BREMER LANDESBANK

Interim Financial Report of Bremer Landesbank in accordance with IFRS as at 30 June 2015

The Bremer Landesbank Group at a Glance

Consolidated profit statement	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in € m)	(in %)
Net interest income	207	221	-14	-6
Loan loss provisions	-108	-103	-5	5
Net interest income after risk provisioning	99	118	-19	-16
Net commission income	20	19	1	5
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	45	4	41	>100
Profit/loss from financial investments	3	3	0	0
Profit/loss from companies accounted for using the equity method	4	8	-4	-50
Administrative expenses	95	92	3	3
Other operating profit/loss	-1	0	-1	<-100
Earnings before taxes	**75**	**60**	**15**	**25**
Income taxes	19	13	6	46
Consolidated profit	**56**	**47**	**9**	**19**

Balance sheet figures	30.6.2015	31.12.2014	Change	
Total assets	31.927	32.139	-212	-1
Liabilities to customers	9.637	9.027	610	7
Loans and advances to customers	22.912	22.933	-21	0
Risk provisioning	-935	-857	-78	9
Reported equity	1.831	1.691	140	8
Key ratios	**30.6.2015**	**30.6.2014**	**Change**	
Cost-income ratio (CIR)[1]	34,1 %	36,1 %	-	-6
Return on equity (before taxes)[2]	8,7 %	7,1 %	-	23
Key regulatory ratios [3]	**30.6.2015**	**31.12.2014**	**Change**	
Tier 1 capital	1.352	1.306	46	4
Risk-weighted assets	15.025	16.287	-1.262	-8
Tier 1 capital ratio	9,00 %	8,02 %	-	12
Number of employees	**30.6.2015**	**30.6.2014**	**Change**	
Total	1.112	1.157	-45	-4
Current ratings (long-term rating)	**30.6.2015**	**31.12.2014**		
Fitch Ratings	A-	A		

[1] Administrative expenses / [Total income (before risk provisioning) + other profit/loss].
[2] Group operating result after risk provisioning / [sustainable capital (comprising: share capital; capital reserves; retained earnings, adjustment item for shares from other shareholders)].

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Interim Group Management Report

In the following text the terms “Bank” and “Bremer Landesbank” are used. In all cases they refer to the Bremer Landesbank Group. The development of the Group is fundamentally determined by the parent company. The companies of the Bremer Landesbank Group are included and consolidated in the consolidated financial statements of the NORD/LB Group and are a significant part of the latter.

This report should be read in conjunction with the group management report as at 31 December 2014.

1. The Group - Basic Information

The objectives and strategies of the Group, the business segments and subsidiaries and the Group’s integrated bank management remain unchanged as compared to the published annual financial report. Only the following change needs to be noted for the basis of consolidation: as at 30 June 2015 the formerly fully consolidated BLB Grundbesitz KG, Bremen, has become part of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –. Since the second quarter of 2015, shares held in DEUTSCHE FACTORING BANK Deutsche Factoring Bank GmbH & Co. KG, Bremen have been classed as held for sale and are no longer accounted for using the equity method in the consolidated financial statements of Bremer Landesbank.

2. Economic Report

2.1 General Economic and Industry-specific Environment

2.1.1 Economy and Financial Markets

Global economy

The global economy grew by 3.3 per cent in 2015, according to the IMF, after expanding by 3.4 per cent in 2014. The conditions for the development of the global economy remain positive overall in 2015. The political risk in Ukraine, the Middle East and the ongoing crisis in Greece are having a negative impact. At the same time, low energy and commodity prices along with a continuing international expansion of liquidity coupled with the low interest-rate policy has created positive impetus for the global economy.

Europe

The internationally recognised forecast institutions have raised their growth forecasts for the eurozone from around 1 per cent to 1.5 per cent. With the exception of Greece, the reforming countries have made an important positive contribution. The effects of the debt dispute with Athens have been largely limited to Greece. As a result of the structures imposed in the EU over the last three years as well as the supporting role of the ECB, the contagion effects and therefore the macroeconomic consequences have been significantly reduced. The eurozone is benefiting from the low value of the euro, which boosts its international competitiveness.

Germany

The German economy made a strong start to the first half of the year. The second quarter was more moderate. Consumption is the key driver of positive economic growth alongside rising demand from the eurozone. Over the course of the year, GDP forecasts have been corrected upwards from an average of 1.2 per cent to 1.8 per cent.

