

Norddeutsche Landesbank Girozentrale
(Public-law institution)

Annual Report 2019

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Combined management report

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See combined management report

See combined management report

To provide greater clarity, the management report for NORD/LB Norddeutsche Landesbank Girozentrale (abbreviated in this document as NORD/LB) has been combined with the Group management report as per § 315 para. 5 of the German Commercial Code (HGB) in conjunction with § 298 para. 2 of the HGB and published in the Annual Report 2019 of NORD/LB.

The annual financial statements of NORD/LB and the consolidated financial statements (with the combined management report) for financial year 2019 are filed with the operator of 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

	€	€	€	2018 (in € 000)
1. Cash reserve				
a) Cash on hand		52 804 373.79		54 806
b) Balances with central banks		2 932 609 236.03		992 699
			2 985 413 609.82	1 047 504
of which: with the "Deutsche Bundesbank"	€ 2 774 796 885.48			(140 458)
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		–		0
of which: eligible for refinancing at the Deutsche Bundesbank	€ 0.00			(0)
			–	0
3. Claims on banks				
a) mortgage loans		44 678 554.00		32 003
b) municipal loans		18 396 394 618.00		19 456 788
c) Other claims		7 157 910 174.00		8 437 687
			25 598 983 346.00	27 926 478
of which: Due on demand	€ 1 958 572 900.40			(2 703 252)
against securities lending	€ 0.00			(0)
4. Claims on customers				
a) mortgage loans		5 927 140 379.00		6 186 487
b) municipal loans		15 499 054 979.00		17 595 379
c) Other claims		34 077 068 052.00		38 083 012
			55 503 263 410.00	61 864 878
of which: against securities lending	€ 0.00			(0)
5. Debt securities and other fixed-interest securities				0
a) Money-market instruments				
aa) Issued by public-sector borrowers		–		10 210
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 0.00			(0)
ab) Issued by other borrowers		300 641 480.00		374 492
			300 641 480.00	384 702
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 0.00			(0)
b) Bonds and debt securities				
ba) Issued by public-sector borrowers		5 034 109 147.00		6 363 023
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 4 724 948 928.49			(5 987 970)
bb) Issued by other borrowers		10 051 944 011.00		12 147 487
			15 086 053 158.00	18 510 509
of which: eligible as collateral for "Deutsche Bundesbank" advances	€ 9 011 026 943.84			(10 976 512)
c) Debt securities, issued by the institution itself		206 819 898.00		213 907
Nominal amount	€ 204 416 473.03			(213 935)
			15 593 514 536.00	19 109 119
Amount carried forward			99 681 174 901.82	109 947 978

Balance sheet as at 31 December 2019

			Assets	
			2018	(in € 000)
			€	€
Amount carried forward			99 681 174 901.82	109 947 978
6. Shares and other non fixed-interest securities			95 353 332.00	1 288 540
6a. Trading portfolio			14 238 651 533.00	10 532 832
7. Participating interests			157 305 429.00	173 730
of which:				
in banks	€	51 386 524.87		(61 125)
in financial institutions	€	218 430.00		(218)
8. Investments in affiliated companies			1 290 988 635.00	1 390 923
of which:				
in banks	€	1 086 900 616.49		(1 086 901)
in financial institutions	€	511 291.88		(511)
9. Assets held in trust			2 885 804 091.27	3 200 819
of which:				
loans on a trust basis	€	2 875 488 047.63		(3 190 503)
11. Intangible assets				
a)	internally generated industrial property rights and similar rights and values		44 994 856.19	40 431
b)	Concessions, industrial property rights and similar rights and values including its licences against payment		52 741 615.56	62 700
c)	Advance payments made		2 040 297.61	690
d)	Finance lease		1 183 271.20	2 276
			100 960 040.56	106 096
12. Tangible assets			244 336 935.41	308 462
14. Other assets			1 275 341 006.92	2 753 374
15. Prepaid expenses				
a)	from new issue and lending business		561 860 466.45	662 456
b)	other		577 513 977.95	641 653
			1 139 374 444.40	1 304 110
Total assets			121 109 290 349.38	131 006 864

Liabilities

Norddeutsche Landesbank Girozentrale

				2018
	€	€	€	(in € 000)
1. Liabilities to banks				
a) issued registered mortgage Pfandbriefs		28 138 260.32		30 214
b) issued registered public-sector Pfandbriefs		454 746 355.92		523 323
c) Other liabilities		33 226 693 161.83		40 703 262
			33 709 577 778.07	41 256 799
of which:				
Due on demand	€ 2 812 575 185.86			(5 598 943)
ensuring loans taken up registered mortgage Pfandbriefs transferred to lender	€ 0.00			(0)
and registered public-sector Pfandbriefs	€ 25 462 714.40			(34 819)
2. Liabilities to customers				
a) issued registered mortgage Pfandbriefs		807 403 540.90		1 414 738
b) issued registered public-sector Pfandbriefs		8 173 942 136.59		8 874 039
c) Savings deposits				
ca) with an agreed notice period more than three months	1 046 434 896.53			1 132 116
cb) with an agreed notice period more than three months	13 232 450.55			16 078
		1 059 667 347.08		1 148 195
d) Other liabilities		37 524 624 330.69		38 332 597
			47 565 637 355.26	49 769 569
of which:				
Due on demand	€ 21 606 927 897.29			(19 376 233)
ensuring loans taken up				
registered mortgage Pfandbriefs transferred to lender	€ 0.00			(0)
and registered public-sector Pfandbriefs	€ 0.00			(0)
3. Securitised liabilities				
a) Issued debt securities				
aa) mortgage Pfandbriefs	1 901 283 312.18			2 999 412
ab) public-sector Pfandbriefs	3 995 489 843.65			6 912 178
ac) other debentures	9 063 976 526.47			10 787 979
		14 960 749 682.30		20 699 569
b) Other securitised liabilities		30 631 223.37		87 472
			14 991 380 905.67	20 787 041
of which:				
money-market instruments	€ 22 340 223.37			(87 442)
3a. Trading portfolio			9 839 210 722.71	5 991 084
4. Liabilities held in trust			2 885 804 091.27	3 200 819
of which:				
loans on a trust basis	€ 2 875 488 047.63			(3 190 503)
5. Other liabilities			1 382 512 996.04	1 572 942
Amount carried forward			110 374 123 849.02	122 578 254

Balance sheet as at 31 December 2019

			Liabilities	
			2019	2018
			€	(in € 000)
Amount carried forward			110 374 123 849.02	122 578 254
6. Deferred income				
a) from new issue and lending business		544 040 440.06		565 474
b) other		158 944 375.85		256 444
			702 984 815.91	821 918
7. Provisions				
a) Provisions for pensions and similar obligations		646 059 936.27		578 695
b) Tax provisions		55 332 733.49		63 167
c) Other provisions		1 056 093 681.40		664 459
			1 757 486 351.16	1 306 320
9. Subordinated liabilities			2 490 776 966.14	2 808 505
10. Participatory capital			0.00	0
of which:				
there of falling due in less than two years	€	0.00		(0)
10a. Instruments of additional regulatory Tier 1 capital			50 200 000.00	50 200
11. Funds for general banking risks			68 308 221.55	68 308
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)
12. Equity				
a) Subscribed capital				
aa) Share capital	2 835 000 000.00			1 607 258
ab) Other Capital contributions	238 834 109.78			261 723
		3 073 834 109.78		1 868 981
b) Capital reserves				
ba) Other reserves	2 581 079 214.67			3 324 314
		2 581 079 214.67		3 324 314
c) Retained earnings		530 556 494.01		530 557
d) Profit shown on the balance sheet after appropriation to or transfer from reserves		- 520 059 673.27		- 2 350 492
			5 665 410 145.19	3 373 359
Total liabilities			121 109 290 348.97	131 006 864
1. Contingent liabilities				
a) Contingent liabilities under rediscounted bills of exchange		0.00		0
b) Liabilities from guarantees and other indemnity agreements		10 491 104 301.92		11 388 974
c) Liabilities from assets pledged as collateral for third-party liabilities		0.00		0
			10 491 104 301.92	11 388 974
2. Other obligations				
a) Repurchase obligations from non-genuine partial repurchase agreements		0.00		0
b) Placement and underwriting obligations		0.00		0
c) Irrevocable credit commitments		6 853 819 808.23		7 156 250
			6 853 819 808.23	7 156 250

Income statement for the period from 1 January to 31 December 2019

	€	€	€	31 Dec.2018 (in € 000)
1. Interest income from				
a) Lending and money market transactions	1 965 368 093.00			2 315 738
b) Fixed-income and book entry securities	193 527 253.00			250 398
c) Current income from trading portfolio	1 999 233 388.00			1 741 995
		4 158 128 734.00		4 308 131
2. Negative Interest income from lending and money market transactions		49 381 174.00		49 796
3. Interest expenses		3 332 315 513.00		3 238 664
4. Positive interest expenses from lending and money market transactions		59 820 182.00		64 345
			836 252 229.00	1 084 016
5. Current income from				
a) Shares and other non fixed-interest securities		302 590.00		231
b) Participating interests		5 997 012.00		5 315
c) Shares in affiliated companies		19 535 895.00		39 305
			25 835 497.00	44 851
6. Earnings from profit pooling, profit transfer or partial profit transfer agreement			62 603 813.00	69 592
7. Commission income		294 941 202.00		283 873
8. Commission expenses		180 694 039.00		202 127
			114 247 163.00	81 746
9. Net income/expenses deriving from trading business			31 176 523.64	29 736
10. Other operating income			128 051 172.00	66 215
11. General administrative expenses				
a) Staff expenses				
aa) Wages and salaries	340 998 375.00			351 935
ab) Social security contributions and expenses for pension provision and other employee benefits	148 440 695.00			98 357
		489 439 070.00		450 292
of which: for pensions	€ 79 051 139.85			(16 610)
b) Other administrative expenses		463 319 313.00		455 034
			952 758 383.00	905 325
12. Depreciations and write-downs of intangible assets			90 952 277.00	39 882
13. Other operating expenses			126 575 088.00	98 367
14. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions			154 274 626.00	2 763 346
Amount carried forward			126 393 976.36	2 430 765

Norddeutsche Landesbank Girozentrale

	€	€	€	2018 (in € 000)
Amount carried forward			126 393 976.36	2 430 765
15. Write-downs of and value adjustments to claims and certain securities and allocations to loan loss provisions			0.00	0
16. Earnings from write-ups to claims and certain securities and allocations to loan loss provisions			51 325 121.00	9 170
17. Expenses on assumption of losses			3 813 273.00	12 504
18. Transfer to the funds for general banking risks			0.00	0
of which: Allocation to special item acc.to §340e, para.4 German Commercial Code	€	0.00		(0)
19. Profit on ordinary activities			- 78 882 128.36	- 2 434 099
20. Extraordinary income		0.00		26 360
21. Extraordinary expenses		451 952 389.00		222 713
22. Extraordinary result			- 451 952 389.00	- 196 353
23. Refund from income taxes		- 7 175 501.00		- 11 635
24. Refund from other taxes not show under item 13		- 4 938 485.00		7 406
			- 12 113 986.00	- 4 227
26. Income from assumption of losses			22 888 832.00	199 071
26. Profit transferred under a profit transfer agreement due to profit pooling			0.00	0
27. Annual loss			- 520 059 671.36	- 2 435 608
28. Earnings brought forward from the previous year			0.00	85 116
29. Loss carried forward from the previous year			- 2 350 492 046.09	0
30. Withdrawals from the capital reserve			2 350 492 046.09	0
31. Income from the capital reduction			1 607 257 809.00	0
32. Transfer to the capital reserve by analogy with the provisions concerning the simplified capital reduction			- 1 607 257 809.00	0
33. Lost			- 520 059 673.27	- 2 350 492

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 2019 and those from 31 December 2018 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.

The annual financial statements of NORD/LB as at 31 December 2019 have been prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch (HGB)), the German Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV)) and the Pfandbrief Act (Pfandbriefgesetz (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.

Risk shield and capital strengthening measures

On 31 January 2019, the institutional protection scheme of the Savings Banks Finance Group established that the Bank was eligible for support from its fund. Subsequently, on 21 June 2019, the owners and the Bank concluded a notarised basic agreement with the Deutscher Sparkassen- und Giroverband e. V. (DSGV) to strengthen capital at NORD/LB. In this agreement, the parties agreed on the material legal framework conditions governing a capital boost with a total capital effect of around € 3.6 billion and the long-term restructuring of the Bank. Building on this basic agreement, intensive negotiations took place in the second half of 2019 between the old and new owners and the Bank regarding the details of the capital increase.

The final regulations were set down in what is termed the support contract, which was agreed by the parties on 17 December 2019. The support contract contains, inter alia, material regulations on capital strengthening through a combination of a capital increase in cash and risk-mitigating measures, on the corporate governance of the Bank, dividend distributions, the information and monitoring rights of the DSGV, restructuring and rehabilitation of the Bank and on ending the support measures when the stipulated targets have been achieved.

The capital increase in cash through the payment by the old and new owners of € 2 835 million led to the NORD/LB share capital composition presented below:

	Subscribed capital (in € million)	Ratio (in %)
Niedersachsen Invest GmbH (NIG) ¹⁾	1,275.8	45
Hannoversche Beteiligungsgesellschaft Niedersachsen mbH ¹⁾	226.2	8
Land Niedersachsen ²⁾	0.0	0
Land Sachsen-Anhalt	198.0	7
Sparkassenverband Niedersachsen	282.5	10
Sparkassenbeteiligungsverband Sachsen-Anhalt	56.5	2
Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern	39.2	1
FIDES Gamma GmbH	378.3	13
FIDES Delta GmbH	378.3	13
Total	2,835.0	100

¹⁾ NIG and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH act on behalf of the state of Lower Saxony.

