is multiplied by the number of shares.

Fair values and carrying amounts excluding accrued interest are shown for all contracts. Positive and negative fair values of contracts with the same counterparty were not offset against each other.

All of the fair values included in the above table were reliably calculated. With regard to the valuation methods used, reference is made to the section “Establishing fair values”.

Derivatives measured at fair value in external relationships (derivatives in the trading portfolio)

Derivatives measured at fair value – broken down by risk type and transaction type:

(in € million)	Nominal values 31 Dec.2017
Interest-rate risks	
Interest-rate swaps	234 846
FRAs	550
Interest-rate options	
purchases	3 739
sales	7 587
Caps, Floors	7 924
Stock-exchange contracts	357
Other forward interest rate transactions	1 301
Interest-rate risks – total –	256 305
Currency risks	
Forward foreign exchange transactions	10 849
Currency swaps / interest-rate currency swaps	23 131
Currency options	
purchases	151
sales	190
Currency risks – total –	34 321
Shares and other price risks	
Share futures contracts	–
Share swaps	–
Share options	
purchases	25
sales	–
Stock-exchange contracts	49
Shares and other price risks – total –	74
Credit derivatives – total –	
Assignor	30
Assignee	30
Credit derivatives – total –	60
Derivatives valued at fair value – total -	290 760

The nominal values represent the gross volume of all purchases and sales and long and short positions. To calculate the nominal value of the share options, the closing rate of the underlying transaction is multiplied by the number of shares.

The amount, dates and reliability of future cash flows relating to derivatives are uncertain. The

main factors which affect this are the future development of interest rates, exchange rates and share prices. Counterparty risk also exists. The tables below provide an overview of the volumes affected by these factors.

Derivatives measured at fair value – broken down by risk type and residual term to maturity:

(in € million)	Nominalwerte 31.12.2017
Interest-rate risks	
Residual terms to maturity	
up to 3 months	9 140
up to 1 year	21 373
up to 5 years	85 690
more than 5 years	140 102
	256 305
Currency risks	
Residual terms to maturity	
up to 3 months	7 820
up to 1 year	6 141
up to 5 years	9 237
more than 5 years	11 123
	34 321
Shares and other price risks	
Residual terms to maturity	
up to 3 months	37
up to 1 year	22
up to 5 years	13
more than 5 years	3
	74
Credit derivatives	
Residual terms to maturity	
up to 3 months	–
up to 1 year	60
up to 5 years	–
more than 5 years	–
	60
Derivatives valued at fair value – total -	290 760

Derivatives measured at fair value – broken down by counterparty:

(in € million)	Nominal values 31 Dec.2017
Banks in the OECD	84 412
Banks outside the OECD	14
Public institutions in the OECD	5 826
Other counterparties ¹⁾	200 508
Total	290 760

¹⁾ Including stock exchange contracts

Disclosures concerning valuation units

NORD/LB has included the following assets, liabilities and pending transactions as underlying transactions in valuation units (assets and liabilities

disclosed at the carrying amount not including accumulated interest; pending transactions disclosed in nominal volume):

(in € 000)	31 Dec.2017			
	Underlying transaction hedged against			
	Interest rate risk	Share price risk	Inflation risk	Currency risk
Assets				
Fixed-interest securities for the liquidity reserve	1 271 959	–	–	–
Assets – total	1 271 959	–	–	–
Pending transactions				
Derivatives separated from structured issues	–	–	–	–
share-price-related derivatives	–	95 509	–	–
exchange-rate-related derivatives	–	–	–	81 321
Other	–	–	111 160	–
Pending transactions – total	–	95 509	111 160	81 321
Valuation units – total	1 271 959	95 509	111 160	81 321

The total of all underlying transactions included in valuation units is therefore € 1 559.9 million (1 January 2017: € 2 855.1 million).

The prospective and retrospective effectiveness of all valuation units is measured using the Critical Terms Match method. The changes in value resulting from the hedged risk for the corresponding underlying and hedging investments balance due to identical business parameters. In general, the final maturity of the underlying transactions corresponds to the final maturity of the hedging instruments. The underlying transactions will mature between 2018 and 2044.

Deferred taxes

The deferred taxes of NORD/LB in Germany are measured using the tax rate of 32,0 %, which is applicable as at the reporting date as well as in the future (1 January 2017: 32,0 %). This combined income tax rate comprises corporation tax, trade tax and the solidarity surcharge. Different tax rates apply to the foreign branches.

Deferred tax liabilities arising from the different tax approach used for intangible assets, property and equipment and the trading portfolio were netted against deferred tax assets on temporary differences in loans and advances to customers, pension provisions and other provisions.

The recoverable deferred tax assets were offset against deferred tax liabilities. Deferred tax assets exceeding those offset are not capitalised in accordance with the option provided for in § 274 para. 1 sentence 2 of the German Commercial Code.

Profit distribution subject to restrictions

After the deduction of deferred tax liabilities, capitalised internally generated intangible assets in the amount of € 27.6 million remain (1 January 2017: € 30.9 million). The difference between the recognition of the provisions in accordance with the average market interest rate from the past ten fiscal years and the recognition of the provisions in accordance with the average market interest rate from the past seven years for the provisions for pension obligations was € 61.4 million (1 January 2017: € 50.6 million). The restriction on distributions for such amounts stipulated by § 253 para. 6 sentence 2 and § 268 para. 8 sentence 1 of the German Commercial Code (HGB) did not affect the profit for the reporting year 2017 because if a payout were to be made, the freely disposable reserves plus the profit carried forward that would remain would be greater than the above amounts.

Repurchase transactions (repos)

Repos are reported in accordance with § 340b of the German Commercial Code. Only genuine repos are executed.

Securities with a carrying amount totalling € 6 078.6 million (1 January 2017: € 7 032.8 million) were committed by NORD/LB within the scope of genuine repos. The counterparty risk is manageable.

Special investment assets

Name of special investment	NORD/LB AM ALCO	NORD/LB Horizont Fonds-TF B	Nordlux Pro-Aktiv-B
Former	-	-	-
Type of special asset	Special asset	Mutual fund	Mutual fund
Investment objective	The fund is part of the ALCO-portfolio and thus part of the strategic investments.	The fund is for conservative investors sensitive to inflation. NORD/LB holds a strategic share in order to have a positive argument for customers in selling.	The fund follows the principle of asset management, is actively managed and invests in international capital market products or currencies. It was launched on 1 April 2014 and is currently in the start-up finance phase, which should last until mid-2016.
Reporting date	31 Dec. 2016	31 Dec. 2016	31 Dec. 2016
Special assets (in € 000)	1 267 285	26 036	16 603
Shares – total	12 056 750	264 506	163 505
Currency of shares	EUR	EUR	EUR
Shares of NORD/LB as at the reporting date	12 056 750	101 720	151 256
Values of the shares according to §26 of the German Investment Act (InvG) as at reporting date	105,11	98,72	101,81
Carrying amount (in € 000)	1 240 733	9 944	14 926
Difference between fair value and carrying amount (in € 000)	26 552	113	5 470
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	-	76	88
Reporting year of NORD/LB	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Reporting year of the special asset	1 Jan. - 31 Dec.	1 Oct. - 30 Sep.	1 Oct. - 30 Sep.
Restrictions in the possibility of daily return	None	None	None
Reasons for no write-down § 253 para. 3 clause 4 of the German Commercial Code	-	-	-
Pointers for the loss of value not being permanent	-	-	-