Financial markets

The financial markets were highly volatile in the first half of 2015. The nervousness was due to several trouble spots. The Greek debt crisis, the latent destabilised security situation in Ukraine and the surrounding region, the fall in growth in the USA and the unstable situation of the Chinese stock market had a detrimental impact on the psychology of the financial markets.

In 2015 the DAX rose from 9,869 to 12,390 points, and this rise was corrected from mid-April onwards. The start of July saw the lowest level of the correction so far at 10,653 points. High excess liquidity coupled with solid growth and a moderate assessment of companies currently point to a largely positive trend in the stock market for the remainder of 2015.

In 2015 the return on the ten-year German government bond started on a downward trend and reached lows of 0.05 per cent. This trend was retrospectively corrected for the remainder of the first six months once the repositioning of the capital-market participants due to the aggressive purchase programme of the ECB was concluded. Given the positive economic situation in the eurozone and rising consumer, a slight increase in returns is expected.

In 2015 the euro fell in value against the main currencies. Over the last 12 months the euro/dollar exchange rate fell from just under € 1.40 to € 1.05. Falls in interest rates and the quantitative measures announced by the ECB, coupled with strong expectations of a shift in interest-rate policy both in the USA as well as Great Britain, were the key catalysts for this trend. After the change in interest-rate policy was rejected in the UK, expectations regarding the interest-rate policy of the US Federal Reserve are currently shifting. Accordingly, there is nothing to prevent a more stable performance of the euro in fundamental aspects, including stronger growth.

2.1.2 Region

Bremen and the region are defined by differing economic structures. These differences result in partially different assessments and considerations for the individual sectors in the regions of Bremen, Oldenburg and East Frisia/Papenburg.

Economic progress is considered to be positive in all three chamber of commerce regions. However, the economies in the above chamber of commerce regions are developing differently.

According to the Bremen Chamber of Commerce, Bremen’s economy remains on a solid course of growth. The Business Climate Index is comfortably above the long-term average. Service providers and industry are experiencing an upturn. Export prospects remain positive. Business is good and expectations are stable in the trade and construction sector.

In 2015 economic growth continued across the board in the Oldenburg region with a slightly reduced rate. The current Chamber of Industry and Commerce Business Climate Index fell from 119.3 to 113.2 points after it had previously risen by eight points. The index is therefore below the five-year average of 117.4 points. The Chamber of Industry and Commerce classifies this development as a normalisation. Companies on the whole continue to look optimistically to the future.

In the first half of 2015, the economy in the Chamber of Commerce region of East Frisia and Papenburg experienced a general economic upturn. The retail sector, the transport industry and corporate service providers are the driving forces. The current economic climate index scored 124 of a possible 200 points, representing the highest value for four years.

2.1.3 Industry Groups

According to the Deutsche Bundesbank[1], the German banking system has long been characterised by structural income weakness which shows up particularly in the decline in interest spreads. The reason for this is the intense level of competition, which makes it difficult to build up capital buffers from retained profits. Furthermore, considerable risks have developed in individual sectors of the credit markets. The risk of default affects in particular shipping loans, loans for foreign commercial real estate and old portfolios in the form of securitisations. Another important factor for the German banking system is that in a low interest environment no disproportionately high risks may build up from the awarding of credit for residential real estate in Germany.

Despite risk provisioning remaining at a high level in the shipping sector, Bremer Landesbank was able to hold its own as a profitable bank in this environment. Particularly in the renewable energies segment, which is characterised by strong competition between the banks, business was expanded. As in the previous year the changes to the structure of banking supervision as well as regulatory requirements have a key influence on the competitiveness of European bank. As well as a high personnel retention rate and the need to create new IT systems, control of the bank is highly important.

In the previous year the EU-wide stress test conducted by the ECB and EBA was passed, whereby NORD/LB as the parent company of the Group was able to demonstrate a high of CET1 Tier 1 capital ratio in the adverse scenario of a global recession. As part of the transfer of banking supervision for certain banks to the European supervisory authorities, Bremer Landesbank is now subject to the direct supervision of the ECB. With the transfer of banking supervision responsibility to the EBA and ECB, financial institutions will be re-evaluated and new standards developed for their control. In the course of the “Supervisory Review and Evaluation Process” (SREP), a standardised pan-European scheme will be created to evaluate significant financial institutions, which will take effect on 1 January 2016. This scheme is associated with an extensive increase in requirements on the banks in the area of business model, internal monitoring systems, risk-bearing capacity and liquidity management. Alongside increased capital adequacy requirements and a new model for evaluating the risk-bearing capacity of a financial institution, there are additional liquidity requirements and a range of changes within risk and business management. The requirements

[1] 2014 Deutsche Bundesbank Financial Stability Report.

relating to the quality of the IT systems have also risen drastically for European banks. Bremer Landesbank is implementing the necessary changes to risk data retention, evaluation and the associated reporting procedures as a multi-year process within the BCBS 239 project. Bremer Landesbank is therefore proactively facing up to the regulatory requirements and has already started to adapt its risk and income management processes and systems to future requirements.