²⁾ The state of Lower Saxony directly holds subscribed capital in the amount of

In addition to the capital increase in cash of € 2 835 million, the support contract provides for various risk-mitigating measures with a total capital effect of up to € 800 million towards capital strengthening:

- Sale of the Bank's holding in Fürstenberg Holding GmbH to NIG as an investment company attributable to the state of Lower Saxony following transfer of the Bank's holding in Toto-Lotto Niedersachsen GmbH and the porcelain manufacturer Fürstenberg GmbH through a transfer or spin-off agreement for a total purchase price of € 150 million.
- Granting of three guarantees by the state of Lower Saxony to protect specific loan portfolios from the Ship Customers/Maritime Industries Customers and Aircraft Customers segments with effect from the date of execution of the support contract. For the Ship Customers/Maritime Industries Customers segment, the guarantees cover the net carrying amount of a ship finance portfolio with impaired receivables totalling approximately € 1.5 billion to protect the total guarantee amount of maximum € 1.0 billion and a further ship finance portfolio to protect the gross carrying amount with a total guarantee amount of approx. € 1.4 billion. For the Aircraft Customers segment, a portfolio with a total guarantee amount of around € 1.7 billion was secured. The guarantee amounts referring to the hedging of gross carrying amounts derive, inter alia, from original loan amounts denominated in foreign currencies.¹⁾
- Furthermore, the support contract provides for an exemption of the Bank by the state of Lower Saxony from risks associated with the potentially increased health-care benefits payable by NORD/LB to their retirees and employees up to an amount of € 200 million.

Following the advance submission of the final document package (support contract including appendices and explanatory documents on the business plan and guarantee contracts) to the European Commission, the latter confirmed on 5 December 2019 that the measures provided for in the support contract were compliant with market terms.

¹⁾ The total guarantee amounts are based on IFRS values.

Following the agreement of the Managing Board, the owners and the parliaments of Lower Saxony, Saxony-Anhalt and Mecklenburg-Western Pomerania, the capital contributions in cash were paid on 23 December 2019 to the account of NORD/LB, upon which the capital measures were completed and the statutes came into force (date of execution).

With the payment of the capital and the acknowledgement by the supervisory body, the material prerequisites for exiting the rehabilitation phase are fulfilled. On the recommendation of the Recovery Plan Committee, an internal body established to advise the Managing Board on questions relating to the recovery plan, the Managing Board decided on 21 January 2020 to transfer from the rehabilitation phase to the early warning phase.

Explanation of the impact of the guarantee contracts on the balance sheet in 2019

Within the framework of the three guarantee contracts, the state of Lower Saxony assumes, as of the execution date of 23 December 2019 and for the benefit of the Norddeutsche Landesbank Girozentrale and NORD/LB Luxemburg S.A. Covered Bond Bank, the unconditional, irrevocable and non-subordinate guarantee to hedge against the loss risks of certain ship and aircraft finance portfolios.

The guarantee contracts comprise two reference portfolios from the segments, Ship Customers/Maritime Industries Customers and one reference portfolio from the Aircraft Customers segment with corresponding loans including the associated customer derivatives and a number of loan commitments, sureties and overdraft facilities. The total sum, up to which the payment obligation is guaranteed by the state of Lower Saxony, is stipulated individually per contract. As at the reporting date, the guaranteed Ship Customers/Maritime Industries Customers portfolio with non-distressed claims comprised transactions with a gross book value of approximately € 1.4 billion plus contingent liabilities of approximately € 0.4 billion. In the case of the guarantee for the portfolio with impaired claims, this is a reference portfolio with a hedged net book value of approximately € 0.9 billion as at the reporting date. The guarantee contract to hedge a sub-portfolio of the Aircraft Customers segment refers to an initial gross carrying amount of around € 1.7 billion plus contingent liabilities of around € 150 million.²⁾

As a result of the guarantee contracts, in the event that one or several guarantee cases come to pass, payment claims in the amount of the anticipated loss will arise with respect to the state of Lower Saxony. The guarantee cases comprise the following situations:

- shortfall resulting from amounts not being paid either in whole or in part as at the due date,
- capital reduction through contractual reduction in the nominal amount owed without corresponding settlement payment and/or
- loss arising from early repayment of capital amounts and/or a negative market value in the event of the early sale of a customer derivative.

The guarantee transactions comprise pending transactions in the form of derivatives of the banking book, as the guarantee transactions do not have their own inherent value development, but are instead dependent largely on the performance of the relevant underlying loan portfolio. Furthermore, it is typical of derivatives that the time of contract conclusion and the time of fulfilment will differ. The derivatives

²⁾ The gross book values are based on IFRS values.

cannot be assigned to the trading book due to the absence of short-term resale prospects and the unintentional generation of results from price fluctuations. Derivatives of the banking book are not recognised in the balance sheet, because, according to the HGB- in contrast to the IFRS-fair-value accounting is in principle not intended for these derivatives and the acquisition costs are generally zero.

Taking into consideration the individual measurement principle, these derivatives cannot be offset in the balance sheet to mitigate risks as securities for the transactions contained in the hedged portfolios. As a result, all transactions in the guarantee portfolio remain subject to risk provisioning even after conclusion of the guarantee contracts. Due to the specific loan loss provision process that is taking place unchanged, compensation of the valuation result does not take place until the topmost income statement level. Only when a guarantee case is being accounted for the anticipated guarantee claim is recorded in the income statement and, if required, offset against a payment made in advance. An opposite income statement effect for risk provisioning is thus not effective or visible until later. The risk provisioning inventory which arose on the hedged net book value of the portfolio with the impaired claims was € 1 415.1 million as at the end of 2019.

In return for granting the guarantees NORD/LB pays a commission to the State of Lower Saxony. For the guarantee for the portfolio with impaired claims, this is determined variably in the amount of 7.15% p.a. of the total guarantee amount which reduces in line with the portfolio reduction and must be calculated monthly. For both guarantees, a fixed guarantee fee is stipulated which is payable in fixed quarterly instalments (cf. Notes on the other financial obligations). For 2019, the commission expenses for the ship finance portfolio with impaired claims amounted to € 1.4 million; for the other ship finance portfolio, this figure was € 10.7 million and € 2.8 million for the portfolio in the Aircraft segment. The guarantee contracts end no earlier than either the time at which the relevant guarantee portfolio has been completely wound up and all outstanding payment obligations have been settled (variable maturity date), or on 31 December 2024 (fixed maturity date; does not apply to the guarantee for the impaired claims), whichever is earlier. The fixed maturity date can be extended by one year in each case within the first ten business days of a year, insofar as incongruities between the residual term of the guarantee contracts and the collateralised claims exist. The extension option was utilised for the first time in 2020.

Servicing and performance of capital instruments

Unlike the slightly negative earnings after taxes reported at Group level according to IFRS, NORD/LB is reporting a significant loss after tax for the reporting year at the individual institution level in accordance with HGB. These negative earnings after taxes in accordance with HGB impact on the servicing and valuation of certain NORD/LB capital instruments.

Existing instruments that permanently rank as additional Tier 1 capital (AT1) under the CRR will not be serviced from the earnings for 2019. This results contractually from insufficient available distributable items (ADI).

The following consequences apply to existing silent participations:

The negative earnings after taxes according to HGB also caused a net accumulated loss according to HGB on the reporting date. As a consequence, the contractually agreed interest for silent partner contributions will not be paid for 2019. Furthermore, in accordance with HGB, the silent participations as at the reporting date participated contractually in the net accumulated loss according to HGB in accordance with their relative share in all liable equity available on the reporting date. For this reason the carrying amounts of

the individual silent participations on the reporting date have been reduced by the amount of their respective share of the loss. Conversely, the amounts arising from the elimination of interest and write-downs were recognised in profit and loss.

The carrying amounts for the silent participations had already been reduced as at 31 December 2018 due to the significant net accumulated loss according to HGB that occurred at that time. The further reduction of the carrying amounts of the silent participations as at the reporting date took place accordingly on the basis of this already reduced level.

NORD/LB 2024 Transformation Programme

The Bank agreed the basic principles of a new business model with its previous owners, the Sparkassen finance group (SFG) and the banking supervisory authorities. This will result in a significant decrease in the size of the Bank. The resultant target for the number of employees in 2024 now stands at around 2 800 to 3 000 active employees. In terms of the administrative expenses, the aim is to reduce these from around € 1 billion to € 625 million annually in 2024.

Achieving this with the mission statement agreed with the owners and the supervisory authority for 2024 requires a far-reaching and comprehensive transformation with significant further streamlining of the processes and structures of the Bank. Against this backdrop, the decision was made to reorganise the Bank's most important projects. The two programmes Blossom (recapitalisation and business model of NORD/LB) and One Bank (optimisation of Group structures and processes) plus some additional content have been transferred to a new joint project structure for transformation. The new programme has been named NORD/LB 2024.

The steering committee for the transformation programme has defined a set of guidelines for NORD/LB's realignment and, in particular, for the development of a new business and operating model. The focus is on standardising, automating and centralising processes with the goal of reducing complexity within NORD/LB. The quantitative guidelines include the target variables for administrative expenses, employee numbers and total assets of around € 95 billion to be achieved by 2024. Conceptual, overarching guidelines form the framework for implementing these targets and incorporating them into operations.

Following the EU's approval of the capital-boosting programme, the programme structure was fine-tuned and is now geared towards the value added chains in the new business model during the implementation phase.

- Financial markets value added chain
- Retail value added chain (incl. Braunschweigische Landessparkasse and Kreditservice Nord)
- Wholesale value added chain
- Bank and data management
- Staff and management functions
- IT (IT platform)
- Foreign branches and subsidiaries

Furthermore, following the positive approval by the EU Commission, the members of the steering committee meeting on 16 December 2019 approved the visions for the future divisions and measures packages due to be implemented in the divisions. Over the next three years, measures must be developed to support all targets and their implementation must be ensured so that all measures are implemented and all goals are achieved by 2024.

Accounting policies – trading portfolio

Financial instruments of the trading portfolio are valued at fair value less a risk discount in accordance with § 340e para. 3 sentence 1 HGB. The change in fair value as compared to the last reporting date or to the acquisition costs - the valuation result - is recorded under the item Net income/expenses deriving from trading business. More information on the calculation of fair values is presented in the section titled “Calculation of 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 non fixed-interest 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 at NORD/LB, the Bank has used the Value-at-Risk (VaR) calculated for regulatory purposes, adjusted by regulatory offsetting using a correlated foreign currency VaR of the banking book in accordance with the internal model, based on Regulation (EU) No. 575/2013 (formerly SolvV), pursuant to § 340e para. 3 sentence 1 HGB, i.e. it deducted the VaR amount calculated from the 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 default risk),
 - 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. Furthermore 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 for which OIS discounting has developed into 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 funding costs for unsecured derivative positions. A discounted approach was used for the calculation. The scope of application comprises material unsecured OTC interest rate derivatives.

Accounting policies – non-trading portfolio (banking book)

The cash reserve is recognised at nominal value.

Claims on customers and banks are recognised at nominal value and at amortised cost respectively. If there are differences between the nominal values and the amounts paid out for mortgage loans and other claims - insofar as they incur interest - the items are recognised at nominal value in accordance with § 340e para. 2 HGB. The differences are reported under Deferred income and written back as scheduled.

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 periodic or ad-hoc loan monitoring. Significant loans (volume of receivables per individual borrower exceeding € 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 claim 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 to reduce risk provisioning, recording it as earnings from write-ups of receivables and certain securities as well as from the reversal of provisions in the 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 risks). 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 the 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 receivable 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. Investment securities 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 German Institute of Public Auditors, structured products are broken down into their constituent parts (underlying 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 to 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 to amortise 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 deputisation 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 an 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. Impairment losses according to § 253 para. 3 sentence 5 HGB of € 51.9 million (€ 0.0 million) were accrued in the reporting year. Assets whose acquisition cost is between € 250 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 the acquisition cost of which does not exceed € 250 are fully depreciated according to tax law procedures in the year of their acquisition.

NORD/LB exercised its option pursuant to § 248 para. 2 HGB and reports internally generated intangible assets. In this connection, the external costs incurred as a result of the development phase and internal development efforts are reported. 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 required according to 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; RückAbzinsV). Income and expenses from the discounting of 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 HGB.

Negative interest income as well as positive interest expenses are recognised separately in 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 fair value corresponds directly to the market/stock exchange price, 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 or quotations in liquid markets 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 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 cash flow method	Illiquid interest-bearing securities	Swap curves, credit-spreads
	Credit default swaps	Swap curves, credit-spreads
	Interest-rate swaps, FRAs	Swap curves
	Securities forward contracts	Specific -securities forward prices, swap curves
	Interest-rate currency swaps, Forward exchange contracts transactions	Swap curves in the currencies traded, basic swap spreads, exchange rate
Hull & White model for options	Bermudan swaptions	Volatility of the underlying market price, risk-free interest rate, swap curves, mean reversion
Black-Scholes model	FX options	Exchange rates, volatility of the underlying exchange rate, risk-free interest rate for both currencies
	OTC share options (European)	Volatility of the underlying, risk-free interest rate, underlying (share), dividends
Barone-Adesi, Whaley-model	OTC FX options (American), OTC share options (American)	Exchange rates, volatility of the underlying market price, risk-free interest rate, underlying (share), dividends
Normal Black model	Caps and floors Swaptions	Volatility of the underlying market price, risk-free interest rate
CVA/DVA (with simulation method or current exposure method)	All derivatives subject to credit risk	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, because 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 done by Bremer Landesbank through the inclusion of the existing provident fund of Bremer Landesbank Kreditanstalt Oldenburg GmbH (provident fund). As the initial endowment was used up through payments to the benefit recipients and contributions to reinsurance for candidates, another endowment was made to the provident funds in 2019. The amount of the endowment stood at € 55.0 million in total. Taking reimbursements into consideration, a negative effect on earnings in the amount of € 51.0 million remains as a result of the endowment. 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 HGB) at the average market interest rate for the past ten financial years applicable on the reporting date as per § 253 para. 2 HGB. In determining the actuarial present value of pension obligations, the simplification rule as per § 253 para. 2 sentence 2 HGB is used and the interest rate is generally discounted over a residual period of 15 years. The 2018 G mortality tables from Heubeck AG as at the reporting date were used to determine the pension provisions.