¹⁾ Alternative investment funds

²⁾ Collective Investment Undertakings (CIU) in securities

9. Cover statement

(in € million)	Mortgage Pfandbriefs	Public-Sector Pfandbriefs	Ship Pfandbriefs	Aircraft Pfandbriefs	Stock issued before 19 July 2005
Liabilities requiring cover					
bearer bond	1 530,3	8 167,5	50,0	500,0	–
	(1 560,3)	(8 348,8)	(110,0)	(1 000,0)	(–)
registered bond	1 580,5	8 504,5	46,1	5,0	900,3
(in € million)	(1 072,5)	(8 849,4)	(72,1)	(6,0)	(931,1)
	3 110,8	16 672,0	96,1	505,0	900,3
	(2 632,8)	(17 198,1)	(182,1)	(1 006,0)	(931,1)
Covering assets					
Claims on banks	–	508,2	–	–	–
	(10,0)	(2 994,8)	(5,8)	(40,0)	(84,9)
Claims on customers	5 144,1	16 357,1	301,0	891,2	1 231,8
	(4 832,0)	(16 833,5)	(427,7)	(1 438,5)	(1 468,1)
Public issuer securities	20,0	1 140,5	20,0	–	–
	(20,0)	(1 550,8)	(20,0)	(–)	(–)
	5 164,1	18 005,8	321,0	891,2	1 231,8
	(4 862,0)	(21 379,1)	(453,5)	(1 478,5)	(1 553,1)
Surplus cover	2 053,3	1 333,8	224,9	386,2	331,5
total	(2 229,2)	(4 181,0)	(271,4)	(472,5)	(622,0)

This previous portfolio (cover and in circulation) was maintained separately in accordance with § 51 of the Covered Bond Act (PfandBG) and are maintained separately from the new cover register in accordance with the regulations applicable until the Covered Bond Act came into effect.

10. Cover statement for NORD/LB in accordance with § 28 of the Covered Bond Act

The total value of **Mortgage Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values ¹⁾ + 250 bp	Risk-adjusted present values ¹⁾ - 250 bp	Risk-adjusted present values ¹⁾ Currency stress
Mortgage Pfandbriefs					
Total Pfandbriefe in circulation	3 110,8 (2 632,8)	3 186,7 (2 729,4)	3 045,0 (2 629,5)	3 218,7 (2 756,8)	3 045,0 (2 691,7)
Total cover pool	5 164,1 (4 862,0)	5 609,7 (5 360,4)	5 194,8 (5 013,5)	5 683,2 (5 402,3)	5 194,6 (5 055,9)
Over-collateralisation	2 053,3 (2 229,2)	2 422,9 (2 631,0)	2 149,8 (2 384,0)	2 464,5 (2 645,5)	2 149,7 (2 364,2)
Over-collateralisation in %	66,0 (84,7)	76,0 (96,4)	70,6 (90,7)	76,6 (96,0)	70,6 (87,8)
Net present value per foreign currency item					
USD	-	-	-	-	0,8
(in € million)	(-)	(-)	(-)	(-)	(104,3)

¹⁾ Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Mortgage Pfandbriefs in accordance with § 28 paras. 1, 4, 5 and 6:

(in € million)	Balancing receivables in accordance with § 19 (1) no. 1 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 19 (1) no. 2 PfandBG of which: covered debt securities ¹⁾	Loans and advances to the public sector in accordance with § 19 (1) no. 3 PfandBG	Total
Germany	- (-)	- (-)	- (-)	95,0 (135,0)	95,0 (135,0)

¹⁾ in accordance with Article 129 of Regulation (EU) no. 575/2013

Key figures for Mortgage Pfandbriefs and their cover assets:

(in € million)	31 Dec. 2017	1 Jan. 2017
Pfandbriefs in circulation	3 110,8	2 632,8
Share of fixed-interest Pfandbriefs in %	31,29	34,93
Share of derivatives	-	-
Cover pool	5 164,1	4 862,0
Share of fixed-interest cover assets in %	77,39	78,90
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 13 para. 1	-	-
Total value of receivables that exceed the limits of § 19 para. 1 no. 2	-	-
Total value of receivables that exceed the limits of § 19 para. 1 no. 3	-	-
Volume-weighted average of the time passed since loan issue in years	7,1	7,3
Average weighted loan-to-value ratio in %	max. 60,0	max. 60,0

Maturity structure of Mortgage Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	31 Dec.2017	31 Dec. 2017	1 Jan. 2017	1 Jan. 2017
Less than 6 months	52,0	656,7	25,0	719,5
More than 6 but less than 12 months	121,8	266,6	85,0	230,0
More than 12 but less than 18 months	1 022,0	333,7	64,0	383,6
More than 18 months but less than 2 years	136,0	261,9	76,8	176,6
More than 2 but less than 3 years	682,0	555,5	1 115,1	572,6
More than 3 but less than 4 years	209,3	516,5	631,0	437,7
More than 4 but less than 5 years	103,5	498,0	159,3	455,1
More than 5 but less than 10 years	662,1	1 822,9	354,5	1 698,7
More than 10 years	122,1	252,3	122,1	188,2
Key figures total	3 110,8	5 164,1	2 632,8	4 862,0

Breakdown of cover assets for Mortgage Pfandbriefs by size category:

(in € million)	31 Dec. 2017	1 Jan. 2017
Less than € 300 thousand	1 354,9	1 412,6
More than € 300 thousand but less than € 1 million	559,9	509,8
More than € 1 million but less than € 10 million	2 015,7	1 738,3
More than € 10 million	1 138,6	1 066,3
Total	5 069,1	4 727,0

Breakdown of cover assets for Mortgage Pfandbriefs by country and type of use (residential):

(in € million)	Property used for residential purposes					Total
	Owner-occupied apartments	Single and two-family houses	Apartment buildings	Unfinished new buildings not yet capable of yielding a return	Construction sites	
Germany	243,5	875,6	2 368,0	-	0,8	3,488.0
	(254,3)	(911,6)	(1958,4)	(-)	(1,1)	(3,125.4)

Breakdown of cover assets for Mortgage Pfandbriefs by country and type of use (commercial):

(in € million)	Property used for commercial purposes						Total
	Office Buildings	Retail buildings	Industrial building	Other buildings used for commercial purposes	Unfinished new buildings not yet capable of yielding a return	Construction sites	
Germany	368,5 (362,2)	353,9 (325,0)	71,9 (51,8)	681,8 (614,5)	- (-)	0,5 (0,2)	1 476,5 (1 353,8)
Luxemburg	104,6 (137,5)	- (-)	- (-)	- (-)	- (-)	- (-)	104,6 (137,5)
Austria	- (-)	- (7,8)	- (-)	- (-)	- (-)	- (-)	- (7,8)
USA	- (102,5)	- (-)	- (-)	- (-)	- (-)	- (-)	- (102,5)
Total	473,1 (602,1)	353,9 (332,8)	71,9 (51,8)	681,8 (614,5)	- (0,0)	0,5 (0,2)	1 581,1 (1 601,5)

Breakdown by country of the total amount of Mortgage Pfandbriefs cover payments outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable	Total value of payments outstanding by at least 90 days	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
	31.12.2017	31.12.2017	1.1.2017	1.1.2017
Germany	0,0	0,0	0,0	0,1

¹⁾ The above outstanding payments are not included in the reported cover pool.

There were no cases of forced sale, forced receivership or takeovers of land to prevent losses. The total arrears on interest to be paid by mortgage debtors was € 15 thousand (1 January 2017: € 57 thousand) for commercial property and € 57 thousand (1 January 2017: € 111 thousand) for residential property.