One way in which the bank is dealing with the increasing competition in lending business is the “BLB2020” project which is investigating not only options for increasing income and reducing costs, but also opportunities for expansion into new business segments and optimising the Bank’s internal processes. Given the existing competitive edge offered by its local advisors, short decision-making channels, local capital market and foreign business expertise and an extensive range of products and services, Bremer Landesbank remains confident that it will continue to stand its ground in the face of future challenges.

2.1.4 Markets

North-West

The individual sectors of the economy in the North-West of Germany have experienced mixed developments. Viewed as a whole, the economic situation is good and the prospects for the future are positive. There is a willingness to invest, but it is defined by Hanseatic caution due to the recent past, so the financing needs of companies in the region are only expanding moderately.

Slightly rising employment and income ensure a fundamentally positive assessment of the prospects for private households, which will be expressed in higher consumption. Wealthy private customers are much sought after and are themselves looking for alternative investment options due to low interest rates.

Ships

Despite falling growth rates in China as well as the continuing economic and debt crisis in parts of Europe, signs of recovery are evident in the shipping sector. For the banks involved in this segment, this means falling default rates with sustained high levels of risk provisioning for shipping loans. Nonetheless, the sector continues to exhibit high levels of overcapacity and there is a risk of a further increase in overcapacity in the market’s current recovery phase due to excessive optimism by the ship owners when it comes to ordering ships. Whether the market recovery is here to stay therefore remains to be seen. In this environment Bremer Landesbank is taking a conservative approach and continues to steel itself against further difficulties in this business segment.

Leasing

Despite the ongoing uncertainty in German companies with respect to new investments throughout the year, the German leasing economy was able to maintain the level of its new business in the first half of 2015 and even increase market share in capital expenditure.

Renewable energies

The amendment to the German Renewable Energies Act (EEG) has provided certainty about the legal principals and the funding regime for this business segment. Despite an adjustment of remuneration rates and the direct-marketing obligation for the operators of large energy plants, renewable energies remain a key growth segment for Bremer Landesbank. In this business segment the Bank can build on many years of experience and a prominent market position.

Social Welfare Facilities

The market environment for the “Social Welfare Facilities” segment has been defined by the new capacity created in recent years and a stronger competitive situation. The difficult environment at the present time means that investors are slow to invest in new projects. The acquisition of existing operations is causing increasing concentration in the sector. At the same time, this impacts the continuation of professionalisation. The political discussions on the subject of nursing are leading to the creation of alternative offers such as outpatient residential services or assisted-living. Furthermore, there is a trend towards so-called divided ownership – the sale of partial ownership to investors.

Local real estate market

Despite the advantageous long-term interest rates, the conditions for the local real estate economy remain relatively difficult for commercial and residential real estate. In the commercial sector, there is good supply that meets with specific demand.

2.1.5 Impact on Bremer Landesbank

The aforementioned developments have an impact on the Bank’s business development due to the globalisation of the economy:

- The development of the global economy impacts the global flow of goods and as a result the transport volumes in the shipping sector with a corresponding impact on charter rates and market prices. One consequence of the length of the crisis in the shipping markets is its effect on the Bank’s level of risk provisioning.

- The stability of the eurozone – particularly the highly indebted countries in southern Europe – has an impact on the euro's exchange rate against other currencies and therefore the export prospects for the economy as well as the valuation of securities and credit default swaps. In particular, the development of the euro/dollar exchange rate can have a noticeable effect on the level of loans and advances to customers, the RWA and the total assets, as well as on the Bank's net interest income and risk provisioning.

- The domestic and regional economy has an impact on middle-market corporate customers and their financing needs, as well as Bremer Landesbank's lending business.

- Interest rates may have an impact on achievable margins in the lending business, but – together with the anticipated economic developments – they will also affect the financing needs of companies and private persons in the business region. The continuing period of low interest rates has had no noticeable effect on the Bank's net interest income to date.