The Bank's provisions in Germany as at 31 December 2019 amounted to € 645.9 million (€578.4 million). Of the provisions, € 400.4 million (€ 333.0 million) is allocated to direct obligations. The difference in amounts for the Bank in Germany at a pension obligation rate in line with the average market interest rate from the past seven fiscal years is € 71.7 million (€ 73.3 million). The indirect pension liabilities of € 245.5 million (€ 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 HGB 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 HGB. 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 € 889.8 million (€ 737.3 million).

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

	2019	2018
Discount rate (10-year average interest rate)	2,71%	3,21%
Discount rate (7-year average interest rate) ¹⁾	1,97%	2,32%
Salary increases	2,00%	2,00%
Pension increases	2,75%	2,75%
Fluctuation	3,00%	3,00%

¹⁾ The average market interest rate from the past seven fiscal years was applied until 2015 to measure 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 HGB.

The measurement of NORD/LB's direct and indirect pension provisions is based on Dr Klaus Heubeck's 2018 G mortality tables.

The settlement amount of the existing pension plan in New York is equivalent to € 0.2 million (€ 0.3 million).

As regards indirect pension obligations, the London branch had a shortfall of € 1.5 million (€ 3.2 million) as at 31 December 2019.

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 HGB.

As at 31 December 2019, the fair value of the special funds to € 11.1 million (€ 9.8 million), determined in accordance with the German Capital Asset Accounting and Assessment Regulation (KARBV), with acquisition costs of € 11.1 million (€ 9.8 million). The repayment amount comes to € 10.9 million (€ 9.8 million).

Income and expenses from the pension plan assets and the corresponding provisions are offset in Other operating profit/loss. The income and expenses offset in the reporting year amount to 90 430.13 € (44 246.16 €).

Currency translation

Currency translation is carried out in the non-trading portfolio in accordance with § 256a in conjunction with § 340h HGB ("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 € 29.1 billion (€ 33.6 billion) and € 28.6 billion (€ 34.7 billion) 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 the reporting currency, the euro, 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 (2019: € 410.1 million; 2018: € 1087.3 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 (2019: € 118.8 million; 2018: € 276.7 million);
- Individual transaction-specific passing on of inflation risk hedged against customers to the market (2019: € 104.6 million; 2018: € 104.8 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 conversion of the foreign-currency assets, foreign-currency liabilities and pending currency transactions in accordance with § 256a in conjunction with § 340h HGB.
- 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 the banking book assets with CDS contracts. The economic hedging relationship is presented in the balance sheet by considering 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 (new version)). If the value of the payment obligation from the interest-bearing transaction is greater than the value of the counterperformance, a provision for anticipated 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 outside of the trading portfolio with their carrying amounts, also 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 on the individual items of the balance sheet and income statement appear in the order that the items are reported as per § 284 para. 1 sentence 1 HGB:

Notes to the Balance Sheet	Assets	
(in € 000)	31 Dec.2019	31 Dec.2018
3. Claims on banks		
Balance sheet value	25 598 983	27 926 478
of which		
with a residual term of		
Due on demand	8 027 061	9 232 186
less than 3 months	6 269 692	6 839 267
more than 3 months but less than 1 year	1 267 565	1 630 204
more than 1 year less than 5 years	3 457 195	3 242 726
more than 5 years	6 577 470	6 982 095
of which		
Claims on affiliated companies	3 465 087	2 513 282
Claims on companies in which an equity investment exists	191 123	13 739
Subordinated receivables	95 116	195 116
The full amount of receivables from banks includes:		
Claims on affiliated savings banks	8 414 359	8 368 628
4. Claims on customers		
Balance sheet value	55 503 263	61 864 878
of which	-	
with a residual term of		
less than 3 months	7 484 958	8 624 487
more than 3 months but less than 1 year	4 883 482	5 427 517
more than 1 year less than 5 years	19 218 488	22 099 049
more than 5 years	23 916 336	25 713 825
of which		
Claims on affiliated companies	268 314	430 968
Claims on companies in which an equity investment exists	180 165	160 769
Subordinated receivables	174 691	214 113
Used to cover old stock	804 857	967 495
With an indefinite term	2 371 686	2 588 549
5. Debt securities and other fixed-interest securities		
a) Money-market instruments		
aa) Issued by public-sector issuers		
Balance sheet value	-	10 210
of which		
due in the following year	-	10 210
marketable and listed money-market instruments	-	10 210

Notes to the Balance Sheet	Assets	
(in € 000)	31 Dec.2019	31 Dec.2018
ab) Issued by other issuers		
Balance sheet value	300 641	374 492
of which		
due in the following year	300 641	374 483
marketable and listed money-market instruments	278 382	360 982
b) Bonds and debt securities		
ba) Issued by public-sector issuers		
Balance sheet value	5 034 109	6 363 023
of which		
due in the following year	640 661	1 253 181
marketable and listed money-market instruments	4 835 830	6 159 212
marketable and unlisted money-market instruments	198 279	203 810
bb) Issued by other issuers		
Balance sheet value	10 051 944	12 147 487
of which		
due in the following year	1 299 971	1 903 136
marketable and listed money-market instruments	9 562 328	11 583 950
marketable and unlisted money-market instruments	489 616	563 537
Affiliated company securities	2 830 664	3 319 258
Subordinated debt securities	216 542	228 297
c) Debt securities, issued by the institution itself		
Balance sheet value	206 820	213 907
of which		
due in the following year	18 123	5 764
marketable and listed money-market instruments	203 370	213 907
6. Shares and other non fixed-interest securities		
Balance sheet value	95 353	1 288 540
of which		
marketable and listed shares and other non fixed-interest securities	–	–
marketable non listed shares and other non fixed-interest securities	847	1 071
6a. Trading portfolio		
Balance sheet value	14 238 652	10 532 832
of which		
Derivative financial instruments	9 895 763	5 812 796
Claims	2 518 804	2 826 477
Debt securities and other fixed-interest securities	1 831 808	1 901 046
Shares and other non fixed-interest securities	–	3 052
Risk discount	– 7 723	– 10 539

Notes to the Balance Sheet

Assets

(in € 000)	31 Dec.2019	31 Dec.2018
7. Participations		
Balance sheet value	157 305	173 730
of which		
Marketable unlisted shares	–	–
The equity holding is shown in Paragraph III no. 11		
8. Investments in affiliated companies		
Balance sheet value	1 290 989	1 390 923
of which		
Marketable unlisted shares	1 089 941	1 098 845
The equity holding is shown in Paragraph III no. 11		
9. Assets held in trust		
Balance sheet value	2 885 804	3 200 819
of which		
Claims on banks	515 308	554 190
Claims on customers	2 370 496	2 646 629
11. Intangible assets		
Balance sheet value	100 960	106 096
of which		
internally generated software ¹⁾	44 995	40 431
Finance lease	1 183	2 276
12. Tangible assets		
Balance sheet value	244 337	308 462
of which		
land and buildings	210 164	269 257
Operating and office equipment	34 173	39 205
14. Other assets		
Balance sheet value	1 275 341	2 753 374
of which		
The following are reported as significant items:		
Option premiums and margins	756 179	827 030
accrued and due interest from interest rate swaps	395 373	472 055
Balancing item from currency valuation	24 093	52 743
Reported assets on interim accounts	13 721	1 284 326
Claims against fiscal authorities	14 462	31 288
Pro rata interest claims from flat-traded securities held for trading	8 646	11 815
irrevocable payment commitments	58 386	40 762
15. Deferred expenses and accrued income		
Balance sheet value	1 139 374	1 304 110
of which		
from issuing and lending business	561 860	662 456
others	577 514	641 653

¹⁾ In the 2019 reporting year, development costs in the amount of € 7.3 million (€ 6.0 million) were incurred for the development of software; there were no costs of research.

Assets

The table below shows the changes to fixed assets:

	Acquisition/ manufacturing cost	Additions	Disposals	Reclassi- fications	Accumula- tive depreci- ation	Balance sheet value 2019	Balance sheet value 2018	Deprecia- tion for the accounting- period
(in € 000)								
Intangible assets	321 863	17 514	28 300	–	188 120	100 960	106 096	21 997
internally generated industrial property rights and similar rights and values	131 946	7 347	–	3 922	91 515	44 995	40 431	6 705
Concessions, industrial property rights and similar rights and values including its licences against payment	183 766	8 349	27 833	– 3 922	93 419	52 742	62 700	14 200
Advance payments made	690	1 818	468	–	–	2 040	690	–
Finance lease	5 461	–	–	–	3 186	1 183	2 276	1 092
Tangible assets	602 805	6 352	36 610	–	259 455	244 337	308 462	68 756
land and buildings	368 145	550	44	– 19	98 888	210 164	269 257	59 580
Operating and office equipment	234 660	5 803	36 566	19	160 567	34 173	39 205	9 175
		Change ¹⁾						
Participating interests			– 16 424			157 305	173 730	
Investments in affiliated companies			– 99 934			1 290 989	1 390 923	
Securities in fixed assets		702	– 97 956			1 821 112	1 918 366	
of which:								
Bonds and debt securities			– 97 956			1 815 542	1 913 498	
Shares		702				5 570	4 868	

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

Notes to the Balance Sheet

Liabilities

(in € 000)	2019	2018
1. Liabilities to banks		
Balance sheet value	33 709 578	41 256 799
of which		
a) Due on demand	2 798 060	5 633 258
of which		
Liabilities to affiliated companies	629	33 173
Liabilities to companies in which an equity investment exists	416	–
b) With an agreed term or notice period	30 911 518	35 623 541
of which with a residual term of		
less than 3 months	9 518 328	12 400 824
more than 3 months but less than 1 year	2 636 170	3 444 617
more than 1 year but less than 5 years	7 215 281	7 965 838
more than 5 years	11 541 739	11 812 262
of which		
Liabilities to affiliated companies	469 756	586 096
Liabilities to companies in which an equity investment exists	60 130	159 198
Assets pledged as collateral ¹⁾	18 877 858	21 104 266
The full amount of bank loans and overdrafts includes:		
Liabilities to affiliated savings banks	1 455 896	2 222 107
2. Liabilities to customers		
Balance sheet value	47 565 637	49 769 569
of which		
a) Savings deposits		
aa) with an agreed notice period of three months	1 046 435	1 132 116
ab) Savings deposits with an agreed notice period of more than three months	13 232	16 078
of which with a residual term of		
less than 3 months	3 117	253
more than 3 months but less than 1 year	1 792	885
more than 1 year but less than 5 years	8 067	13 840
more than 5 years	257	1 099
b) Other liabilities		
ba) Due on demand	21 758 594	19 012 608
of which		
Liabilities to affiliated companies	104 828	68 251
Liabilities to companies in which an equity investment exists	148 691	133 139

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.

Notes to the Balance Sheet	Liabilities	
(in € 000)	2019	2018
bb) With an agreed term or notice period	24 747 376	29 608 767
of which with a residual term of		
less than 3 months	3 897 621	4 463 510
more than 3 months but less than 1 year	3 741 481	5 196 092
more than 1 year but less than 5 years	4 720 707	5 542 774
more than 5 years	12 387 567	14 406 391
of which		
Liabilities to affiliated companies	–	–
Liabilities to companies in which an equity investment exists	222 488	217 283
Assets assigned as collateral	115 944	388 433
3. Securitised liabilities		
a) Issued debt securities		
Balance sheet value	14 960 750	20 699 569
of which		
Due in the following year	3 089 575	6 093 824
Liabilities to affiliated companies	500 000	1 006 163
Liabilities to companies in which an equity investment exists	–	25 808
b) Other securitised liabilities		
Balance sheet value	30 631	87 472
of which with a residual term of		
less than 3 months	22 340	87 442
more than 3 months but less than 1 year	–	–
more than 1 year but less than 5 years	30	–
more than 5 years	8 261	30
3a. Trading portfolio		
Balance sheet value	9 839 211	5 991 084
of which		
Derivative financial instruments	9 776 051	5 631 343
Liabilities (for short-term securities)	63 160	359 741
4. Liabilities held in trust		
Balance sheet value	2 885 804	3 200 819
of which		
Liabilities to banks ¹⁾	817 932	975 560
Liabilities to customers	2 067 872	2 225 259

¹⁾ This includes equity of Investitionsbank Sachsen-Anhalt in the amount of € 189.7 million (€182.8 million).

Notes to the Balance Sheet

Liabilities

(in € 000)	2019	2018
5. Other liabilities		
Balance sheet value	1 382 513	1 572 942
of which		
reported as significant items:		
Balancing item from currency valuation	491 635	556 195
Premiums received for option transactions	595 061	613 949
Interest payable and accrued interest from swaps	207 180	257 098
Interest payable from profit participation rights, subordinated liabilities and capital contributions	26 233	28 426
Outstanding items on interim accounts, not classified	21 304	58 841
Liabilities from goods and services received	22 639	37 993
Liabilities to fiscal authorities	1 777	1 751
6. Deferred income		
Balance sheet value	702 985	821 918
of which		
From issuing and lending business	544 040	565 474
Others	158 944	256 444
7. Provisions		
of which		
Other provisions	1 056 094	664 459
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	312 435	289 738
Restructuring provisions "Transformation Programme"	496 575	194 039
Legal risks	21 223	32 942
Staff expenses – reorganisation provisions (efficiency improvement programme)	13 951	22 641
Risks from lending business	77 175	38 610
anticipated losses on pending transactions	38 192	1 718
9. Subordinated liabilities		
Balance sheet value	2 490 777	2 808 505
of which		
due within five years in accordance with the CRR	1 276 577	1 131 600

With respect to the restructuring reserves "Transformation programme", please refer to the corresponding statements in Section I of the Notes. The imminent losses on pending transactions, in the amount of € 36.2 million, are attributable to creditworthiness-induced risks from credit derivatives.
In respect of the reported liabilities, NORD/LB paid interest in the amount of € 127.3 million (€ 128.2 million).