The total value of **Public-Sector Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values ¹⁾ + 250 bp	Risk-adjusted present values ¹⁾ - 250 bp	Risk-adjusted present values ¹⁾ Currency stress
Public-Sector Pfandbriefs					
Total Pfandbriefs	16 672,0	19 007,6	16 610,1	19 936,4	16 822,9
in circulation	(17 198,1)	(20 088,3)	(17 842,7)	(20 859,5)	(18 233,8)
Total cover pool	18 005,8	20 380,4	17 869,8	21 425,4	17 949,9
	(21 379,1)	(24 701,9)	(22 083,2)	(25 635,5)	(22 202,5)
Over-collateralisation	1 333,8	1 372,8	1 259,7	1 489,1	1 127,0
	(4 181,0)	(4 613,6)	(4 240,5)	(4 776,0)	(3 968,7)
Over-collateralisation in %	8,0	7,2	7,6	7,5	6,7
	(24,3)	(23,0)	(23,8)	(22,9)	(21,8)
Net present value per foreign currency item					
CHF	-	-	-	-	-
	(-)	(-)	(-)	(-)	(2,9)
USD	-	-	-	-	- 536,4
	(-)	(-)	(-)	(-)	(- 1 116,2)

¹⁾ Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Public-Sector Pfandbriefs in accordance with § 28 paras. 1, 4, and 5:

(in € million)	Balancing receivables in accordance with § 20 (2) no. 1 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG	Loans and advances to banks in accordance with § 20 (2) no. 2 PfandBG of which: covered debt securities ¹⁾	Total
Germany	-	508,2	185,0	508,2
	(-)	(801,9)	(95,0)	(801,9)

¹⁾ in accordance with Article 129 of Regulation (EU) no. 575/2013

Key figures for Public-Sector Pfandbriefs and their cover assets:

(in € million)	31 Dec. 2017	1 Jan. 2017
Pfandbriefs in circulation	16 672,0	17 198,1
Share of fixed-interest Pfandbriefs in %	93,95	92,18
Share of derivatives	-	-
Cover pool	18 005,8	21 379,1
Share of fixed-interest cover assets in %	86,34	85,15
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 20 para. 2 no. 2	-	-

Maturity structure of Public-Sector Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	31 Dec. 2017	31 Dec. 2017	1 Jan. 2017	1 Jan. 2017
Less than 6 months	637,0	1 055,9	853,3	1 965,6
More than 6 but less than 12 months	1 098,5	1 130,7	1 104,7	1 253,8
More than 12 but less than 18 months	2 605,0	911,2	639,7	1 038,1
More than 18 months but less than 2 years	872,5	933,6	1 098,7	993,4
More than 2 but less than 3 years	777,2	1 619,0	3 587,9	2 203,7
More than 3 but less than 4 years	1 416,1	1 185,3	742,2	1 722,6
More than 4 but less than 5 years	473,3	1 374,7	1 403,8	1 520,4
More than 5 but less than 10 years	4 690,6	5 322,5	3 547,7	5 812,6
More than 10 years	4 101,7	4 472,9	4 220,2	4 868,9
Key figures total	16 672,0	18 005,8	17 198,1	21 379,1

Breakdown of cover assets for Public-Sector Pfandbriefs by size category:

(in € million)	31 Dec. 2017	1 Jan. 2017
Less than € 10 million	2 941,6	2 993,9
More than € 10 million but less than € 100 million	6 335,2	5 807,5
More than € 100 million	8 220,8	11 775,9
Total	17 497,6	20 577,3

Breakdown of cover assets without guarantee for Public-Sector Pfandbriefs by country and type of debtor (including statutory over-collateralisation in accordance with § 4 (1) PfandBG):

(in € million)	Country	Regional authority	Local authority	Other debtors	Total
Germany	125,0	3 527,7	6 160,3	4 493,1	14 306,1
	(610,0)	(5 301,3)	(5 866,1)	(5 461,0)	(17 238,3)
Belgium	-	-	-	30,0	30,0
	(-)	(-)	(-)	(30,0)	(30,0)
Finland	-	-	-	5,0	5,0
	(-)	(-)	(-)	(-)	(-)
France	-	-	-	52,1	52,1
	(-)	(-)	(-)	(-)	(-)
Latvia	-	-	31,8	-	31,8
	(-)	(-)	(34,7)	(-)	(34,7)
Luxembourg	-	-	-	35,0	35,0
	(-)	(-)	(-)	(25,0)	(25,0)
Total	125,0	3 527,7	6 192,1	4 615,2	14 460,0
	(610,0)	(5 301,3)	(5 900,8)	(5 516,0)	(17 328,0)

Breakdown of cover assets with guarantee for Public-Sector Pfandbriefs by country and type of guarantor (including statutory over-collateralisation in accordance with § 4 (1) PfandBG):

(in € million)	Country	Regional authority	Local authority	Other debtors	Total	of which: by ECA guarantees
	626,4	547,5	686,0	253,4	2 113,2	557,9
Germany	(687,6)	(587,2)	(758,3)	(309,0)	(2 342,0)	(619,6)
Belgium	(-)	(-)	(-)	30,2	30,2	30,2
	(-)	(-)	(-)	(25,0)	(25,0)	(25,0)
Denmark	(-)	(-)	(-)	66,0	66,0	66,0
	(-)	(-)	(-)	(72,6)	(72,6)	(72,6)
Finland	(-)	(-)	(-)	27,5	27,5	27,5
	(-)	(-)	(-)	(53,5)	(53,5)	(53,5)
France	158,9	-	-	-	158,9	19,8
	(45,7)	(-)	(-)	(-)	(45,7)	(45,7)
UK	32,2	-	-	-	32,2	32,2
	(45,3)	(-)	(-)	(-)	(45,3)	(45,3)
Canada	20,1	-	-	-	20,1	-
	(32,3)	(-)	(-)	(-)	(32,3)	(-)
Netherland	46,9	-	-	-	46,9	46,9
	(41,6)	(-)	(-)	(-)	(41,6)	(41,6)
Austria	38,7	-	-	-	38,7	38,7
	(-)	(-)	(-)	(-)	(-)	(-)
Switzerland	-	-	-	6,0	6,0	6,0
	(-)	(-)	(-)	(24,7)	(24,7)	(24,7)
USA	374,5	-	-	123,4	498,0	374,5
	(431,1)	(-)	(-)	(135,7)	(566,8)	(431,1)
Total	1 297,8	547,5	686,0	506,4	3 037,6	1 199,7
	(1 283,5)	(587,2)	(758,3)	(620,4)	(3 249,3)	(1 358,9)

Breakdown by country of the total amount of Public-Sector Pfandbriefs cover payments outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days ¹⁾				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
Germany	-	-	-	-	-
	(50,8)	(-)	(-)	(-)	(50,8)
Switzerland	-	-	-	-	-
	(-)	(-)	(-)	(3,8)	(3,8)
Receivables by country total	-	-	-	-	-
	(50,8)	(-)	(-)	(3,8)	(54,6)

¹⁾ The above outstanding payments are not included in the reported cover pool.