- The performance of stock exchanges – particularly the DAX – will have an impact on the behaviour of private customers with respect to their investments in securities, shares and alternative investments and therefore the net commission income of Bremer Landesbank.

- The development of the local real estate market has an impact on the success of the subsidiaries working in the real estate business.

2.2 Business Performance

Despite signs of recovery in certain sub-segments of the shipping segment, Bremer Landesbank's business performance in the first six months of 2015 remained marked by the ongoing crisis in all shipping markets. This can be seen in a high level of risk provisioning in this business segment, strain on equity ratios as well as the need to restructure commitments in this market. A long-term recovery of the shipping sector remains uncertain due to the continued high levels of overcapacity. In this context, Bremer Landesbank considers it its duty to adopt a conservative approach and takes account of the developments in the shipping markets with its high level of risk provisioning.

The measures initiated in the course of RWA and shortfall management have been pressed ahead with and an AT-1 bond was issued in the first six months of 2015 to boost Tier 1 capital.

The Bank's underlying profitability continues to be deemed satisfactory and offers a sound basis from which to face up to the challenges in the shipping segment as well as the increasing capital adequacy requirements as a result of regulatory developments.

Below we report in detail on the business performance of the Bremer Landesbank Group in the first half of 2015.

2.3 Position of the Group

2.3.1 Earnings Position

On the whole, the Bremer Landesbank Group's earnings position was on the whole satisfactory in the first half of 2015.

Income statement

	Notes	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Interest income		646	735	-12
Interest expenses		439	514	-15
Net interest income	**5**	**207**	**221**	**-6**
Loan loss provisions	6	-108	-103	5
Net interest income after risk provisioning		**99**	**118**	**-16**
Commission income		24	23	4
Commission expenses		4	4	0
Net commission income	**7**	**20**	**19**	**5**
Trading profit/loss		29	-2	>100
Profit/loss from designated financial instruments		0	-1	-100
Profit/loss from financial instruments at fair value through profit or loss	**8**	**29**	**-3**	**>100**
Profit/loss from hedge accounting	9	16	7	>100
Profit/loss from financial assets	10	3	3	0
Profit/loss from companies accounted for using the equity method	11	4	8	-50
Administrative expenses	12	95	92	3
Other operating profit/loss	13	-1	-	<-100
Earnings before taxes		**75**	**60**	**25**
Income taxes	14	19	13	46
Consolidated profit		**56**	**47**	**19**
of which: attributable to shareholders of the parent company		56	47	19
of which: attributable to non-controlling interests		-	-	-

Net interest income

Net interest income fell by 6 % from € 221 million to € 207 million.

Amounts received from operating business with customers of the Bank remained at a high level; low interest rates and a moderate decline in business volumes led to an overall fall in interest income and expenses.

As expected, the special effect of some € 17 million reported in the previous year from the changeover of the software for mapping risk provisioning was not repeated.

Key drivers in customer-orientated business remained the segments Special Finance and Corporate Customers.

Net interest income is within the planned range, taking account of the nonrecurrence of the special effect from the previous year.

Loan loss provisions

In the first half of 2015 loan loss provisions rose slightly to € 108 million (mid-point of the previous year: € 103 million) due to higher allocations to specific valuation allowances compared to the previous year.

The crisis in the shipping segment continued to have a key influence on the business performance of Bremer Landesbank in the first half of 2015. This can be seen in a high level of risk provisioning in this business segment, associated strain on equity ratios as well as the need to restructure commitments.

Despite signs of recovery, pressure on charter rates and ship prices in certain sub-segments (container feeder, handysize and chemical tankers) is still being felt as a large number of newly completed ships is still entering the market. A long-term recovery of the shipping sector remains uncertain due to the continued overcapacity.

In this context, Bremer Landesbank considers it its duty to adopt a conservative approach and takes account of the developments in the shipping markets with its high level of risk provisioning.

The Bank accounts for risks which may have already occurred but which were not known on the balance sheet date by making general loan loss provisions. In the first half of the year, both improved ratings and a reversal of general loan loss provisions in the amount of € 14 million due to specific valuation allowances made in the shipping sector were recorded (allocation to general loan loss provisions at the mid-point of the previous year: € 27 million). The Bank faced up to the very difficult situation in the shipping markets by making a management adjustment of € 20 million.

Overall the expenses for risk provisioning are slightly below the level expected by the Bank.