The borrowings, which exceed 10% of the total amount, are structured as follows:

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

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 € 000)	2019	2018
10a Instruments of additional regulatory Tier 1 capital		
Balance sheet value	50 200	50 200

The Tier-1 bond was issued on the following terms:

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

(in € 000)	2019	2018
11. Funds for general banking risks		
Balance sheet value	68 308	68 308

12. Equity

In the accumulated deficit for 2019, the loss carried forward from the previous year to the amount of 2 350 492 046.09 € was fully offset by withdrawals from the capital reserves. In addition, the income from the capital reduction in the amount of € 1,607,257,809.00 was used in full to allocate to the capital reserve in accordance with the resolution of the Owners' Meeting of 6 December 2019.

1. Contingent liabilities

As at 31 December 2019 the contingent included nine material liabilities from guarantees and other indemnity agreements from the lending businesses individual amounts range from € 89.0 million (€ 72.9 million) to € 228.2 million (€ 198.4 million).

NORD/LB's maximum liability to customers from guarantees was € 9 808.9 million (€ 7 982.2 million) and letters of credit in the amount of € 115.2 million (€ 119.3 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 € 31.7 million (€ 15.3 million) was allocated.

2. Other obligations

Irrevocable loan commitments in 2019 can be broken down as follows:

(in € 000)	2019	2018
Commercial enterprises	6 180	6 449
Banks	446	526
Public authorities	50	47
Private persons	330	151
total	7 006	7 173

As at 31 December 2019, other liabilities include material irrevocable loan commitments, the individual amounts of which range from € 56.7 million (€ 87.3 million) to € 154.7 million (€ 282.3 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 amounts to € 13.0 million (€ 19.3 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

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:

	Federal Republic of Germany	Europe (excl. of Federal Republic of Germany)	North America	Asia	Total
(in € 000)					
1. Net interest income	3 956 275 (4 088 249)	– (–)	129 006 (135 929)	72 848 (83 954)	4 158 129 (4 308 131)
4. Positive Interest from lending and money market transactions	59 820 (64 345)	– (–)	– (–)	– (–)	59 820 (64 345)
5. Current income	25 835 (44 851)	– (–)	– (–)	– (–)	25 835 (44 851)
7. Net commission income	252 300 (238 995)	8 387 (5 285)	19 321 (25 024)	14 933 (14 570)	294 941 (283 873)
9. Net profit of trading portfolio	32 918 (29 463)	– 16 (– 51)	578 (1 393)	– 2 304 (– 1 069)	31 177 (29 736)
10. Other operating income	127 660 (65 709)	312 (205)	22 (185)	57 (117)	128 051 (66 215)
Income statement items	4 454 808 (4 531 611)	8 683 (5 439)	148 928 (162 530)	85 535 (97 571)	4 697 953 (4 797 151)

(in € 000)	31 Dec.2019	31 Dec.2018
9. Net income/expenses deriving from trading business		
The following are reported as material items:		
Net income from securities	77 039	–
Net expenditure from securities ¹⁾	–	6 701
Net income from loans	132 086	–
Net expenditure from claims (registered securities)	–	3 877
Net income from derivatives	–	34 609
Net expenditure from derivatives	187 133	–
Income from the change in value at risk reduction	2 816	–
Expense from the change in the Value at Risk deduction	–	5 642
Foreign exchange result	6 627	13 899
10. Other operating income		
The following are reported as material items:		
Income from aid claims under the support agreement of the Land of Lower Saxony	57 206	–
Reversal of provisions	24 864	25 347
Price gains from promissory note loans and registered securities	7 339	–
Land rental income	6 232	5 662
Offsetting of services with promotion institutes	3 841	3 575
Interest income from tax refunds	2 695	1 600
Income from the disposal of Fürstenberg Holding	2 500	–
Profit from hedge derivatives of own issues	1 427	9 084
13. Other operating expenses		
The following are reported as material items:		
Interest expenses from the valuation of provisions	79 330	72 673
Foreign exchange of banking book	18 546	–
Expenses for KSN services	13 161	12 517
Price losses from redemption of promissory notes and registered bonds	6 261	18 334
Interest expenses for payments of tax arrears	4 459	685
Expenses for the resale of hardware, software and services purchased	2 421	465
Allocation to provisions for recourse risks	–	1 600

22. Extraordinary result

The € 122.3 million (€ 83.7 million) in reorganisation expenses contained in extraordinary expenses includes non-recurring expenses which cannot be allocated to the operating business activities of NORD/LB. These include consulting services for strategy, IT and legal advice for the redimensioning of the lending business, the planned capital-boosting programme and other measures to strategically realign the Bank.

The extraordinary result also includes expenses from an allocation to the restructuring provision amounting to € 329.6 million (€ 135.5 million), which have already been reduced by discounting in the amount of € 15.1 million (€ 13.1 million).

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 parts of the fixed annual contribution as an irrevocable payment commitment. These payment commitments, which now total € 30.1 million (€ 21.8 million), are covered by cash collateral.

As a member of the institution-specific deposit security reserve of the Landesbanks which belongs to the Savings Banks Finance Group protection scheme and owing to the European bank levy, NORD/LB is obliged to pay annual contributions. Apart from the contributions already made, there are also obligations to make additional payments in the amount of € 156.4 million (€ 106.1 million). If a case arises requiring financial support, these additional payments can be called in immediately.

For the reporting year, an annual contribution of € 21.9 million (€ 12.4 million) was due for the institution-specific deposit security reserve, and was reported in other administrative expenses.

Part of the fixed annual contribution to the deposit security reserve was provided as an irrevocable payment commitment. These payment commitments, which now total € 28.3 million (€ 18.9 million), are covered by cash collateral.

NORD/LB acts as surety for the obligations of the Sparkassenverband Niedersachsen (SVN Lower Saxony Association of Savings Banks) resulting from its membership of the Deutsche Sparkassen- und Giroverband ö.K. (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 within the scope of the guarantor function, established prior to 18 July 2005.

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 guarantor of the deposit security reserve of the Landesbanks and Girozentralen (clearing centres), it undertakes to reimburse Deutscher Sparkassen- und Giroverband e. V. for all expenditure including interest and interest lost for supporting measures in accordance with the agreement concluded between Deutscher Sparkassen- und Giroverband e.V. and Deutsche Hypothekbank (Actien-Gesellschaft) on 19 December 2008, which cannot be paid from the fund established for Deutsche Hypothekbank (Actien-Gesellschaft).

NORD/LB had undertaken to release the Association of German Banks (Bundesverband deutscher Banken e.V.) from all losses resulting from 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 Dachfonds II Beteiligungsgesellschaft mbH, NORD/LB has an obligation to grant partnership loans totalling approximately € 1.8 million (€ 1.8 million).

NORD/LB also holds an interest along 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 governed by public law (Landesbanks) or companies governed by private law in which the majority of the shareholding is held directly or indirectly by entities governed by public law. Following the sale and transfer of the previously held 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 € 6.6 million (€ 6.7 million).

In the normal course of business, NORD/LB furnished collateral in the nominal amount of € 50.2 million (€ 142.8 million) in the form of securities.

NORD/LB AöR concluded several securitisation transactions to reduce the charge on regulatory capital.

This refers to the securitisation of a loan portfolio in the amount of € 6.0 billion as at 31 December 2019. The mezzanine tranche in the amount of € 315.0 million is hedged against default risks using an external guarantee. NORD/LB will itself bear the losses attributable to the first loss tranche.

In addition, further loan portfolios of € 1.5 billion as at 31 December 2019 were securitised. The mezzanine tranche in the amount of € 85.0 million was hedged using an external financial guarantee. NORD/LB will itself bear the losses attributable to the first loss tranche.

Further securitisations totalling € 8.9 billion were terminated for 2019, one retroactively in 2020 with effect from 31 December 2019.

As long as and provided that it is not yet possible to use the respective guarantee to settle losses exceeding the respective first loss to be borne by NORD/LB, no claim for compensation can be enforced against the respective guarantors.

The annual premiums for the provision of guarantees are recorded in Commission expenses and amount to € 109.4 million for the current fiscal year, and to € 46.5 million provisionally for the following year.

On the basis of the measures agreed in the basic agreement to boost capital, NORD/LB concluded three guarantee contracts to secure loss risks and reduce the regulatory equity with the state of Lower Saxony which came into effect with the support contract on 23 December 2019. The guarantee portfolios comprise two reference portfolios from the Ship Customers/Maritime Industries Customers segment (hedging the net carrying amount of a ship finance portfolio with impaired receivables and the gross carrying amount of a ship finance portfolio with non-impaired receivables) and a reference portfolio from the Aircraft Customers segment. In return for granting the guarantees NORD/LB pays a commission to the state of Lower Saxony. This is determined for the guarantee for the non-performing ship finance portfolio variably in the amount of 7.15% p.a. (provisionally € 58.5 million) of the guarantee amount which reduces in line with the portfolio reduction minus the sales revenues received. For the guarantee for the performing loan ship finance portfolio, a fixed guarantee charge is applied totalling € 222.2 million, while € 59.5 million is charged for the reference portfolio from the Aircraft Customers segment. Charges are payable in fixed quarterly instalments.

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 € 7.0 million (€ 20.4 million).

NORD/LB has obligations from long-term rental and lease agreements for land and buildings to 2044 in the nominal amount of € 312.3 million (€ 340.2 million), of which € 186.9 million (€ 204.6 million) is owed to affiliated companies.

Accordingly, NORD/LB recognised a total of € 920,9 million (€ 658.8 million) as Other financial obligations.

III. Other disclosures

1. Members of the Managing Board

Thomas S. Bürkle
(Chairman)

Dr. Hinrich Holm
(Deputy Chairman)
(until 31 January 2020)

Christoph Dieng

Günter Tallner

Christoph Schulz

Olof Seidel
(since 1 January 2020)

2. Members of the Supervisory Board

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

Reinhold Hilbers (Chairman) Finance Minister of Lower Saxony	Ulrich Mädge Mayor of the Hanseatic City of Lüneburg (until 22 December 2019)
Dr. Matthias Berger (First Deputy Chairman) Managing Director, FIDES Delta GmbH (since 23 December 2019)	Ulrich Markurth Mayor of Braunschweig
Thomas Mang (Second Deputy Chairman) President, Sparkassenverband Niedersachsen	Ludwig Momann Chairman of the Managing Board, Sparkasse Emsland (until 22 December 2019)
André Schröder (Second Deputy Chairman) Finance Minister of Saxony-Anhalt (until 20 June 2019)	Frank Oppermann Bank employee, NORD/LB Norddeutsche Landesbank Girozentrale
Frank Berg Chairman of the Managing Board, OstseeSparkasse Rostock	Freddy Pedersen Trade union secretary, ver.di Trade Union
Frank Doods State secretary, Ministry for the Environment, Energy and Climate Protection of Lower Saxony	Jörg Reinbrecht Trade union secretary, ver.di Trade Union
Edda Döpke Bank employee, NORD/LB Norddeutsche Landesbank Girozentrale	Michael Richter Finance Minister of Saxony-Anhalt (since 20 Juni 2019)
Dr. Jürgen Fox, Chairman of the Managing Board, Saalesparkasse	Stefanie Rieke Bank employee, NORD/LB Norddeutsche Landesbank Girozentrale
Astrid Hamker Management consultant	Felix von Nathusius Businessman, Inteb-M GmbH
Frank Hildebrandt Bank employee, NORD/LB Norddeutsche Landesbank Girozentrale	Matthias Wargers Economist, FIDES Gamma GmbH (since 23 December 2019)
Prof. Dr. Susanne Knorre Management consultant	

3. Disclosures concerning mandates

As at 31 December 2019 the following mandates were held in accordance with § 340a para. 4 no. 1 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 VHV Holding AG, Hanover (since 3 July 2019) VHV Vereinigte Hannoversche Versicherung a.G., Hanover (since 3 July 2019)
Dr. Hinrich Holm	Warburg Invest AG, Hannover (until 30 June 2019) Investitionsbank Sachsen-Anhalt, Magdeburg (until 31 January 2020) LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover (until 31 January 2020) BÖAG Börsen AG (until 31 January 2020) caplantic GmbH, Hanover (until 31 January 2020) ÖSA - Öffentliche Lebensversicherung Sachsen-Anhalt AöR (until 31 January 2020) ÖSA - Öffentliche Feuerversicherung Sachsen-Anhalt AöR (until 31 January 2020)
Christoph Dieng	Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover Norddeutsche Landesbank Luxembourg S.A.Covered Bond Bank, Luxembourg-Findel
Christoph Schulz	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Berlin and Hanover Toto-Lotto Niedersachsen GmbH, Hanover (until 31 January 2019) 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 Hannover, Hanover (until 1 February 2019)
Dr. Rüdiger Fuhrmann	Niedersächsische Landgesellschaft mbH, Hanover
Frank Herzberg	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Mike Kattner	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg
Christoph Kerber	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover
Thomas Mühlenkamp	Toto-Lotto Niedersachsen GmbH, Hanover (until 23 December 2019) LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover
Christian Overbeck	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg (since 1 Februar 2019)
Werner Schilli	ÖVB - Öffentliche Sachversicherung Braunschweig, Braunschweig ÖVB - Öffentliche Lebensversicherung Braunschweig, Braunschweig
Marc Schwamm bach	Öffentliche Versicherung Bremen (until 8 July 2019) GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg
Axel Seidenschwarz	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg
Christian Veit	Öffentliche Versicherung Bremen, Bremen (until 8 July 2019) LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover
Olaf-Alexander Wiedemann	caplantic GmbH, Hanover
Thomas Wreesmann	GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg
Ingo Wünsche	Niedersächsische Bürgschaftsbank (NBB) GmbH, Hanover Bürgschaftsbank Bremen GmbH (since 1 Januar 2019)
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.2019	31 Dec.2018
Total remuneration of current board members		
Managing Board	3 226	3 461
Supervisory Board	380	377
	3 606	3 838
Total remuneration of former board members and their surviving dependents		
Managing Board	6 318	6 062
Advances and loans granted		
Managing Board	1 302	285
Supervisory Board	36	45
Advances and loans repaid in the reporting year		
Managing Board	224	49
Supervisory Board	9	13
Advances and loans laid down in the reporting year		
Managing Board	–	–
Supervisory Board	–	–

The 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 € 54.7 million (€ 43.6 million) were established for direct pension liabilities. The indirect pension liabilities in accordance with Article 28 para. 2 of the Introductory Act on the German Commercial Code (EGHGB) amount to € 51.0 million (€ 52.8 million).