(in € million)	Total value of payments outstanding by at least 90 days ¹⁾				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
Germany	-	-	-	-	-
	(55,2)	(-)	(-)	(-)	(55,2)
Switzerland	-	-	-	-	-
	(-)	(-)	(-)	(2,6)	(2,6)
Receivables by country total	-	-	-	-	-
	(55,2)	(-)	(-)	(2,6)	(57,8)

The total value of **Ship Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values ¹⁾ + 250 bp	Risk-adjusted present values ¹⁾ - 250 bp	Risk-adjusted present values ¹⁾ Currency stress
Ship Pfandbriefs					
Total Pfandbriefs	96,1	101,5	97,9	101,5	97,9
in circulation	(182,1)	(193,3)	(188,4)	(193,2)	(191,2)
Total cover pool	321,0	348,2	344,3	350,2	294,4
	(453,5)	(496,6)	(491,9)	(499,1)	(425,4)
Over-collateralisation	224,9	246,7	246,5	248,7	196,6
	(271,4)	(303,4)	(303,5)	(306,0)	(234,2)
Over-collateralisation in %	234,1	243,1	251,9	245,0	200,9
	(149,0)	(157,0)	(161,1)	(158,4)	(122,5)
Net present value per foreign currency item					
USD	-	-	-	-	299,4
	(-)	(-)	(-)	(-)	(434,8)

¹⁾ Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Ship Pfandbriefs in accordance with § 28 paras. 1, 4, 5 and 6:

(in € million)	Balancing receivables in accordance with § 26 (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG	Loans and advances to banks in accordance with § 26 (1) no. 3 PfandBG of which: covered debt securities ¹⁾	Loans and advances to the public sector in accordance with § 26 (1) no. 4 PfandBG	Total
Germany	-	-	-	26,0	26,0
	(-)	(11,7)	(-)	(26,0)	(37,7)

¹⁾ in accordance with Article 129 of Regulation (EU) no. 575/2013

Key figures for Ship Pfandbriefs and their cover assets:

(in € million)	31 Dec. 2017	1 Jan. 2017
Pfandbriefs in circulation	96,1	182,1
Share of fixed-interest Pfandbriefe in %	58,38	78,04
Share of derivatives	-	-
Cover pool	321,0	453,5
Share of fixed-interest cover assets in %	3,74	2,59
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 26 para. 1 no. 3	-	5,9
Total value of receivables that exceed the limits of § 26 para. 1 no. 4	-	-

Maturity structure of Ship Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	31 Dec. 2017	31 Dec. 2017	1 Jan. 2017	1 Jan. 2017
Less than 6 months	20,0	37,0	10,0	33,2
More than 6 but less than 12 months	33,0	37,9	60,0	31,9
More than 12 but less than 18 months	-	35,4	20,0	35,3
More than 18 months but less than 2 years	-	20,5	33,0	49,1
More than 2 but less than 3 years	10,0	63,6	-	71,3
More than 3 but less than 4 years	2,6	57,2	20,0	67,8
More than 4 but less than 5 years	30,5	34,7	5,6	65,7
More than 5 but less than 10 years	-	33,0	33,5	94,1
More than 10 years	-	1,7	-	5,1
Key figures total	96,1	321,0	182,1	453,5

Breakdown of cover assets for Ship Pfandbriefs by size category:

(in € million)	31 Dec. 2017	1 Jan. 2017
Less than € 500 thousand	1,4	0,4
More than € 500 thousand but less than € 5 million	112,9	137,1
More than € 5 million	180,8	284,3
Total	295,0	421,8

Breakdown of cover assets for Ship Pfandbriefs by country as well as international maritime and domestic ships:

(in € million)	Ocean-going ships	Inland ships	Total
Germany	170,6	-	170,6
	(260,9)	(7,6)	(268,5)
Antigua and Barbuda	3,0	-	3,0
	(-)	(-)	(-)
Gibraltar	-	-	-
	(1,4)	(-)	(1,4)
UK	27,7	-	27,7
	(34,6)	(-)	(34,6)
Croatia	22,8	-	22,8
	(27,4)	(-)	(27,4)
Liberia	2,5	-	2,5
	(9,0)	(-)	(9,0)
Malta	29,4	-	29,4
	(19,5)	(-)	(19,5)
Marshall Islands	33,0	-	33,0
	(42,1)	(-)	(42,1)
Sweden	6,0	-	6,0
	(-)	(-)	(-)
Cyprus	-	-	-
	(19,2)	(-)	(19,2)
Total	295,0	-	295,0
	(414,1)	(7,6)	(421,7)

Total amount of payments for Ship Pfandbriefs outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days ¹⁾	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receive- able
Receivables	2,3	13,9
	(1,9)	(13,1)

¹⁾ The above outstanding payments are not included in the reported cover pool.

There were no cases of forced sale, forced receivership or takeovers of ships or ships under construction to prevent losses. The total arrears on interest to be paid by loan debtors is € 0 thousand (1 January 2017: € 75 thousand) for ocean-going ships and € 0 thousand (1 January 2017: € 0 thousand) for inland ships.

The total value of **Aircraft Pfandbriefs** in circulation and the cover assets used for this are broken down as follows:

(in € million)	Nominal value	Present value	Risk-adjusted present values ¹⁾ + 250 bp	Risk-adjusted present values ¹⁾ - 250 bp	Risk-adjusted present values ¹⁾ Currency stress
Aircraft Pfandbriefs					
Total Pfandbriefs in circulation	505,0 (1 006,0)	517,8 (1 033,3)	503,5 (999,8)	516,4 (1 031,3)	503,5 (999,8)
Total cover pool	891,2 (1 478,5)	967,2 (1 589,7)	921,1 (1 522,9)	1 003,4 (1 632,8)	800,9 (1 342,6)
Over-collateralisation	386,2	449,3	417,6	487,0	297,4
Over-collateralisation in %	76,5 (47,0)	86,8 (53,8)	82,9 (52,3)	94,3 (58,3)	59,1 (34,3)
Net present value per foreign currency item					
GBP	-	-	-	-	16,9
	(-)	(-)	(-)	(-)	(21,9)
USD	-	-	-	-	712,0
	(-)	(-)	(-)	(-)	(1 069,6)

¹⁾ Static approach in accordance with §§ 5, 6 of the Pfandbrief Present Value Regulation (PfandBarwertV)

Disclosures concerning further cover assets for Aircraft Pfandbriefs in accordance with § 28 paras. 1, 4, 5 and 6:

(in € million)	Balancing receivables in accordance with § 26f (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26f (1) no. 3 PfandBG	Loans and ad- vances to banks in accordance with § 26f (1) no. 3 PfandBG of which: covered debt securities ¹⁾	Loans and advances to the public sector in accordance with § 26f (1) no. 4 PfandBG	Total
Germany	-	-	-	40,0	40,0
	(-)	(-)	(-)	(235,6)	(235,6)

¹⁾ in accordance with Article 129 of Regulation (EU) no. 575/2013

Key figures for Aircraft Pfandbriefs and respective cover assets:

(in € million)	31 Dec.2017	1 Jan.2017
Pfandbriefs in circulation	505,0	1 006,0
Share of fixed-interest Pfandbriefs in %	100,00	100,00
Share of derivatives	–	–
Cover pool	891,2	1 478,5
Share of fixed-interest cover assets in %	55,00	61,53
Share of derivatives	–	–
Total value of receivables that exceed the limits of § 26f para. 1 no. 3	–	–
Total value of receivables that exceed the limits of § 26f para. 1 no. 4	–	–

Maturity structure of Aircraft Pfandbriefs and fixed-interest periods of cover assets:

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	31 Dec. 2017	31 Dec. 2017	1 Jan. 2017	1 Jan. 2017
Less than 6 months	–	80,6	–	332,7
More than 6 but less than 12 months	–	81,8	501,0	102,4
More than 12 but less than 18 months	500,0	88,4	–	92,1
More than 18 months but less than 2 years	5,0	65,2	–	181,7
More than 2 but less than 3 years	–	199,5	505,0	136,3
More than 3 but less than 4 years	–	70,2	–	291,3
More than 4 but less than 5 years	–	75,0	–	65,4
More than 5 but less than 10 years	–	196,0	–	239,0
More than 10 years	–	34,5	–	37,6
Key figures total	505,0	891,2	1 006,0	1 478,5