Net commission income

Net commission income is up from € 19 million to € 20 million, an increase of 5 %. In particular the net commission from securities transactions (including asset management and foreign exchange transactions) have developed positively. Both guarantee commission from lending business and loan commission from commercial lending business were down but remained adequate. In addition, net commission income exhibits a comparatively high level of consistency in the remaining items (e.g. account management and payment transaction fees), but is slightly below the planned level.

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

In the first half of 2015 the fair value valuation of financial instruments due in particular to a positive valuation result from derivatives produced a profit of around € 29 million, compared to a loss of € -3 million in the reference period. The slight rise in long-term interest rates recorded in the spring contributed significantly to the development of the valuation result.

The volume of CDS for which Bremer Landesbank is the protection seller fell again as swaps matured. There have been no changes as regards the credit events of the restructuring of the Spanish bank Bankia and Irish bank Permanent TSB (formerly Irish Life and Permanent) described in the 2014 annual financial report. There have been no other credit events to date, for example with recourse to the Bank as protection seller requiring delivery of the reference assets.

The high valuation result meant that at the half-year point the contribution to earnings expected by the Bank from the fair value valuation of financial instruments had been significantly exceeded.

Profit/loss from hedge accounting

The hedges designated by Bremer Landesbank generated a profit of € 16 million in the first half of 2015, compared with € 7 million as at 30 June 2014. The rise in the spread between the EURIBOR and EONIA interest-rate curves recorded in some maturity bands influenced the rise in the value of the hedged volume of € 7.7 billion.

Administrative expenses

As compared to the mid-point of the previous year, administrative expenses rose by € 3 million to € 95 million (mid-point of the previous year: € 92 million)

At around € 51 million personnel expenses are slightly higher than the level of the same period in the previous year (€ 50 million). Higher ongoing remuneration as a result of collective bargaining could not be fully compensated for by a reduction in allocations to pension provisions.

Other administrative expenses increased by € 1 million or 3 % to € 39 million. The expected increase in expenses for information technology was only partly compensated for by reductions in consulting services, cost allocations and contributions.

Amortisation, depreciation and impairment of intangible assets and property and equipment were slightly above the level of the mid-point of the previous year at € 5 million.

Overall, administrative expenses at mid-year 2015 are moderately above the expected level.

Earnings before taxes

Earnings before taxes in the Bremer Landesbank Group amounted to € 75 million for the first half of 2015; this represents an increase of € 15 million from 2014. The fall in the net interest income and the increase in the expenses for risk provisioning was more than compensated for by an increased valuation result (profit/loss from financial instruments at fair value through profit or loss). Earnings were boosted by the significant increase in the profit/loss from hedge accounting.

Consolidated profit

At mid-year 2015 group earnings after income taxes of € 19 million totalled € 56 million, compared with € 47 million at the mid-point of the previous year.

In the first half of 2015 the difficulties in the shipping markets had a significant influence on Bremer Landesbank's consolidated profit. However, the Bank was able to continue to cushion the effects well on account of its good operating profit.

The consolidated profit is heavily dependent on the progress of the crisis on shipping markets. The target level for 2015 is attainable in the Bank's view.

2.3.2 Financial and Assets Position

Total assets

As in previous years, the Bank focused on transacting high-yield business. Interbank business stabilised at a low level, while the financial asset portfolio and loans and advances to customers remained almost unchanged. As a result, total assets fell from € 32,1 billion at the end of the previous year to € 31,9 billion..

Loans and advances to banks

As a consequence of the financial and capital market crisis combined with the downgrading of a number of countries' credit ratings, the Bank reduced its interbank business significantly in previous years. As at the balance sheet date, a lower volume of money market transactions is seen alongside an increase in loans and advances due on demand and a rise in fixed-term loans and advances; overall there has been a slight increase in loans and advances to banks by billion to € 3,8 billion.

Loans and advances to customers

Netted loans and advances to customers show no change compared to the end of the previous year (€ 22,9 billion). Redemptions were almost completely compensated for by the development of the USD. The reporting-date-related rise in loans and advances due on demand was compensated for by the decline in fixed-term loans and advances due to maturities exceeding new business.

Loans and advances to customers account for 71,8 % of total assets (previous year-end: 71,4 %). Please see the notes on the development of the business segments in the segment report for a more detailed analysis of this item.

Risk provisioning

The risk provisioning of the Bremer Landesbank Group, deducted from the asset side of the balance sheet, increased substantially again in the financial year, by 9,1 % or € 78 million to € 935 million, and now represent 4,1 % of total loans and advances (previous year-end: 3,7 %). The increase is almost exclusively due to the sub-segment “Ship Finance”.