5. Auditor's fees

In accordance with § 285 no. 17 HGB, 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 and the annual financial statements of Norddeutsche Landesbank – Girozentrale – as well as various audits of the annual financial statements of subsidiaries, including statutory contract expansions and key audit points agreed upon with the Supervisory Board, the auditor KPMG AG Wirtschaftsprüfungsgesellschaft provided the following significant, permitted services in the financial year 2019:

- Voluntary annual audits, reviews of annual financial statements and half-year financial reports, audits in accordance with IDW PS 490 of the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany)
- Project quality assurance with a direct link to the audit. This includes projects in the context of IT Compliance
- Assurance services based on statutory or contractual obligations. Among other things, this includes assurance services for savings bank organisations, assurance services as per the German Law on Integrated Financial Services Supervision (FinDAG) and assurance services as per § 89 of the German Securities Trading Act (WpHG)
- Assurance services related to the issue of comfort letters
- Other services related to supervisory law or based on contractual obligations. This encompasses, inter alia, reporting obligations from onsite inspections with respect to the Supervisory Board, the evaluation of the Supervisory Board's activities, quality assurance of the voluntary wind down plan and an expert opinion on the capital measures.

6. Key events after the reporting date

Changes to the strategic business segments

As part of the annual strategy process, the business strategy of the NORD/LB Group was aligned towards the business plan for capital strengthening and the realignment of NORD/LB, which was presented to the European Commission (EUC).

Consequently, the previous eight-pillar business model of NORD/LB was adapted to a business model that has five strategic business segments and underlies the EUC business plan. This adaptation takes into consideration the desired resizing of NORD/LB and recognises its future focus on selected business segments and customer groups. The new five-pillar business model was finally decided on in the strategy meeting of the Managing Board held on 29 October 2019 and came into effect in parallel with the planned change in segment reporting by financial controlling as at 1 January 2020.

In the new business model, the former strategic business segments "Private and Commercial Customers" and "Savings Banks Network Customers" were merged into the strategic business segment "Private and Commercial Customers and Savings Banks Network Customers". From the strategic business segments "Energy and Infrastructure Customers" and "Aircraft Customers", the new strategic business field "Structured Finance Customers" was formed, into which the structuring know-how of NORD/LB in the area of cash-flow and object-based financing is bundled. The former strategic business segment "Ship Customers/Customers of the Maritime Industries" was dissolved on the basis of the business-policy decision to withdraw from the area of ship finance and the corresponding ship loan portfolio was transferred to the internal "Strategic Portfolio Optimization" (SPO) unit, so that the portfolio could be reduced in a bundled fashion and in manner that protected its value.

Transition from the rehabilitation phase into the early warning phase

With the payment of the capital and the acknowledgement by the supervisory body, the material prerequisites for exiting the rehabilitation phase are fulfilled. The Managing Board, on the recommendation of the Recovery Plan Committee, therefore agreed on 21 January 2020 to the transition from the rehabilitation phase to the early warning phase.

Changes in the composition of the Executive Board

Mr Olof Seidel was appointed to the Managing Board of NORD/LB with effect from 1 January 2020. As at 31 January 2020, Dr. Hinrich Holm resigned from the Managing Board of NORD/LB.

Financial impact of the corona virus

At the time that the financial statements were being prepared, the spread of the coronavirus was in some cases having a significant effect on economic activity in many markets. The actual impact on the state of the economy, individual markets and sectors could not be definitively determined at the time the report was being prepared. The forecasts contained in the Management Report are fraught with uncertainty as a result of the evolving dynamics.

Therefore it is possible that, depending on how events unfold, the coronavirus crisis may weight on the earnings targeted for the 2020 financial year, both at individual divisions and NORD/LB as a whole. Negative effects may in particular arise on risk provisions, interest income and therefore on the result of the valuation of assets measured at fair value with corresponding effects on the balance sheet and regulatory capital and the regulatory ratios. This may also give rise to considerable liquidity risks.

7. Average number of employees

	Male	Female	Total	Male	Female	Total
	2019	2019	2019	2018	2018	2018
Employees	2 289	2 309	4 598	2 510	2 501	5 011

Investitionsbank Sachsen-Anhalt and Landesförderinstitut Mecklenburg-Vorpommern account for an additional 639 employees (626).

8. Further Disclosures

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 as fixed assets, which have not been written down to their lower fair value. This refers to 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
(in € 000)	2019	2019	2019	2018	2018	2018
Bonds and debt securities	758 845	749 142	9 703	926 048	907 989	18 059
Shares	–	–	–	3 966	3 828	137

NORD/LB assumes with all bonds and debt securities that the loss of value is not permanent as the instruments 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 on the balance sheet 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
(in € 000)	2019	2019	2018	2018
Bonds and debt securities	1 007 780	1 116 624	927 116	1 010 345
Shares	5 570	5 734	903	921

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)	2019	2018
Debt securities and other fixed-interest securities	1 808 122	1 904 859
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.

The tables below also include the disclosures in accordance with § 36 of the German Ordinance Regulating the Accounting Requirements for Financial Institutions and Financial Service Providers (RechKredV) concerning the foreign currency, interest-based and other futures transactions which have not yet been settled as at the reporting date.

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)	2019	2019	2019	2019	2019
Interest-rate risks					
Interest-rate swaps	2 499	816	- 82	120	Assets 15./ Liabilities 6.
FRAs	-	-	-	-	-
Interest-rate options					
purchases	5 041	1 124	-	575	Assets 14.
sales	456	-	- 456	- 154	Liabilities 5.
Caps, Floors	3 008	24	- 55	- 19	Assets 15./ Liabilities 6.
Stock-exchange contracts	-	-	-	-	-
Other forward interest rate transactions	21	0	-	-	-
Interest-rate risks – total –	11 025	1 964	- 593	521	
Currency risks					
Forward foreign exchange transactions	554	2	- 6	- 1	Assets 14./ Liabilities 5.
Currency swaps / interest-rate currency swaps	-	-	-	-	Assets 14./ Liabilities 5.
Currency options					
purchases	-	-	-	-	-
sales	-	-	-	-	-
Currency risks – total –	554	2	- 6	- 1	
Shares and other price risks					
Share futures contracts	-	-	-	-	-
Share swaps	-	-	-	-	-
Share options					
purchases	-	-	-	-	-
sales	-	-	-	-	-
Stock-exchange contracts	-	-	-	-	-
Shares and other price risks – total –	-	-	-	-	
Credit derivatives					
Assignor	3 780	24	- 36	- 36	Assets 15./ Liabilities 6.+7.
Assignee	847	23	- 0	9	Assets 15./ Liabilities 6.
Credit derivatives – total –	4 627	48	- 37	- 27	
Derivatives not valued at fair value – total	16 206	2 014	- 636	494	

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 2019
Interest-rate risks	
Interest-rate swaps	261 273
FRAs	2 450
Interest-rate options	
purchases	3 766
sales	7 412
Caps, Floors	8 554
Stock-exchange contracts	119
Other forward interest-rate transactions	990
Interest-rate risks – total –	284 564
Currency risks	
Forward foreign exchange transactions	13 351
Currency swaps / interest-rate currency swaps	19 141
Currency options	
purchases	208
sales	194
Currency risks – total –	32 893
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 – total –	
Assignor	–
Assignee	–
Credit derivatives – total –	–
Derivatives valued at fair value – total –	317 457

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, timing and reliability of future cash flows from derivatives are fraught with uncertainty. The main factors that materially influence this include the future development of interest rates, exchange rates and share prices. Furthermore, there is a counterparty default risk. 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)	Nominal values 2019
Interest-rate risks	
Residual terms to maturity	
up to 3 months	15 892
up to 1 year	21 477
up to 5 years	83 324
more than 5 years	163 870
	284 564
Currency risks	
Residual terms to maturity	
up to 3 months	10 796
up to 1 year	4 941
up to 5 years	7 579
more than 5 years	9 577
	32 893
Shares and other price risks	
Residual terms to maturity	
up to 3 months	–
up to 1 year	–
up to 5 years	–
more than 5 years	–
	–
Credit derivatives	
Residual terms to maturity	
up to 3 months	–
up to 1 year	–
up to 5 years	–
more than 5 years	–
	–
Derivatives valued at fair value – total -	317 457

Derivatives measured at fair value – broken down by counterparty:

(in € million)	Nominal values 2019
Banks in the OECD	94 207
Banks outside the OECD	–
Public institutions in the OECD	6 024
Other counterparties ¹⁾	217 226
Total	317 457

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 volumes):

(in € 000)	2019			
	Underlying transaction hedged against			
	Interest-rate risk	Share-price risk	Inflation risk	Currency risk
Assets				
Fixed-interest securities for the liquidity reserve	421 301	-	-	-
Assets – total	421 301	-	-	-
Pending transactions				
Derivatives separated from structured issues				
share-price-related derivatives	-	39 488	-	-
exchange-rate-related derivatives	-	-	-	79 321
Other	-	-	104 602	-
Pending transactions – total	-	39 488	104 602	79 321
Valuation units – total	421 301	39 488	104 602	79 321

The total of all underlying transactions included in valuation units is therefore € 644.7 million (€1 574.4 million).

The prospective as well as the 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 2020 and 2044.

Deferred taxes

The deferred taxes of NORD/LB in Germany are measured using the tax rate of 32.0 % (32.0 %), which is applicable as at the reporting date as well as in the future. 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 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 HGB.

Distribution blocked amounts

After the deduction of deferred tax liabilities, capitalised internally generated intangible assets in the amount of € 30.6 million (€ 27.5 million) remain. 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 € 71.7 million (€ 73.3 million). The restriction on distributions for such amounts stipulated by § 253 para. 6 sentence 2 and § 268 para. 8 sentence 1 HGB cannot be applied for the 2019 reporting year due to the negative annual result.

Repurchase transactions (repos)

Repos are reported in accordance with § 340b HGB. Only genuine repos are executed.

Securities with a carrying amount totalling € 3 576.8 million (€ 6 021.0 million) were committed by NORD/LB within the scope of genuine repos. The counterparty risk is manageable.

Special investment assets

Name of the special asset	NORD/LB Horizont Fonds-TF B	Nordlux Pro-Aktiv-B	NORD/LB RAIF-AVIAT.1 ADLD	NORD/LB SICAV-RAIF-Inf.+R.LS 2
Former	-	-	-	-
Type of special asset	AIF ¹⁾	OGAW ²⁾	RAIF ³⁾	RAIF ³⁾
Investment objective	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. NORD/LB holds a strategic share within the framework of the existing contractual agreements.	Assets of NORD/LB are contributed to these funds with the aim of transferring these assets to sub-funds of investors at a later date.	Assets of NORD/LB are contributed to these funds with the aim of transferring these assets to sub-funds of investors at a later date.
Reporting date	31 Dec.2019	31 Dec.2019	31 Dec.2019	31 Dec.2019
Special assets (in € 000)	19 983	20 649	18 744	47 689
Shares – total	210 021	221 575	207 500	391 000
Currency of shares	EUR	EUR	USD	GBP
Shares of NORD/LB as at the reporting date	101 720	151 256	207 500	391 000
Values of the shares according to §26 of the German Investment Act (InvG) as at reporting date	95.15	93.19	101.48	103.77
Carrying amount (in € 000)	9 686	14 155	18 471	45 957
Difference between fair value and carrying amount (in € 000)	- 7	- 59	273	1 732
Dividends paid out in the final year acc. to shares of NORD/LB (gross in € 000)	66	113	-	-
Reporting year of NORD/LB	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Reporting year of the special asset	1 Oct. - 30 Sep.	1 Oct. - 30 Sep.	1 Jan. - 31 Dec.	1 Jan. - 31 Dec.
Restrictions in the possibility of daily return	None	None	None	None
Reasons for no write-down § 253 para. 3 clause 4 HGB	-	-	-	-
Pointers for the loss of value not being permanent	-	-	-	-