Breakdown of cover assets for Aircraft Pfandbriefs by size category:

(in € million)	31 Dec.2017	1 Jan.2017
Less than € 500 thousand	–	0,9
More than € 500 thousand but less than € 5 million	91,8	72,1
More than € 5 million	759,4	1 169,9
Total	851,2	1 242,9

Breakdown of cover assets for Aircraft Pfandbriefs by country and type of aircraft:

(in € million)	Business jet	Freighter	Narrow body	Regional jet	Turboprop	Ultralarge	Widebody	Total
Germany	-	103,9	29,2	-	15,5	-	-	148,5
	(-)	(128,6)	(56,2)	(-)	(20,7)	(-)	(-)	(205,5)
Finland	-	-	-	-	-	-	32,9	32,9
	(-)	(-)	(-)	(-)	(-)	(-)	(42,0)	(42,0)
France	-	-	-	-	-	59,1	30,5	89,6
	(-)	(-)	(15,9)	(-)	(-)	(72,8)	(37,8)	(126,4)
UK	-	-	20,5	7,7	31,2	35,0	-	94,4
	(-)	(-)	(32,8)	(9,2)	(40,8)	(77,7)	(-)	(160,6)
Ireland	-	-	2,2	-	-	-	34,6	36,8
	(-)	(-)	(57,7)	(-)	(-)	(-)	(45,3)	(103,0)
Luxembourg	-	4,1	-	-	-	-	-	4,1
	(-)	(57,1)	(-)	(-)	(-)	(-)	(-)	(57,1)
Norway	-	-	-	-	-	-	-	-
	(-)	(-)	(6,4)	(-)	(-)	(-)	(-)	(6,4)
Switzerland	-	-	27,2	-	-	-	-	27,2
	(-)	(-)	(33,8)	(-)	(-)	(-)	(-)	(33,8)
USA	-	89,4	272,3	56,0	-	-	-	417,7
	(-)	(111,3)	(366,6)	(30,3)	(-)	(-)	(-)	(508,3)
Total	-	197,4	351,4	63,6	46,7	94,1	98,0	851,2
	(-)	(297,0)	(569,3)	(39,6)	(61,5)	(150,4)	(125,0)	(1 242,9)

Total amount of payments for Aircraft Pfandbriefs outstanding by at least 90 days:

(in € million)	Total value of payments outstanding by at least 90 days	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
Receivables	-	-
	(-)	(-)

There were no cases of forced sale, forced receivership or takeovers of aircraft or aircraft under construction to prevent losses. The total arrears on interest to be paid by loan debtors is € 0 thousand (1 January 2017: € 33 thousand).

11. List of equity holdings

The list below contains equity holdings in accordance with § 285 no. 11 and 11a of the German Commercial Code and investments pursuant to § 340a paras. 4 no. 2 of the German Commercial Code. Included are all companies in which there is

an equity holding of 20 per cent or more, unless they are of minor significance for the presentation of the net assets, financial position and results of operations, and investments in large corporations which exceed 5 per cent of the voting rights.

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
Affiliated Companies				
1	BGG Bremen GmbH & Co. KG, Bremen ¹⁾⁷⁾	100,00	25.914	843
2	BGG Marktcarré GmbH & Co. KG, Bremen ¹⁾⁷⁾	100,00	10.082	- 348
3	BGG Oldenburg GmbH & Co. KG, Bremen ¹⁾⁷⁾	100,00	9.750	742
4	BLB Immobilien GmbH, Bremen ³⁾⁷⁾	100,00	17.180	0
5	BLB Leasing GmbH, Oldenburg ³⁾⁷⁾⁹⁾	100,00	511	0
6	BLBI Beteiligungs-GmbH, Bremen ¹⁾⁷⁾	100,00	89	2
7	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig ³⁾⁷⁾	100,00	9.061	0
8	Braunschweig Grund Objektgesellschaft Driebenber mbH & Co. KG, Braunschweig ²⁾⁶⁾	66,67	369	1
9	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen ²⁾⁷⁾	100,00	1.858	887
10	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen ²⁾⁷⁾	100,00	653	68
11	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover ⁶⁾	100,00	508	27
12	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover ³⁾⁷⁾⁹⁾	100,00	838.172	0
13	FL FINANZ-LEASING GmbH, Wiesbaden ⁶⁾⁸⁾	58,00	- 359	- 86
14	Galimondo S.a.r.l., Luxemburg-Findel, Luxembourg ¹⁾⁶⁾	100,00	78	22
15	GBH Beteiligungs-GmbH, Bremen ⁷⁾	100,00	8.937	98
16	KreditServices Nord GmbH, Braunschweig ³⁾⁷⁾	100,00	581	0
17	LBT Holding Corporation Inc., Wilmington, USA ⁶⁾	100,00	7.071	411
18	NBN Grundstücks- und Verwaltungs-GmbH, Hanover ¹⁾⁶⁾	100,00	1.762	45
19	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover ⁶⁾	90,00	2.698	131
20	Nieba GmbH, Hanover ³⁾⁷⁾	100,00	162.700	0
21	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover ⁶⁾	100,00	33	- 2
22	NORD/FM Norddeutsche Facility Management GmbH, Hanover ³⁾⁷⁾	100,00	636	0
23	NORD/LB Asset Management AG, Hanover ¹⁾⁷⁾⁹⁾	100,00	12.042	2.016
24	NORD/LB Asset Management Holding GmbH, Hanover ⁷⁾	100,00	13.731	94
25	NORD/LB G-MTN S.A., Luxemburg-Findel, Luxembourg ⁴⁾	100,00	31	0
26	NORD/LB Informationstechnologie GmbH, Hanover ³⁾	100,00	25	0
27	NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel, Luxembourg ⁷⁾⁹⁾	100,00	704.000	30.164
28	NORD/LB Project Holding Ltd., London, Großbritannien ⁶⁾	100,00	773	364
29	NORD/LB RP Investments LLC, Wilmington, USA ⁶⁾	100,00	7.141	- 531
30	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen ¹⁾⁷⁾	100,00	2.253	2.450