Financial instruments at fair value through profit or loss (financial assets or financial liabilities at fair value through profit or loss (aFV))

This item comprises the fair values of held-for-trading financial instruments. Instruments with positive fair values are reported in assets and those with negative fair values in liabilities. Financial instruments with a positive fair value increased by € 116 million to € 664 million in the first half of 2015, while financial instruments with negative fair values decreased by € 77 million to € 929 million.

At mid-year 2015 the nominal volume of derivative transactions was € 39,5 billion compared with € 39,4 billion at the previous year-end and therefore 1,2-Fache times (previous year-end: 1,2-Fache) total assets.

Financial assets/investments accounted for using the equity method

The portfolio of financial assets is unchanged compared to the end of 2014 at € 4,3 billion.

A carrying amount of € 22 million was reclassified from the balance sheet item “investments accounted for using the equity method” to the balance sheet item “designated assets held for sale”. The designated assets held for sale are shares in an affiliated company that were first classified as being held for sale on 30 June 2015. A sale of the shares held for sale in the Group is planned to take place in the second half of the year.

Liabilities to banks

Liabilities to banks rose by € 0,3 billion to € 11,4 billion in the first half of financial year 2015. While liabilities from money market transactions fell compared to the year-end of 2014, the deposits of German banks in particular were up.

Liabilities to customers

The Bank's refinancing through liabilities to customers rose by 6,8 % to € 9,6 billion. There were additions to both liabilities to German customers from money market transactions and liabilities to German customers from other transactions due on demand.

Securitised liabilities

The portfolio of securitised liabilities fell in the first half of 2015 by 14,2 % to € 6,3 billion.

A more detailed presentation of the Bank's refinancing via the various issuing programmes is provided in the notes on Financial Markets in the segment report in the condensed notes to the consolidated financial statements and in the section on financing.

Provisions

Provisions in the Bremer Landesbank Group totalled € 517 million at mid-year 2015 (previous year-end: € 536 million) and are therefore slightly down.

Provisions for pensions and similar obligations account for the largest share, amounting to € 482 million for the Group, compared with € 507 million at the previous year-end. The present value of the defined benefit obligation is calculated actuarially using specific parameters, such as a Group-wide discount rate based on the yield of high-quality corporate bonds of the same maturity. Other parameters are salary, career and pension trends and employee turnover rates. The following key actuarial assumptions underlie the defined benefit obligations:

	30.6.2015	31.12.2014
Discount rate	2,55 %	2,2 %
Salary trends		
Pension obligations	2,4 %	2,4 %
Health insurance benefits	3,5 %	3,5 %
Pension adjustment		
Management Board/permanent employees	2,5 %	2,5 %
Total benefits	3,5 %	3,5 %
Top-up benefits	2,0 %	2,0 %
GarantiePlus (new pension plan)	1,0 %	1,0 %
Health insurance benefits	3,5 %	3,5 %
Mortality, invalidity etc.	RT Heubeck 2005 G	RT Heubeck 2005 G

Provisions for lending business amounted to € 11 million at year-end, compared with € € 11 million at the end of the previous year.

Equity

The Bremer Landesbank Group's equity amounts to € 1.831 million at mid-year 2015, of which € 265 million concerns the subscribed capital and € 478 million the capital reserves.

To bolster the regulatory Tier 1 capital, a new issue of € 50 million has been placed; this contribution is reported separately within the equity.

The equity has risen by a total of € 140 million or 8,3 % (previous year-end: € 1.691 million). Disregarding the conversion of silent participations in 2012 (€ 563 million) and the additional Tier 1 bond, the Group's equity has increased by € 386 million or 46,4 % from € 832 million since reporting in accordance with international accounting standards began at the start of 2006.

2.3.3 Additional Information

Performance indicators

Earnings before taxes in the Bremer Landesbank Group amounted to € 75 million for the first half of 2015; this represents an increase of € 15 million from 2014. The fall in the net interest income and the increase in the expenses for risk provisioning was more than compensated for by an increased valuation result (profit/loss from financial instruments at fair value through profit or loss). Earnings were boosted by the significant increase in the profit/loss from hedge accounting.

The return on equity (RoE) as the ratio of profit/loss from normal activities to long-term capital (components: share capital; capital reserves; retained earnings) is 8,7 % at the reporting date in 2015 compared to 7,1 % for the mid-point of the previous year. The higher level is due to the increased earnings before taxes.