¹⁾ Alternative investment funds

²⁾ Undertakings for collective investment in transferable securities

³⁾ Reserved alternative investment funds

9. Cover statement

(in € million)	Mortgage Pfandbriefs	Public-Sector Pfandbriefs	Ship Pfandbriefs	Aircraft Pfandbriefs	Old portfolio / issues before 19 July 2005
Liabilities requiring collateralisation					
bearer bond	1 893.3	3 955.0	-	-	-
	(2 486.3)	(6 860.5)	(-)	(500.0)	(-)
registered bond	786.2	7 812.1	43.1	-	659.1
	(1 388.5)	(8 402.0)	(43.1)	(5.0)	(802.5)
	2 679.5	11 767.1	43.1	-	659.1
	(3 874.8)	(15 262.6)	(43.1)	(505.0)	(802.5)
Covering assets					
Claims on banks	280.3	590.2	5.0	-	0.9
	(25.0)	(888.4)	(-)	(60.0)	(-)
Claims on customers	5 176.8	14 972.9	72.7	-	804.9
	(5 410.0)	(15 760.2)	(103.3)	(1131.6)	(967.5)
Public issuer securities	70.0	317.0	3.0	-	20.0
	(355.0)	(515.0)	(3.0)	(12.5)	(30.0)
	5 527.1	15 880.1	80.7	-	825.7
	(5 790.0)	(17 163.7)	(106.3)	(1 204.1)	(997.5)
Over-collateralisation	2 847.6	4 113.0	37.6	-	166.6
total	(1 915.2)	(1 901.1)	(63.2)	(699.1)	(195.0)

This previous portfolio (cover and in circulation) was maintained separately in accordance with § 51 of the Pfandbrief Act (PfandBG) and will be maintained separately from the new cover register in accordance with the regulations applicable until the Pfandbrief 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	2 679.5	2 821.9	2 533.8	3 211.1	2 533.8
in circulation	(3 874.8)	(3 958.9)	(3 630.2)	(4 437.2)	(3 630.2)
Total cover pool	5 527.1	5 965.1	5 559.3	6 559.6	5 559.1
	(5 790.0)	(6 260.9)	(5 822.8)	(6 848.4)	(5 822.6)
Over-collateralisation	2 847.6	3 143.2	3 025.4	3 348.5	3 025.3
	(1 915.2)	(2 302.0)	(2 192.6)	(2 411.2)	(2 192.5)
Over-collateralisation in %	106.3	111.4	119.4	104.3	119.4
	(49.4)	(58.1)	(60.4)	(54.3)	(60.4)
Net present value per foreign currency item					
CHF	-	-	-	-	0.3
	(-)	(-)	(-)	(-)	(-)
USD	-	-	-	-	0.8
	(-)	(-)	(-)	(-)	(0.8)

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

Disclosures on 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	-	280.3	-	70.0	350.3
	(-)	(25.0)	(-)	(730.0)	(755.0)

¹⁾ Within the meaning of Article 129 of Regulation (EU) no. 575/2013

Key figures for mortgage Pfandbriefs and their cover assets:

(in € million)	2019	2018
Pfandbriefs in circulation	2 679.5	3 874.8
Share of fixed-interest Pfandbriefe in %	65.98	49.37
Share of derivatives	-	-
Cover pool	5 527.1	5 790.0
Share of fixed-interest cover assets in %	77.20	75.03
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	7.3	7.2
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)	Pfandbriefe in circulation	Cover pool	Pfandbriefe in circulation	Cover pool
	2019	2019	2018	2018
Less than 6 months	550.0	918.7	517.7	428.4
More than 6 but less than 12 months	77.5	285.5	596.1	698.7
More than 12 but less than 18 months	–	375.9	10.0	237.8
More than 18 months but less than 2 years	168.3	254.4	556.0	310.9
More than 2 but less than 3 years	101.5	570.3	171.8	638.1
More than 3 but less than 4 years	481.1	548.3	165.0	535.7
More than 4 but less than 5 years	56.0	628.7	455.1	674.3
More than 5 but less than 10 years	1 130.0	1 718.3	1 246.0	2 005.7
More than 10 years	115.1	227.0	157.1	260.4
Key figures total	2 679.5	5 527.1	3 874.8	5 790.0

Breakdown of cover assets for mortgage Pfandbriefs by size category:

(in € million)	2019	2018
Less than € 300 thousand	1 304.3	1 308.7
More than € 300 thousand but less than € 1 million	576.0	553.0
More than € 1 million but less than € 10 million	2 175.6	2 006.1
More than € 10 million	1 120.9	1 167.2
Total	5 176.8	5 035.0

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

(in € million)	Owner-occupied apartments	Property used for residential purposes				Construction sites	Total
		Single and two-family houses	Apartment buildings	Unfinished new buildings not yet capable of yielding a return			
Germany	246.6 (237.6)	841.7 (854.1)	2 506.2 (2401.7)	– (–)	2.5 (1.3)	3 597.0 (3494.7)	
France	– (–)	5.8 (–)	– (–)	– (–)	– (–)	5.8 (–)	
Total	246.6 (237.6)	847.5 (854.1)	2 506.2 (2401.7)	– (–)	2.5 (1.3)	3 602.9 (3 494.7)	

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	Unfin- ished new buildings not yet ca- pable of yielding a return	Construc- tion sites	
Germany	401.2 (359.5)	346.2 (341.3)	88.0 (103.0)	663.2 (661.1)	– (–)	0.3 (0.5)	1 498.9 (1465.3)
Luxemburg	75.0 (75.0)	– (–)	– (–)	– (–)	– (–)	– (–)	75.0 (75.0)
Total	476.2 (434.5)	346.2 (341.3)	88.0 (103.0)	663.2 (661.1)	– (–)	0.3 (0.5)	1 573.9 (1 540.3)

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

	Total value of payments outstanding by at least 90 days ¹⁾	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable	Total value of payments outstanding by at least 90 days ¹⁾	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable
(in € million)	2019	2019	2018	2018
Germany	0.0	0.0	0.1	0.9

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 is € 24 thousand (€ 74 thousand) for commercial property and € 78 thousand (€ 81 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:

	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
(in € million)					
Public-Sector Pfandbriefs					
Total Pfandbriefe	11 767.1	14 311.8	12 219.0	17 177.4	12 217.2
in circulation	(15 262.6)	(17 520.7)	(15 299.4)	(20 564.2)	(15 521.2)
Total cover pool	15 880.1	18 555.2	16 132.7	22 006.3	16 096.5
	(17 163.7)	(19 457.9)	(17 046.6)	(22 879.5)	(17 109.8)
Over-collateralisation	4 113.0	4 243.4	3 913.7	4 828.9	3 879.3
	(1 901.1)	(1 937.1)	(1 747.2)	(2 315.3)	(1 588.6)
Over-collateralisation in %	35.0	29.7	32.0	28.1	31.8
	(12.5)	(11.1)	(11.4)	(11.3)	(10.2)
Net present value per foreign currency item					
GBP	-	-	-	-	-
	(-)	(-)	(-)	(-)	(16.7)
JPY	-	-	-	-	12.7
	(-)	(-)	(-)	(-)	(0.5)
USD	-	-	-	-	194.0
	(-)	(-)	(-)	(-)	(- 627.9)

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

Disclosures on further cover assets for public-sector Pfandbriefs in accordance with § 28 paras. 1, 4, and 5:

	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
(in € million)				
Germany	-	590.2	185.0	590.2
	(-)	(888.4)	(185.0)	(888.4)

¹⁾ Within the meaning of Article 129 of Regulation (EU) no. 575/2013.

Key figures for public-sector Pfandbriefs and their cover assets:

(in € million)	2019	2018
Pfandbriefs in circulation	11 767.1	15 262.6
Share of fixed-interest Pfandbriefe in %	96.05	95.07
Share of derivatives	-	-
Cover pool	15 880.1	17 163.7
Share of fixed-interest cover assets in %	89.84	87.64
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	
	2019	2019	2018	2018
Less than 6 months	362.5	1 274.2	2 326.3	1 368.4
More than 6 but less than 12 months	398.0	695.2	402.8	950.9
More than 12 but less than 18 months	1 282.6	841.7	803.0	857.7
More than 18 months but less than 2 years	138.0	598.7	424.8	666.0
More than 2 but less than 3 years	482.2	1 483.1	1 564.8	1 339.4
More than 3 but less than 4 years	762.7	1 346.8	420.6	1 387.6
More than 4 but less than 5 years	897.0	1 280.5	709.4	1 255.1
More than 5 but less than 10 years	4 471.5	4 915.5	4 578.1	5 379.9
More than 10 years	2 972.5	3 444.5	4 032.9	3 958.7
Key figures total	11 767.1	15 880.1	15 262.6	17 163.7

Breakdown of cover assets for public-sector Pfandbriefs by size category:

(in € million)	2019	2018
Less than € 10 million	2 925.5	3 016.9
More than € 10 million but less than € 100 million	5 540.5	6 052.2
More than € 100 million	6 823.9	7 206.1
Total	15 289.9	16 275.2

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	70.0 (45.0)	3 516.6 (3 231.2)	5 870.5 (6 275.0)	3 213.0 (3 732.9)	12 670.2 (13 284.0)
Belgium	- (-)	- (-)	- (-)	20.0 (-)	20.0 (-)
Finland	- (-)	- (-)	- (-)	5.0 (5.0)	5.0 (5.0)
Latvia	- (-)	- (-)	25.5 (28.7)	- (-)	25.5 (28.7)
Luxembourg	- (-)	- (-)	- (-)	10.0 (10.0)	10.0 (10.0)
Total	70.0 (45.0)	3 516.6 (3 231.2)	5 896.0 (6 303.7)	3 248.0 (3 747.9)	12 730.7 (13 327.7)

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):

	Country	Regional authority	Local authority	Other debtors	Total	of which: by ECA guarantees
(in € million)						
Germany	493.0 (555.0)	366.7 (459.4)	632.2 (678.7)	256.8 (216.8)	1 748.7 (1 909.9)	425.5 (487.0)
Belgium	- (-)	- (-)	- (-)	55.3 (88.5)	55.3 (88.5)	55.3 (88.5)
Denmark	- (-)	- (-)	- (-)	40.1 (62.2)	40.1 (62.2)	40.1 (62.2)
Finland	- (-)	- (-)	- (-)	- (19.9)	- (19.9)	- (19.9)
France	260.9 (317.9)	- (-)	- (-)	- (-)	260.9 (317.9)	66.3 (53.8)
Great Britain	17.9 (25.7)	- (-)	- (-)	- (-)	17.9 (25.7)	17.9 (25.7)
Canada	2.4 (11.9)	- (-)	- (-)	- (-)	2.4 (11.9)	- (-)
Netherland	38.4 (42.7)	- (-)	- (-)	- (-)	38.4 (42.7)	38.4 (42.7)
Austria	19.7 (29.2)	- (-)	- (-)	- (-)	19.7 (29.2)	19.7 (29.2)
Switzerland	- (-)	- (-)	- (-)	16.0 (11.7)	16.0 (11.7)	16.0 (11.7)
USA	258.3 (317.0)	- (-)	- (-)	101.4 (111.0)	359.7 (428.0)	258.3 (317.0)
Total	1 090.7 (1 299.4)	366.7 (459.4)	632.2 (678.7)	469.7 (510.1)	2 559.2 (2 947.5)	937.5 (1 137.6)

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

	Total value of payments outstanding by at least 90 days ¹⁾				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
(in € million)					
Germany	2.8 (1.0)	- (0.1)	- (-)	- (-)	2.8 (1.0)

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

	Total value of covering receivables, where the amount outstanding is at least 5 % of the covering receivable				
	Country	Regional authority	Local authority	Other debtors	of which: by ECA guarantees
(in € million)					
Germany	7.0 (8.8)	- (-)	- (-)	- (-)	7.0 (8.8)

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

	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
(in € million)					
Ship Pfandbriefs					
Total Pfandbriefs	43.1	46.0	44.7	47.8	47.8
in circulation	(43.1)	(47.1)	(45.0)	(50.0)	(50.0)
Total cover pool	80.7	85.0	83.8	86.4	75.1
	(106.3)	(112.4)	(110.9)	(114.1)	(97.8)
Over-collateralisation	37.6	39.0	39.1	38.6	27.4
	(63.2)	(65.2)	(65.9)	(64.0)	(47.8)
Over-collateralisation in %	87.3	84.9	87.4	80.9	57.3
	(146.6)	(138.3)	(146.4)	(128.1)	(95.5)
Net present value per foreign currency item					
USD	-	-	-	-	66.8
	(-)	(-)	(-)	(-)	(96.9)

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

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

	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
(in € million)					
Germany	-	5.0	-	3.0	8.0
	(-)	(-)	(-)	(3.0)	(3.0)

¹⁾ Within the meaning of Article 129 of Regulation (EU) no. 575/2013.