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
31	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen ²⁾⁷⁾	100,00	1.117	496
32	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover ⁶⁾	100,00	34	6
33	Porzellanmanufaktur FÜRSTENBERG GmbH, Fürstenberg/Weser ¹⁾³⁾⁷⁾	98,00	3.088	0
34	Ricklinger Kreisel Beteiligungs GmbH, Hanover ¹⁾⁶⁾	100,00	106	56
35	SGK Servicegesellschaft Kreditmanagement mbH, Frankfurt am Main ⁶⁾	100,00	1.001	49
36	Skandifinanz AG, Zürich, Schweiz ⁷⁾	100,00	11.451	0
37	Themis 1 Inc., Wilmington, USA ⁶⁾	100,00	551	- 1
38	TLN-Beteiligung Anstalt des öffentlichen Rechts & Co. KG, Hanover	100,00	89.811	9.011
39	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen ⁶⁾	100,00	156.375	852
40	Vermögensverwaltungsgesellschaft Thiede GmbH & Co. Objekt Celle-Altenhagen Vermietungs-KG, Hanover ⁶⁾	100,00	26	131
41	Vermögensverwaltungsgesellschaft Thiede GmbH u. Co. Tiefgarage Stade Vermietungs KG, Hanover ⁶⁾	100,00	4	- 2
42	Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig ¹⁾³⁾⁷⁾	100,00	1.278	0
No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
Other companies of min. 20 per cent share				
1	Adler Funding LLC, Dover, USA ¹⁾⁶⁾	21,88	10.866	2.036
2	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede ⁵⁾	32,26	30.923	1.550
3	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig ¹⁾⁶⁾	50,00	41	2
4	BREBAU GmbH, Bremen ⁶⁾⁹⁾	48,84	81.536	9.399
5	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen ⁶⁾	49,00	2.052	1.033
6	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode ⁶⁾	50,00	3.200	413
7	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin ⁶⁾⁹⁾	20,89	16.350	201
8	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg ⁶⁾⁹⁾	20,44	15.158	209
9	caplantic GmbH, Hanover ⁷⁾	45,00	4.583	1.767
10	FinTech Fonds GmbH & Co. KG, Köln ⁶⁾	39,60	4.413	- 472
11	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta ⁵⁾	20,46	12.011	571
12	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg ⁶⁾⁵⁾	22,22	96.462	4.844
13	Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. - Objekt Zietenterrassen - KG, Göttingen ²⁾⁶⁾	50,00	6.631	- 296
14	INI International Neuroscience Institute Hannover GmbH, Hanover ¹⁾⁶⁾	22,70	-6.114	2.526
15	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover ⁶⁾⁹⁾	44,00	297.458	0
16	LINOVO Productions GmbH & Co. KG, Pöcking ⁸⁾	45,17	-47.184	1.011
17	LUNI Productions GmbH & Co. KG, Pöcking ⁶⁾⁸⁾	24,29	-115.700	- 141
18	Medicis Nexus GmbH & Co. KG, Icking ⁵⁾	66,01	7.631	261
19	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin ⁶⁾	26,00	14.141	655
20	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover ⁶⁾	39,82	13.131	895
21	NBV Beteiligungs-GmbH, Hanover ⁶⁾	42,66	15.032	1.048
22	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover ⁶⁾	28,66	965	590
23	Öffentliche Lebensversicherung Braunschweig, Braunschweig ⁶⁾	75,00	42.897	1.500
24	Öffentliche Sachversicherung Braunschweig, Braunschweig ⁶⁾	75,00	277.652	7.056
25	Öffentliche Versicherung Bremen, Bremen ⁶⁾	20,00	6.784	877
26	Toto-Lotto Niedersachsen GmbH, Hanover ⁶⁾⁹⁾	49,85	28.557	18.331
27	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake ⁵⁾	21,72	19.403	314

No.	Name / registered office
NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11a HGB)	
	GLB GmbH & Co. OHG, Frankfurt am Main
Investments in terms of § 340a para. 4 no. 2 of the German Commercial Code, unless reported as an affiliated company or other shareholding	
1	HAMMONIA SCHIFFSHOLDING AG, Hamburg
2	Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover
3	Niedersächsische Landgesellschaft mit beschränkter Haftung Gemeinnütziges Unternehmen für die Entwicklung des ländlichen Raumes, Hanover

- | | |
|--|---|
| 1) Held indirectly. | 7) Provisional data is available as at 31 December 2017. |
| 2) Including shares held indirectly . | 8) No overindebtedness. |
| 3) A profit/loss transfer agreement exists with company. | 9) Figures also in accordance with § 340a para. 4 no 2 of the German Commercial Code (banks are interpreted as large corporations). |
| 4) Only data as at 31 December 2014 is available. | |
| 5) Only data as at 31 December 2015 is available. | |
| 6) Only data as at 31 December 2016 is available. | |

Hanover/Braunschweig/Magdeburg, 20. March 2018

Norddeutsche Landesbank Girozentrale

The Managing Board

Bürkle

Brouzi

Dieng

Dr Holm

Schulz

Tallner

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Responsibility statement

We declare that to the best of our knowledge and in accordance with applicable accounting principles, the annual consolidated financial statements provide a true and fair view of the Norddeutsche Landesbank Girozentrale's net assets, financial position and results of operations and that the

Landesbank management report presents a true and fair view of the development of business, including the operating results and the position of the Landesbank, and also describes the significant opportunities and risks relating to the probable development of the Landesbank.

Hanover/Braunschweig/Magdeburg, 20. March 2018

Norddeutsche Landesbank Girozentrale

The Managing Board

Bürkle

Brouzi

Dieng

Dr Holm

Schulz

Tallner

Independent Auditor's Opinion

To Norddeutsche Landesbank – Girozentrale –,
Hanover, Braunschweig and Magdeburg

Note on the audit of the financial statements and the combined management report

Auditor's opinion

We have audited the financial statements of Norddeutsche Landesbank - Girozentrale -, Hanover, Braunschweig and Magdeburg (NORD/LB), which comprise the balance sheet as at 31 December 2017 and the income statement for the financial year from 1 January to 31 December 2017 as well as the notes and a summary of the accounting policies used. Furthermore, we have audited the combined management report of Norddeutsche Landesbank - Girozentrale -, Hanover, Braunschweig and Magdeburg for the financial year from 1 January to 31 December 2017.

In our opinion, based on our audit findings

- the accompanying annual financial statements comply in all material respects with the German regulations under commercial law, and taking into account generally accepted German accounting principles, give a true and fair view of the net assets and financial position of the Company as at 31 December 2017 and of the result of operations for the financial year from 1 January to 31 December 2017,
- and the accompanying combined management report gives an accurate view of the Company's overall position. In all material respects this combined management report is consistent with the financial statements, complies with German statutory regulations and presents an accurate view of the opportunities and risks of future developments.

In accordance with § 322 (3) 1 HGB we declare that our audit raised no objections regarding the correctness of the financial statements and the combined management report.

Basis for our opinion

We conducted our audit of the financial statements and the combined management report in accordance with § 317 HGB and the EU Statutory Auditor Regulation (No. 537/2014; hereinafter "EU Auditor Regulation") with due consideration of the generally accepted standards of auditing laid down by the Institute of Public Auditors in Germany (IDW). Our responsibility in accordance with these rules and principles is described in the section of our opinion entitled "Responsibility of the auditor for the audit of the financial statements and the combined management report". We are independent of the Company in accordance with European law as well as German commercial and ethical rules, and have fulfilled our other ethical responsibilities in Germany under those ethical requirements. We also confirm that as per Article 10 (2) f) of the EU Auditor Regulation we performed no prohibited non-audit services in accordance with Article 5 (1) of the EU Auditor Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements and the combined management report.

Key audit matters in the audit of the financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year 1 January to 31 December 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of specific valuation allowances on loans and advances to customers from merchant ship financing

Please refer to the section in the notes entitled "Information on accounting policies and currency translation principles" for the accounting policies applied to specific valuation allowances. For an explanation of the forecasting uncertainties with loan loss provisions please refer to the section entitled "Group forecast with opportunities and risk report in the combined management report".

Risk for the financial statements

Owing to the persistently difficult market environment, the reporting year again saw additional allocations to specific valuation allowances for receivables from ship financing, which had significant impacts on the earnings position and the capital base.

The estimate of expected future cash flows to be carried out as part of the measurement of receivables from ship financing under § 253 HGB is discretionary. This particularly affects the assessment of borrowers' sustainable ability to restructure and continue as a going concern, and the future growth of charter revenues from financed ships. Against this background, the risk for the financial statements is that the specific valuation allowances for impairment are not appropriate.

Since these estimation uncertainties exert a significant influence on the size of any specific valuation allowances required, it was particularly important during our audit that the factors helping to determine specific valuation allowances for receivables from ship financing were derived properly and in accordance with applicable accounting regulations.

Our audit approach

By following a risk-based audit approach we based our opinion on control-based audit procedures as well as on substantive audit procedures.