As at 30 June 2015 the cost-income-ratio (CIR) is 34,1 % compared to 36,1 % and therefore remains at a reasonable level.

As at 30 June 2015, the risk ratio (defined as the ratio of loan loss provisions to risk assets) is 1,4 % compared to 1,2 % at the mid-point of the previous year[2]. The increase in the risk ratio results from higher expenditure on risk provisioning year-on-year as well as a reduction in risk-weighted assets.

The total risk exposure under the Capital Requirement Regulation [(CRR) Basel III]) totals around € 15.0 billion. (previous year-end: around € 16.3 billion). The overall ratio is 11.3 per cent, compared with 9.6 per cent at the end of the previous year.

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[2] Previous year's value adjusted; adjusted in line with indicator for the full year.

Utilisation of risk capital in the going concern scenario as at 30 June 2015 of 50 % (previous year-end 78 %) improved in particular as a result of an increase in risk capital.

Financing

In the first half of 2015, bearer and registered debt securities are once again the most important source of medium to long-term refinancing for the Bank. The gross volume of issues transacted by Bremer Landesbank was € 0.6 billion. The volume of debt securities outstanding at mid-year 2015 was € 11.6 billion (previous year-end: € 12.5 billion) and is made up as follows:

	Debt securities	
€ billion	**30.6.2015**	**31.12.2014**
Hypothekenpfandbriefe and Schiffspfandbriefe	1,0	1,1
Öffentliche Pfandbriefe	4,5	4,5
Other debt securities	4,6	4,7
Medium-term notes	1,5	2,2
Total	**11,6**	**12,5**

The volume of promissory notes was around € 1.6 billion as at 30 June 2015 (previous year-end: € 1.8 billion). The total volume of refinancing loans from the European Investment Bank (EIB loans) was approximately € 0.4 billion at mid-year 2015 (previous year-end: € 0.5 billion).

For the short-term refinancing and liquidity control, Bremer Landesbank continually used the various instruments of the European Central Bank in addition to the interbank and repo markets in 2015.

Investment activities

Bremer Landesbank invests substantially in modernising and redesigning its buildings. The construction of the new building commenced at the Bremen site in 2014 is progressing as planned. Now that work on the outer shell is almost complete, construction work has started on the interior this year. The new building is expected to be ready for use by the Bank in mid-2016. The investment volume will be in the high double-digit millions.

Sustainability

The first half of 2015 saw continued implementation of the sustainability programme that was decided in December 2014.

Further, sustainability issues have been included in the Bank's target agreement process for the first time and therefore embedded more deeply in its strategy.

In March Bremer Landesbank was again given an investment status score of “C” by the rating agency oekom research and remains within the “Prime” classification of the rating system.

Bremer Landesbank is a permanent participant of the “Sustainability Management Committee” of the NORD/LB Group. Additionally, the Bank regularly takes part in events, workshops and seminars held by external institutions to accelerate the Bank’s development with best-practice experience.

What is more, the Bank invests in the know-how of its employees on the topic of sustainability in order to drive forward the Bank’s development in an evolutionary process of learning and change. One noteworthy example of this is the participation of employees in the “MBA Sustainability Management” course at the Centre for Sustainability Management (CSM) of the Leuphana University, Lüneburg.

2.3.4 Development of the Segments and Subsidiaries

Corporate Customers

The Corporate Customers segment mainly comprises business conducted by the Bank with larger SMEs in the North-West of Germany.

The main source remains lending business. Long-term credit business for investment financing was stable in the first half of the year. Demand remained subdued in the area of short-term working capital credit finance. Given strong earnings in previous years, many companies have high liquidity buffers, corresponding to an equivalent rise in the deposit business in the segment. The income from services was gratifyingly higher than the previous year’s value, whereby both the Bank’s business in collateralising agricultural commodities and increased demand in the guarantee business played a substantial role. Similarly, the trading profit/loss was substantially up on the previous year’s level. In particular earnings from currency transactions have increased significantly.

For the second half of the year a slight increase in demand for working capital loans is assumed – including due to seasonal effects – which will reduce the current shortfall against the target. Given the already high intensity of competition and the foreseeable entry of other competitors to our market segment, this cannot be guaranteed.

We will continue to build on our position as a successful regional bank and a leader in corporate customer business in the region in the future to expand our position as principal banker for the larger SMEs.

Special Finance

The Special Finance business at the Bremer Landesbank Group covers ship finance, refinancing for vehicle and equipment leasing and factoring companies as well as for social welfare facilities and renewable energies, with the sub-segments wind, biogas and photovoltaics.