Key figures for ship Pfandbriefs and their cover assets:

(in € million)	2019	2018
Pfandbriefs in circulation	43.1	43.1
Share of fixed-interest Pfandbriefe in %	76.80	76.80
Share of derivatives	-	-
Cover pool	80.7	106.3
Share of fixed-interest cover assets in %	16.58	8.19
Share of derivatives	-	-
Total value of receivables that exceed the limits of § 26 para. 1 no. 3	-	-
Total value of receivables that exceed the limits of § 26 para. 1 no. 4	-	-

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

(in € million)	Pfandbriefs in circulation	Cover pool	Pfandbriefs in circulation	Cover pool
	2019	2019	2018	2018
Less than 6 months	10.0	18.5	-	23.2
More than 6 but less than 12 months	-	7.8	-	10.9
More than 12 but less than 18 months	2.6	12.1	10.0	12.3
More than 18 months but less than 2 years	-	22.6	-	7.7
More than 2 but less than 3 years	30.5	4.6	2.6	31.9
More than 3 but less than 4 years	-	4.2	30.5	12.0
More than 4 but less than 5 years	-	8.0	-	0.8
More than 5 but less than 10 years	-	3.0	-	7.5
More than 10 years	-	-	-	-
Key figures total	43.1	80.7	43.1	106.3

Breakdown of cover assets for ship Pfandbriefs by size category:

(in € million)	2019	2018
Less than € 500 thousand	-	0.3
More than € 500 thousand but less than € 5 million	22.7	34.6
More than € 5 million	50.0	68.4
Total	72.7	103.3

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	28.8	-	28.8
	(35.8)	(-)	(35.8)
Antigua and Barbuda	1.3	-	1.3
	(2.1)	(-)	(2.1)
Croatia	21.6	-	21.6
	(22.5)	(-)	(22.5)
Liberia	1.7	-	1.7
	(2.0)	(-)	(2.0)
Malta	6.0	-	6.0
	(22.0)	(-)	(22.0)
Marshall Islands	8.0	-	8.0
	(13.2)	(-)	(13.2)
Sweden	5.4	-	5.4
	(5.7)	(-)	(5.7)
Total	72.7	-	72.7
	(103.3)	(-)	(103.3)

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 receivable
Receivables	2.1 (1.5)	1.5 (3.4)

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 (€ 67 thousand) for ocean-going ships and € 0 thousand (€ 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 Pfandbriefe in circulation	-	-	-	-	-
Total cover pool	(505.0)	(516.5)	(514.6)	(518.5)	(514.6)
	(1204.1)	(1327.4)	(1236.0)	(1 440.1)	(1146.3)
Over-collateralisation	-	-	-	-	-
	(699.1)	(810.9)	(721.5)	(921.6)	(631.8)
Over-collateralisation in %	-	-	-	-	-
	(138.4)	(157.0)	(140.2)	(177.7)	(122.8)
Net present value per foreign currency item					
GBP	-	-	-	-	-
	(-)	(-)	(-)	(-)	(44.8)
USD	-	-	-	-	-
	(-)	(-)	(-)	(-)	(513.7)

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:

	Balancing receivables in accordance with § 26f (1) no. 2 PfandBG	Loans and advances to banks in accordance with § 26f (1) no. 3 PfandBG	Loans and advances to banks in accordance with § 26f (1) no. 3 PfandBG of which: covered debt securities ¹⁾	Loans and advances to the public-sector in accordance with § 26f (1) no. 4 PfandBG	Total
(in € million)					
Germany	-	-	-	-	-
	(-)	(60.0)	(-)	(413.4)	(473.4)
Belgium	-	-	-	-	-
	(-)	(-)	(-)	(30.0)	(30.0)
Total	-	-	-	-	-
	(-)	(60.0)	(-)	(443.4)	(503.4)

¹⁾ Within the meaning of Article 129 of Regulation (EU) no. 575/2013.

Key figures for aircraft Pfandbriefs and respective cover assets:

(in € million)	2019	2018
Pfandbriefs in circulation	-	505.0
Share of fixed-interest Pfandbriefe in %	-	100.00
Share of derivatives	-	-
Cover pool	-	1 204.1
Share of fixed-interest cover assets in %	-	74.88
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
	2019	2019	2018	2018
Less than 6 months	-	-	500.0	150.8
More than 6 but less than 12 months	-	-	5.0	123.2
More than 12 but less than 18 months	-	-	-	81.9
More than 18 months but less than 2 years	-	-	-	132.4
More than 2 but less than 3 years	-	-	-	191.3
More than 3 but less than 4 years	-	-	-	56.9
More than 4 but less than 5 years	-	-	-	107.1
More than 5 but less than 10 years	-	-	-	252.4
More than 10 years	-	-	-	108.0
Key figures total	-	-	505.0	1 204.1

Breakdown of cover assets for aircraft Pfandbriefs by size category:

(in € million)	2019	2018
Less than € 500 thousand	-	-
More than € 500 thousand but less than € 5 million	-	103.4
More than € 5 million	-	597.4
Total	-	700.8

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

(in € million)	Business Jet	Freighter	Narrow body	Regional Jet	Turbo-prop	Ultra-large	Wide-body	Total
Germany	-	-	-	-	-	-	-	-
	(-)	(99.2)	(-)	(-)	(13.4)	(-)	(-)	(112.6)
Finland	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(20.2)	(20.2)
France	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(45.5)	(29.1)	(74.6)
Great Britain	-	-	-	-	-	-	-	-
	(-)	(-)	(19.5)	(6.2)	(71.3)	(66.8)	(-)	(163.8)
Ireland	-	-	-	-	-	-	-	-
	(-)	(-)	(0.7)	(-)	(44.1)	(-)	(7.9)	(52.7)
Switzerland	-	-	-	-	-	-	-	-
	(-)	(-)	(8.7)	(-)	(-)	(-)	(-)	(8.7)
USA	-	-	-	-	-	-	-	-
	(-)	(85.9)	(138.6)	(43.7)	(-)	(-)	(-)	(268.2)
Total	-	-	-	-	-	-	-	-
	(-)	(185.1)	(167.6)	(49.9)	(128.8)	(112.3)	(57.2)	(700.8)

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 (€ 0 thousand).

11. List of equity holdings

The list below contains equity holdings in accordance with § 285 no. 11 and 11a HGB and investments pursuant to § 340a paras. 4 no. 2 HGB. Included are all companies in which there is an equity holding of 20 percent 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 percent 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) 4)	100.00	26.863	950
2	BGG Oldenburg GmbH & Co. KG, Bremen 1) 4)	100.00	10.518	769
3	BLB Immobilien GmbH, Bremen 3) 4)	100.00	17.180	0
4	BLBI Beteiligungs-GmbH, Bremen 1) 4)	100.00	96	7
5	Braunschweig Gesellschaft mit beschränkter Haftung, Braunschweig 3) 4)	100.00	6.000	0
6	Braunschweig Grund Objektgesellschaft Driebenber mbH & Co. KG, Braunschweig 2) 4)	66.67	371	1
7	Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen 2) 4)	100.00	2.768	912
8	Bremische Grundstücks-GmbH & Co. Wohnanlagen Groß-Bonn, Bremen 2) 4)	100.00	645	- 7
9	City Center Magdeburg Hasselbach-Passage Grundstücksgesellschaft mbH, Hanover 4)	100.00	440	0
10	Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover 3) 4) 7)	100.00	838.172	0
11	finpair GmbH, Hanover 4)	100.00	1.528	- 282
12	FL FINANZ-LEASING GmbH, Wiesbaden 4) 6)	58.00	- 585	- 125
13	GBH Beteiligungs-GmbH, Bremen 4)	100.00	8.998	159
14	KreditServices Nord GmbH, Braunschweig 3) 4)	100.00	581	0
15	LBT Holding Corporation Inc., Wilmington, USA 4) 6)	100.00	- 702	- 268
16	NBN Grundstücks- und Verwaltungs-GmbH, Hanover 1) 4)	100.00	1.906	70
17	NBN Norddeutsche Beteiligungsgesellschaft für Immobilien in Niedersachsen mbH, Hanover 4)	90.00	2.689	- 6
18	Nieba GmbH, Hanover 3) 4)	100.00	162.700	0
19	NORD/Advisors Norddeutsche Financial & Strategic Advisors GmbH, Hanover 4)	100.00	31	- 1
20	NORD/FM Norddeutsche Facility Management GmbH, Hanover 3) 4)	100.00	636	0
21	NORD/LB Informationstechnologie GmbH, Hannover 3) 5)	100.00	25	0
22	NORD/LB Leasing GmbH, Oldenburg 3) 4) 7)	100.00	511	0
23	NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel, Luxemburg 4) 7)	100.00	681.400	1.090
24	NORD/LB Project Holding Ltd., London, Großbritannien 4)	100.00	626	426
25	NORD/LB RP Investments LLC, Wilmington, USA 4)	100.00	263	- 57
26	NORD/LB, SICAV-RAIF S.C.Sp., Luxemburg, Luxemburg 8)	99.01	-	-
27	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen 1) 4)	100.00	4.769	2.518
28	NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen 2) 4)	100.00	1.117	484
29	PLM Grundstücksverwaltung Gesellschaft mit beschränkter Haftung, Hanover 4)	100.00	34	0
30	Ricklinger Kreisel Beteiligungs GmbH, Hanover 1) 4)	100.00	154	48

No.	Name / registered office	Share of capital held (in %)	Equity (in € 000)	Profit /Loss (in € 000)
31	SGK Servicegesellschaft Kreditmanagement mbH, Hanover 4)	100.00	1.098	74
32	Skandifinanz AG, Zürich, Schweiz 4)	100.00	12.207	- 138
33	Themis 1 Inc., Wilmington, USA 4)	100.00	92	- 8
34	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Hanover 4)	100.00	129.983	2.250
35	Vermögensverwaltungsgesellschaft Thiede mit beschränkter Haftung, Braunschweig 1) 3) 4)	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	Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede 4)	32.26	33 471	1 063
2	Braunschweig Grundstücksentwicklungsgesellschaft mbH, Braunschweig 1) 4)	50.00	46	2
3	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen 4)	49.00	6 232	2 582
4	Brocken Verwaltungs- und Vermietungs-GmbH & Co. KG, Wernigerode 4)	50.00	2 900	340
5	Bürgschaftsbank Mecklenburg-Vorpommern GmbH, Schwerin 4) 7)	20.89	16 637	75
6	Bürgschaftsbank Sachsen-Anhalt GmbH, Magdeburg 4) 7)	20.44	15 999	387
7	caplantic GmbH, Hanover 4)	45.00	5 169	1 586
8	FinTech Fonds GmbH & Co. KG, Köln 4)	39.60	6 194	- 436
9	Gewobau Gesellschaft für Wohnungsbau, Vechta, mbH, Vechta 4)	20.46	13 317	580
10	GSG Oldenburg Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg 4) 7)	22.22	104 214	5 318
11	Immobilien Development und Beteiligungsgesellschaft Niedersachsen mit beschränkter Haftung IDB & Co. - Objekt Zietenterrassen - KG, Göttingen 2) 4)	50.00	4 557	- 292
12	LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover 4) 7)	44.00	297 458	0
13	LINOVO Productions GmbH & Co. KG, Pöcking 5) 6)	45.17	- 47 208	1 046
14	LUNI Productions GmbH & Co. KG, Pöcking 4) 6)	24.29	- 115 816	78
15	Marktcarré Grundbesitz-GmbH, Oldenburg 1) 4)	25.00	3 119	- 881
16	Medicis Nexus GmbH & Co. KG, Icking 4)	66.01	5	- 872
17	Mittelständische Beteiligungsgesellschaft Mecklenburg-Vorpommern mbH, Schwerin 4)	26.00	15 950	1 521
18	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mit beschränkter Haftung, Hanover 4)	39.82	14 309	671
19	NBV Beteiligungs-GmbH, Hanover 4)	42.66	12 823	2 209
20	NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover 4)	28.66	553	429
21	Öffentliche Lebensversicherung Braunschweig, Braunschweig 4)	75.00	47 612	1 295
22	Öffentliche Sachversicherung Braunschweig, Braunschweig 4)	75.00	286 569	5 199
23	Wohnungsbaugesellschaft Wesermarsch mit beschränkter Haftung, Brake 4)	21.72	20 355	435

No.	Name / registered office
NORD/LB is a partner with unlimited liability in the following company (§ 285 no. 11a of the German Commercial Code)	
	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
4	Bürgschaftsbank Bremen GmbH, Bremen

- 1) Held indirectly.
- 2) Including shares held indirectly.
- 3) A profit/loss transfer agreement exists with company.
- 4) Only data as at 31 December 2018 is available.
- 5) Only data as at 31 December 2019 is available.

- 6) No overindebtedness.
- 7) Figures also in accordance with § 340a para. 4 no 2 HGB (banks are interpreted as large corporations).
- 8) Annual financial statements or the company are not available.

Hanover/Braunschweig/Magdeburg, 17 March 2020

Norddeutsche Landesbank Girozentrale

The Managing Board

Bürkle

Dieng

Seidel

Schulz

Tallner

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Responsibility statement

We declare that to the best of our knowledge and in accordance with the applicable accounting principles, the annual financial statements provide a true and fair representation of the net assets, financial position and results of operations of the Norddeutsche Landesbank Girozentrale and that the Landesbank management report presents a true and fair representation 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, 17 March 2020

Norddeutsche Landesbank Girozentrale

The Managing Board

Bürkle

Dieng

Seidel

Schulz

Tallner

Independent Auditor's Opinion

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

Report on the Audit of the Annual Financial Statements and of the Combined Management Report

Opinions

We have audited the annual financial statements of Norddeutsche Landesbank - Girozentrale -, Hanover, Braunschweig and Magdeburg (NORD/LB), which comprise the balance sheet as at 31 December 2019 and the income statement for the financial year from 1 January to 31 December 2019, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the combined management report of NORD/LB for the financial year from 1 January to 31 December 2019.

The combined management report of NORD/LB contains cross-references to the NORD/LB website that are not required by law. In accordance with the German legal requirements, we have not audited the content of these cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to banks and give a true and fair view of the assets, liabilities and financial position of NORD/LB as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the NORD/LB's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. The management report contains cross-references to the NORD/LB website that are not required by law. Our audit opinion does not cover the cross-references or the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accord-

ance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

For the accounting policies of NORD/LB please refer to the section 'Disclosures concerning the accounting policies and principles of currency translation' in the notes.

THE FINANCIAL STATEMENT RISK

The asset and liability balance sheet items in the trading portfolio are measured at fair value in accordance with Section 340e of the German Commercial Code [HGB]. In some instances there are no market prices observable for the derivative financial instruments (EUR 9.896 million and EUR 776 million) recognised under these items. The fair values of these financial instruments are to be determined based on recognised valuation methods. The selection of the valuation models and their parametrisation is in part subject to judgement. There is the risk for the annual financial statements that no appropriate valuation models or inputs are used for the determination of fair values and changes to fair values and that the relevant asset and liability balance sheet items in the trading portfolio in this respect are not measured in accordance with financial reporting requirements.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. We therefore performed the following audit procedures, among others:

First, we gained a comprehensive understanding of the development of the relevant financial instruments, the associated risks and the internal control system with regard to the measurement of the relevant financial instruments.