Consequently, we carried out the following audit procedures among others, with the involvement of our credit risk specialists:

In light of the requirements laid down by the audit standards we conducted a structural audit of the relevant internal control system. On the strength of our control risk assessment, our audit result was based on substantive audit procedures.

The question about a sustainable ability to restructure or continue as a going concern was a focal point of our separate loan reviews. Such an assessment is carried out regularly and substantively as part of the loan monitoring process. The assessment criteria are laid down in the documentation of internal regulations. The subject of our audit procedures in particular was a critical review of the evidence presented regarding the sustainable ability of selected borrowers to restructure or continue as a going concern.

Our audit procedures with regard to the future growth of charter revenues comprised among other things a structural audit to assess the appropriateness of the implemented processes. We also checked the procedure and the assumptions made for estimating future charter revenues. Here we focused particularly on taking appropriate account of alternative market expectations and the consistency of the assumptions made. Furthermore, we compared the expectations regarding global and regional developments with the expectations of independent market participants.

Our conclusions

The assumptions and parameters underlying the calculation of specific valuation allowances for receivables from ship financing were selected appropriately and in accordance with the accounting standards applicable for the assessment of specific valuation allowances.

Calculation of fair values for financial instruments in the trading portfolio using valuation models

Please refer to the section in the notes entitled "Information on accounting policies and currency translation principles" for the accounting policies applied to specific valuation allowances.

Risk for the financial statements

Asset and liability items in the trading portfolio are reported at fair value under § 340e HGB. There are no market prices for some of the financial instruments reported under these items (€ 10,555 million and € 5,459 million respectively). The fair values of these financial instruments are determined based on recognised valuation models. The selection of the valuation models and their parameters are discretionary to some extent. This is why it was particularly important for our audit that accurate valuation models and valuation parameters were used to determine fair values and that trading profit/loss was calculated in accordance with accounting principles.

Our audit approach

On the strength of our risk assessment and estimate of risk errors, we based our opinion on control-based audit procedures as well as substantive audit procedures. Consequently, we carried out the following audit procedures among others:

In a first step we conducted surveys, inspected internal calculation methodologies and carried out evaluations to gain a comprehensive understanding of the trends of financial instruments and the associated discretion exercised in measuring financial instruments.

We also gained assurance that NORD/LB had implemented effective controls designed to ensure proper valuations in accordance with the documentation of internal regulations on model-based fair value measurements.

To assess the appropriateness and effectiveness of the internal control system with regard to the valuation of financial instruments for which no market prices are observable, we used internal measurement specialists to conduct surveys and gain insight into relevant documents. In particular, the audit looked at whether models were validated independently of commercial aspects both when introduced and on a regular basis, or ad-hoc. The model validation comprises a review of the conceptual coherence of the valuation models, all valuation risk factors as well as the availability and reliability of the market data required. We also checked the observable and non-observable valuation parameters for their commercial/trading independence. In particular, we checked whether the validations were carried out appropriately and were documented, and whether the implemented model with its assumptions is suitable for the given product. We also carried out spot checks to see whether the review independent of commercial aspects was carried out properly and documented.

With the involvement of our valuation specialists, we also carried out a revaluation for a select group of products based on materiality and risk aspects, and compared the results with the figures determined by NORD/LB. The parameters chosen for the revaluation were derived from internal and external sources.

Our conclusions

The financial instruments reported under trading assets and liabilities (€ 10,555 million and € 5,459 million respectively) for which no market prices were observable were valued on the basis of proper models and parameters in accordance with accounting principles.

Complete and proper migration of wholesale loans during the introduction of a new inventory-managing credit system

For this matter please refer to the Report on earnings, assets and financial position in the combined management report.

Risk for the financial statements

In August 2017 NORD/LB completed the data migration for the new inventory-managing credit system for the wholesale lending business. As at 31 December 2017, NORD/LB's wholesale credit portfolio as well as part of the wholesale credit portfolio of the former Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen, merged on 31 August 2017 but retrospectively to 1 January 2017, were included in the new inventory-managing credit system.

The migration during the year of the relevant loan portfolios poses a risk for the financial statements that the lending data required for regular bookkeeping was not transferred correctly and in full, and the loans and advances to banks as well as the loans and advances to customers coupled with the related net interest and commission income are not valued and recognised completely and properly as at year end. This is why it was particularly important for our audit procedures that there was an appropriate IT organisation with appropriate IT controls, there were no failings in the data migration process or any that did arise were properly dealt with, and the relevant accounting data and parameters were migrated fully and correctly into the new credit system.

Our audit approach

On the strength of our risk assessment and estimated risks of errors, we based our opinion on control-based audit procedures as well as substantive audit procedures, with the involvement of our IT specialists. Consequently, we carried out the following audit procedures among others:

In a first step we inspected project documents and conducted surveys to gain an overview of the approval procedure for selecting software, the IT organisation, project management, as well as the professional and IT concepts relevant for accounting to introduce the new inventory-managing credit system. We also gained assurance that NORD/LB had taken suitable organisational measures to ensure appropriate testing and approval procedures.

In the second stage we subjected the NORD/LB migration concept to a critical review with regard to the appropriateness of the IT controls defined by NORD/LB to ensure the complete and proper integration of the data and parameters into the new core banking system. For the actual migration we checked the functionality of the IT controls of NORD/LB using the documentation presented to us, and thereby checked the functionality of the IT controls on a test basis. By means of a targeted selection of individual transactions based on materiality and risk aspects we examined whether the significant accounting errors identified had been properly corrected by NORD/LB. We also carried out a spot check on loans to determine whether the data and parameters relevant for accounting had been migrated fully and accurately into the new credit system.

Our conclusions

The IT controls and measures implemented by NORD/LB were appropriate and effective to ensure the data and parameters relevant for accounting were migrated fully and properly into the new inventory-managing credit system. There were no indications in our audit procedures that the data and parameters were migrated to the new credit system incompletely or incorrectly.

Other information

The management are responsible for the other information. The other information comprises the

other parts of the annual report, but does not include the audited financial statements, the combined management report and our opinion.

Our opinion on the financial statements and the combined management report does not cover the other information and therefore we do not express an opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information

- is materially inconsistent with the financial statements, the combined management report, or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of management and the Supervisory Board for the financial statements and the combined management report

Management is responsible for the preparation of the financial statements complying in all material respects with German regulations under commercial law, and for ensuring that the financial statements, taking into account generally accepted German accounting principles, give a true and fair view of the net assets, financial position and result of operations of the Company. Management is also responsible for such internal controls as the management determines is necessary in line with generally accepted accounting principles to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern. It must disclose, as applicable, matters related to going concern and use the going concern basis of ac-

counting, provided no actual or legal events prevent this.

Management is also responsible for preparing the combined management report, which provides an accurate view of the position of the Company, is consistent in all material respects with the financial statements, complies with German statutory regulations and provides an accurate view of the opportunities and risks of future developments. Moreover, it is responsible for the provisions and measures (systems) it deems necessary to ensure the preparation of a combined management report that is compliant with German statutory regulations and to provide sufficient evidence to support the disclosures in the combined management report.

The Supervisory Board is responsible for overseeing the accounting processes at the Company to prepare the financial statements and the combined management report.