To assess the appropriateness and effectiveness of the internal control system with regard to the measurement of financial instruments for which no market prices are observable, we conducted surveys with the involvement of our valuation experts and gained insight into relevant documents. After carrying out this test of design, we assessed the effectiveness of specific established controls using tests of operating effectiveness.

One focus of the tests of controls was to establish whether the models were validated when introduced as well as regularly or on an ad hoc basis, irrespective of the trading or business areas. Using sampling in the course of tests of operating effectiveness, we assessed whether the validations were appropriately implemented and documented and whether the implemented valuation models as well as the inputs incorporated for the respective product are suitable and appropriate. Furthermore, we audited the monitoring of measurement of the relevant transactions performed by a department that is independent of the trading or business area using inputs obtained from third parties.

With the involvement of our valuation specialists we carried out a remeasurement for a select group of products based on materiality and risk aspects. In addition, we randomly selected other products for remeasurement from the remaining universe.

Inputs observable in the market were used for the remeasurement where possible. We then compared the results of our remeasurement with the figures determined by NORD/LB.

OUR OBSERVATIONS

The derivative financial instruments recognised under the asset and liability balance sheet items in the trading portfolio for which no prices are observable in the market are measured using appropriate models in accordance with the applicable accounting policies. NORD/LB's inputs underlying the measurement are appropriate.

Calculation of specific loss allowances on loans and advances in certain segments of the commercial lending business

For the accounting policies of NORD/LB please refer to the section 'Disclosures concerning the accounting policies and principles of currency translation' in the notes.

THE FINANCIAL STATEMENT RISK

The measurement of loan loss provisioning is generally based on probability-weighted scenarios. This also concerns loans and advances that are impaired in terms of credit quality. In this context, the influence of macroeconomic factors on credit risk must also be taken into account. Significant judgements for the measurement of specific loss allowances arise in the business areas of corporate customers, energy and infrastructure customers, shipping customers/maritime industry customers, aircraft customers and real estate customers.

Determining the number and nature of scenarios, deriving the cash flows expected in each scenario and estimating the probabilities of occurrence require considerable judgement. Therefore it was of particular importance for our audit that the number of scenarios considered was consistent with the complexity of the conditions determining the individual credit risks including the dependence on macroeconomic factors. We also considered it important that the selection of specific scenarios, estimates of probability for each scenario and estimates of cash flows expected in each scenario were verifiable, objectively justified and consistently performed and documented.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. We therefore performed the following audit procedures, among others:

First, we gained a comprehensive overview of the development of the loan portfolios examined, the related counterparty credit risks and the internal control system in respect of monitoring and measurement of the counterparty credit risks.

Our audit included system and compliance testing of the internal control system with particular focus on assessing the internal financial reporting approach with regard to measuring impaired loans and advances. For the IT systems and individual data processing systems used, we first verified the effectiveness of rules and procedures relating to numerous IT applications and supporting the effectiveness of application controls, with the involvement of our IT experts.

Based on these findings, we also assessed, within the scope of our selection of loan exposures defined in accordance with materiality and risk criteria, whether the number and nature of the scenarios used as well as the probabilities assigned to these scenarios were appropriate. In doing so, we took into account the complexity of financing in each case and the factors likely determining further exposure to risk and verified whether the assumptions underlying the scenarios were consistent with the forecasts of general macroeconomic conditions used at NORD/LB.

We then assessed the cash flows derived for the scenarios including the payment dates assumed. Our assessment included an evaluation of collateral depending on the exposure strategy pursued by the NORD/LB. Finally, we verified that the expected value of specific loss allowances was accurately calculated.

OUR OBSERVATIONS

For the loans and advances with impaired credit rating that we reviewed, we found that the selection of specific scenarios, estimates of probability for each scenario and the estimate of cash flows expected in each scenario, including the dependence on macro-economic factors, were verifiable, objectively justified and consistently performed and documented.

Recognition and measurement of restructuring provisions

For the accounting policies of NORD/LB and the assumptions used please refer to the section 'Disclosures concerning the accounting policies and principles of currency translation' in the notes.

THE FINANCIAL STATEMENT RISK

As at 31 December 2019, NORD/LB recorded restructuring provisions for personnel measures totalling EUR 497 million in its annual financial statements. Of this, EUR 330 million is related to the restructuring plan which was decided upon in financial year 2019 as a result of the strategic realignment of the business model as part of the "NORD/LB 2024" programme.

Commensurate provisions are to be recognised for personnel measures resulting from the realignment of the business model if the recognition criteria of the relevant provisions are satisfied. This matter is particularly significant, as the recognition and measurement of expenses that are significant in terms of amount are largely dependent on assumptions and estimates, particularly with regard to the reduction of staffing and amounts paid for early retirement and severance.

The risks for the annual financial statements are that the criteria for the recognition of these provisions have not been satisfied and/or that their amounts have been inaccurately measured.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. We therefore performed the following audit procedures, among others:

First, we evaluated the recognition criteria based on the resolutions passed and the measures taken in financial year 2019, particularly assessing whether the necessary valid expectation had arisen at 31 December 2019 among those affected that, due to the announcement of the key elements of the restructuring plan, the restructuring measures concerning those affected were to be implemented. To this end, we evaluated whether the Managing Board had adopted an appropriate resolution on implementing the restructuring plan and appropriately notified the General Staff Council and/or the staff.

We then received an explanation of the assumptions and estimates underlying the measurement of provisions. We assessed the consistency of the significant assumptions and estimates based on the detailed, formal restructuring plan. We also compared and critically evaluated the assumptions against the workforce reduction measures previously implemented by NORD/LB. Finally, we verified the computational accuracy of the calculation of the provision.

OUR OBSERVATIONS

The assumptions and estimates used for the recognition and the measurement of restructuring provisions are appropriate, verifiable and – in terms of computation – accurately derived from available information.

Effects of the risk relief measures on the financial reporting

With effect from 23 December 2019 NORD/LB concluded three guarantee agreements with the State of Lower Saxony in respect of risk relief for two portfolios in the Strategic Portfolio Optimisation business area and one portfolio for Aircraft customers.

For an explanation of the effects of risk relief measures on the financial statements and a description of the accounting policies applied please refer to the section 'Disclosures concerning the accounting policies and principles of currency translation' in the notes.

THE FINANCIAL STATEMENT RISK

The risk relief measures in the form of guarantee agreements represent significant transactions with the State of Lower Saxony, which is a related party as majority shareholder of NORD/LB. The guarantee agreements are classified as credit derivatives in the banking book.

The risk for the financial statements is that the models, assumptions and (measurement) parameters underlying the measurement of credit derivatives is not appropriate and verifiably derived and thus that the credit derivatives are inaccurately measured.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures for our audit opinion. We therefore performed the following audit procedures, among others:

First, based on enquiries of management, inspections of committee and Managing Board minutes and a review of the three guarantee agreements and of the accounting concept, we assessed the effects on the financial statements as at 31 December 2019.

In respect of the method to record and measure credit derivatives for which no market prices are observable, we carried out enquiries as part of the test of design and inspected the relevant documents, including the documentation of the new product process conducted in this regard. We reviewed whether the implemented valuation models are suitable and the incorporated measurement parameters are appropriate.

With the involvement of our valuation specialists, we verified the measurement of the three credit derivatives in the course of substantive audit procedures.

OUR OBSERVATIONS

The three guarantee agreements classified as credit derivatives were measured using suitable valuation models. The underlying assumptions and (measurement) parameters are appropriate and verifiably derived from the relevant information.

Other Information

Management is responsible for the other information. The other information comprises

- the separate summarized non-financial report of the NORD/LB and the Group, which is expected to be made available to us after the date of this auditor's report, which will be published together with the management report, and
- the annual report.

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

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

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

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Combined Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to banks, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Bank in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as they, in compliance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Bank's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going-concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Bank's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Bank's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this 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 annual financial statements and of 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 opinions. 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 controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to 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.
- Evaluate the appropriateness of accounting policies used by the Managing Board and the reasonableness of estimates made by the Managing Board and related disclosures.
- 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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Bank in compliance with German legally required accounting principles.
- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Bank's position it provides.
- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

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

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

Other Legal and Regulatory Requirements*Further information pursuant to Article 10 of the EU Audit Regulation*

We were elected as auditor by the Supervisory Board on 18 April 2019. We were engaged by the Chairperson of the Supervisory Board on 5 July 2019. We have been the auditor of NORD/LB without interruption since financial year 2012.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible of the engagement is Mr Volker Bormann.

Hanover, 19 March 2020

KPMG AG

Wirtschaftsprüfungsgesellschaft

[signature] Wiechens
Wirtschaftsprüfer
[German Public Auditor]

[signature] 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 protection scheme of the Savings Banks Finance Group.

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the consolidated financial statements of NORD/LB for the 2019 reporting year and issued an unqualified audit opinion. The auditors also took part in the sitting of the Owners' Meeting to discuss the annual report, which was held on 24 April 2020, and reported on the findings of their audit.

The Supervisory Board approved the results of the audit carried out by the auditors and adopted the proposal to the Owners' Meeting to establish the annual financial statements for 2019 of NORD/LB AöR and approve the consolidated financial statements for 2019.

The Supervisory Board also recommended to the Owners' Meeting to discharge the Managing Board.

The following persons left the Supervisory Board:

as at 20 June 2019	Mr André Schröder
as at 22 December 2019	Mr Ludwig Momann
as at 22 December 2019	Mr Ulrich Mädge

The following persons were appointed to the Supervisory Board:

as at 20 June 2019	Mr Michael Richter
as at 23 December 2019	Dr Matthias Bergner
as at 23 December 2019	Mr Matthias Wargers

The Supervisory Board would like to thank the Managing Board of the Bank for its cooperation based on mutual trust, and the Bank's employees for the work they carried out in 2019.

Hanover/Braunschweig/Magdeburg
April 2020

Reinhold Hilbers
Minister of Finance
State of Lower Saxony

Report of the Owners' Meeting

In the year under review the Owners' Meeting performed the duties assigned to it by the state treaty and by the statutes.

Furthermore, in its sittings in 2019 the Owners' Meeting consulted mainly on the capital resources of NORD/LB and took the decisions necessary for implementing the capital measures.

The auditor KPMG AG Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the consolidated financial statements of NORD/LB for the 2019 reporting year and issued an unqualified audit opinion. The auditor also took part in the sitting of the Owners' Meeting held on 24. April 2020 to discuss the annual financial statements and reported on the results of its audit of the annual financial statements.

The Owners' Meeting approved the results of the audit carried out by the auditor, and following the results of their own examination it raised no objections. In its session on 24. April 2020, the Owners' Meeting, on the recommendation of the Supervisory Board, adopted NORD/LB AöR's annual financial statements for 2019 and approved the consolidated financial statements for 2019.

The Owners' Meeting discharged the Managing Board and the Supervisory Board.

The following persons left the Owners' Meeting:

as at 10.07.2019	Mr Frank Bannert
as at 22.12.2019	Ms Silke Korthals

The following persons were appointed to the Owners' Meeting:

as at 11.11.2019	Mr Michael Ziche
as at 23.12.2019	Dr Anne Deter
as at 23.12.2019	Mr Reinhold Hilbers
as at 23.12.2019	Mr Helmut Schleweis
as at 23.12.2019	Mr Ralf Fleischer
as at 23.12.2019	Dr Matthias Bergner
as at 23.12.2019	Mr Matthias Wargers
as at 23.12.2019	Mr Ludwig Momann

The Owners' Meeting thanks the Supervisory Board, the Managing Board and the Bank's employees for their work in 2019.

Hanover/Braunschweig/Magdeburg
April 2020

Reinhold Hilbers
Minister of Finance
State of Lower Saxony

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Annex

97 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, ethnicity, religion or ideology, disability, age, sexual orientation or identity. Indeed, diversity among employees is an important element of the corporate identity of NORD/LB. Here the Bank is guided by its own diversity principles.

In order to help the Bank achieve its economic and social objectives, in 2018 NORD/LB provided tailored offerings related to diversity, including training programmes and personal development measures as well as offers related to the topic of work and family life, including helping employees meet family obligations, such as raising children or taking care of ill family members. NORD/LB also offers various flexible working hours models as well as the ability to open long-term working time credit accounts.

These measures taken as a whole not only create a working climate and environment characterised by respect, but also ensure 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 part of a key bundle of measures. This remuneration structure places its main focus on 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 independent of gender, nationality, ethnicity, religion or ideology, disability, age, sexual orientation or identity and is instead based gender-neutrally on qualifications, range of responsibilities and functions as well as professional experience.

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, excluding apprentices and trainees and employees on parenting leave, by gender:

	2018	2017
employees (total)	2 579	2 161
male employees	2 579	2 161
female employees	2 584	2 144
proportion of men	49.9%	50.2%
proportion of women	50.1%	49.8%

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

	2018	2017
Employees (total)	5 163	4 305
Steady employees (total)	4 823	4 030
male	2 424	2 035
female	2 399	1 995
Steady employees, full-time	3 706	3 148
male	2 335	1 963
female	1 371	1 185
Steady employees, part-time	1 117	882
male	89	72
female	1 028	810
Employees on temporary contracts (total)	340	275
male	155	126
female	185	149
Employees on temporary contracts, full-time	327	261
male	153	124
female	174	137
Employees on temporary contracts, part-time	13	14
male	2	2
female	11	12
Apprentices and trainees (total)	243	193
male	109	90
female	134	103
Employees during their parenting leave (total)	136	128
male	10	7
female	126	121
Share of full-time employees	78.1%	79.2%
Share of part-time employees	21.9%	20.8%
Share of Steady employees	93.4%	93.6%
Share of employees on temporary contracts	6.6%	6.4%
Share of apprentices and trainees	4.7%	4.5%
Share of employees during their parenting leave	2.6%	2.8%

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