Responsibilities of the auditor for the audit of the financial statements and the combined management report

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report provides an accurate view overall of the Company's position, and is consistent in all material respects with the financial statements and the audit findings, complies with German statutory rules and provides an accurate view of the opportunities and risks of future developments; also, to issue an auditor's report that includes our opinion on the financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Auditor Regulation with due consideration of the generally accepted standards of auditing laid down by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial statements, and of provisions and measures relevant for the audit of the combined management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by the Managing Board.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements and in the combined management report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that the financial statements taking into account generally accepted German accounting principles give a true and fair view of the net assets, financial position and result of operations of the Company.
- We assess the consistency of the combined management report with the financial statements, its legal compliance, and the view it provides of the position of the Company.
- We conduct audit procedures on the forward-looking information presented by management in the combined management report. Based on sufficient and appropriate audit evidence we review in particular the key assumptions underlying the forward-looking information presented by management, and assess whether this forward-looking information was accurately derived from these assumptions. We do not express a separate opinion on the forward-looking information and the underlying assumptions. There is a significant unavoidable risk that future events may deviate substantially from the forward-looking information.

We communicate with those charged with monitoring regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with monitoring, we determine those matters that were of most significance in the audit of the financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Other statutory and other legal requirements

Other information in accordance with Article 10 of the EU Auditor Regulation

We were appointed as auditor of the financial statements by the Supervisory Board on 3 April 2017. We were engaged by the Supervisory Board on 1 August 2017. We have been NORD/LB's auditors continuously since the 2012 financial year.

We hereby declare that the opinions in this audit report are consistent with the Additional Report to the Audit Committee in accordance with Article 11 of the EU Auditor Regulation (Audit Report).

Auditor

The auditor in charge of the audit is Mr Volker Bormann.

Hanover, 26 March 2018

KPMG AG

Wirtschaftsprüfungsgesellschaft

Leitz

Wirtschaftsprüfer

[German Public Auditor]

Bormann

Wirtschaftsprüfer

[German Public Auditor]

Report of the Supervisory Board

During the reporting year the Managing Board of the Bank regularly informed the Supervisory Board and the committees set up by the Supervisory Board about business performance and the position of NORD/LB AöR and the Group. The Supervisory Board and its committees adopted resolutions on business matters presented to them and on other issues requiring decisions by these executive bodies in accordance with the statutes and regulations relating to these articles.

The Supervisory Board also looked closely at NORD/LB AöR's business and risk policy. Fundamental issues concerning business policy were discussed in detail at several meetings. The Supervisory Board also looked at the status of the security system of the Savings Banks Finance Group as well as the trading strategy of financial markets for NORD/LB AöR and NORD/LB Group.

The annual financial statements and the consolidated financial statements of NORD/LB for the financial year 2017 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, which issued an unqualified audit opinion. The auditors also took part in the meeting of the Supervisory Board on 13. April 2018 to discuss the annual financial statements and reported on the findings of their audit.

The Supervisory Board has approved the results of the audit carried out by the auditors; the results of a conclusive examination carried out by the Supervisory Board did not give any cause for objections. In its meeting on 13 April 2018 the Supervisory Board adopted NORD/LB AöR's annual financial statements for 2017 and approved the consolidated financial statements for 2017. The Supervisory Board also recommended to the Owners' Meeting to discharge the Managing Board.

The Chairman, former minister Peter-Jürgen Schneider left the Supervisory Board on 21 November 2017.

Minister Reinhold Hilbers, mdL has been the new Chairman of the Supervisory Board since 22 November 2017.

The Supervisory Board would like to thank the Managing Board for its cooperation based on mutual trust, and the bank's employees for the work they carried out in 2017.

Hanover/Braunschweig/Magdeburg
April 2018

Reinhold Hilbers
Minister of Finance
State of Lower Saxony

Report of the Owners' Meeting

In the reporting year the Owners' Meeting performed the duties assigned to it by the state treaty and by the statutes. The Owners' Meeting discharged the Managing Board and the Supervisory Board.

Furthermore, in its meetings in 2017, the Owners' Meeting consulted mainly on the integration of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale.

The following left the Owners' Meeting:

on 30 November 2017 Frank Doods

The following were appointed to the Owners' Meeting:

on 1 January 2017 Rolf Christiansen

on 1 December 2017 Doris Nordmann

The Owners' Meeting thanks the Supervisory Board, the Managing Board and the Bank's employees for their work.

Hanover/Braunschweig/Magdeburg
April 2018

Thomas Mang
President
Sparkassenverband Niedersachsen

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hanover
Germany

Tel.: +49 0 511 - 361 -0
Fax: +49 0 511 - 361 -2502
www.nordlb.com
www.facebook.com/nordlb
www.twitter.com/nord_lb

Annex

85 Report on Transparency of Pay Structures Act

Report on Equal Pay

Measures to promote equality of women and men and their effects

NORD/LB provides a working environment in which all employees are treated equally, irrespective of gender, nationality, ethnic origin, religion or ideology, disability, age, sexual orientation or identity. Diversity among employees is an important element of the corporate identity of NORD/LB. Here, the Bank is guided by the principles set down in the Diversity Charter.

Among the measures to promote equality between women and men in NORD/LB are, for example, HR tools to allow optimal work-life balance. These include home office options and childcare services during school holidays as well as care support for elderly or infirm family members. Flexi-time and part-time working options as well as the possibility of long-term working time credit accounts are other options offered by NORD/LB. The use of a target quota guiding framework for women already in the job recruitment process was an additional contribution towards promoting the potential of women in 2016.

The interplay of measures not only creates an appreciative working climate and environment, but also ensures good development prospects for all staff – applied equally to both women and men.

Measures for the promotion of equal pay for women and men

NORD/LB ensures equal treatment of women and men as regards pay via identical transparent bases of calculation and procedures as well as through defined remuneration components.

NORD/LB designed and implemented a new clearly defined and gender-neutral remuneration structure at the beginning of 2016 as a key bundle of measures to ensure equality of pay between women and men. This remuneration methodology is comprised, essentially, of a job evaluation methodology – made up of several career bands and differentiated career levels – as well as our own bonus system. The job evaluations of NORD/LB reflect in a transparent and comprehensible manner the value of the functions for the Company since these evaluations are task based and do not depend on the identity of the holder. Remuneration is therefore irrespective of gender, nationality, ethnic origin, religion or ideology, disability, age, sexual orientation or identity and is based gender-neutrally on qualifications, range of responsibilities and functions as well as professional experience. The newly designed remuneration structure already takes account of aspect of the rules on the provision of information and communication with employees whilst at the same time complying with relevant data protection legislation.

Because of increased regulatory requirements, detailed information regarding compensation is disclosed in separate compensation reports prepared by the individual companies of the NORD/LB Group.

Key figures

Average total number of employees by gender 2016:

	31 Dec. 2016
male employees	2 125
female employees	2 115
proportion of men	50,1%
proportion of women	49,9%

Average number of full-time and part-time employees by gender 2016:

	31 Dec. 2016
Employees (total)	4 240
Steady employees (total)	4 009
male	2 019
female	1 990
Steady employees, full-time	3 155
male	1 955
female	1 200
Steady employees, part-time	854
male	64
female	790
Employees on temporary contracts (total)	231
male	106
female	125
Employees on temporary contracts, full-time	225
male	103
female	122
Employees on temporary contracts, part-time	6
male	3
female	3
Apprentices and trainees (total)	179
male	85
female	94
Employees during their parenting leave (total)	104
male	11
female	93
Share of full-time employees	79,7%
Share of part-time employees	20,3%
Share of Steady employees	94,5%
Share of employees on temporary contracts	5,5%
Share of apprentices and trainees	4,2%
Share of employees during their parenting leave	2,4%

NORD/LB

Norddeutsche Landesbank Girozentrale

Friedrichswall 10

30159 Hanover

Germany

Tel.: +49 0 511 - 361 -0

Fax: +49 0 511 - 361 -2502

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