The Special Finance segment at the Bremer Landesbank Group developed positively overall in the first half of 2015, with the exception of the effects of the ongoing shipping crisis. Since the financial and economic crisis, the rate of growth in Special Finance has been mixed. While the shipping portfolio is to be further reduced, Renewable Energies in particular are contributing to growth.

In the shipping segment the Bremer Landesbank Group noted some signs of recovery in container shipping in the first half of 2015. No positive signals were evident in the other market segments. Overall, charter rates and ship values are still at crisis level and a sustainable recovery is yet to take place. The excess supply of tonnage will only be reduced in the medium term. Therefore, risk provisioning will remain at a high level with reduced income potential.

In the refinancing of vehicle and equipment leasing companies, the Bremer Landesbank Group maintained its position as a leading financier of middle-market leasing companies in the first half of the year despite a slightly subdued trend in new business. The Bank acts as a competence centre for the NORD/LB Group in this segment, which is made up not only of middle-market companies, but also leasing companies with banking-related and manufacturing-related functions. The refinancing of factoring companies is still in the moderate development phase and rounds off the portfolio.

As regards Renewable Energies at the Bremer Landesbank Group, new business in the first half of the year was above expectations. The reform of the German Renewable Energies Act (EEG) which took place in mid-2014 provides the requisite planning certainty for project finance and corresponding business potential. The Group anticipates positive business performance for the second half of the year. In the main segment of onshore wind energy in Germany the strong market position was consolidated. In line with expectations, the photovoltaics sub-segment enables only a low level of new business with smaller individual projects. In the NORD/LB Group the Bremer Landesbank Group is the competence centre for biogas and photovoltaics in Germany. Experienced customers are also supported selectively as they expand into Europe.

In the Social Welfare Facilities segment, new business developed positively in the first half of the year. However, disposals from the portfolio have resulted in a development short of previous expectations. In nursing home finance – a key focus and a field for which the Bremer Landesbank Group is also a competence centre in the NORD/LB Group – further favourable new business activity is expected in the second half of the year.

The Bremer Landesbank Group's Special Finance segment will undergo an organisational reform in the second half of the year in order to satisfy customer requirements and to meet greater demands for a competence-centre approach. Ship Finance is a separate business segment, and Social Welfare Facilities will be integrated into Corporate Customers. The various segments with their consistent focus on long-term, reliable customer relationships consider themselves to be well positioned with a clientèle dominated by middle-market companies.

Private Customers

The Private Customers segment covers all of the Bremer Landesbank Group's business transacted with private customers. The segment comprises the business units private customer service and private banking (including asset and portfolio management).

The development of the SIP®Dachfonds (fund of funds) managed by the Asset and Portfolio Management Division as well as individual asset management continues to be good. Both the volume and the number of units increased.

This development led to an increase in the income from securities business as compared to the previous year, although customer demand is marked by ongoing uncertainty. Earnings in the lending business developed stably and portfolios were expanded. Fierce competition was evident in the lending business, especially in standard residential construction.

Financial Markets

The Financial Markets segment of Bremer Landesbank provides access to national and international financial markets for private and institutional customers and for the Bank's own business.

The long and short-term refinancing measures of Bremer Landesbank are also performed by the Financial Markets segment.

For the short-term refinancing and liquidity control, Bremer Landesbank continually used the various instruments of the European Central Bank in addition to the interbank and repo markets in the first half of 2015.

With the volume of business generated in the customer and counterparty portfolio, Bremer Landesbank's Financial Markets segment contributes significantly to items relevant to the Group's balance sheet.

Activity focused on the management of liquidity risks and interest-rate risks, ensuring that the bank has continuous liquidity and providing the above-mentioned commercial customers with money market and capital market products.

Money and capital market operations took place in a market that so far in 2015 remains shaped by international and multi-institutional efforts to contain the consequences of the euro crisis and its impact on the financial and real markets in the countries of the eurozone, especially Greece.

In the financial markets, slight rises in interest rates compared to previous years and some record levels in main stock markets were seen in 2015 , although the latter came under some pressure towards the end of the half year.

Despite the difficult market environment, the treasury, trading and sales activities of Bremer Landesbank’s Financial Markets units proved to be stable on the whole.

Municipal Customers

An increasing focus of business activities in the network of companies is the refinancing of the public sector that experienced strong demand in the first half of 2015.

Apart from offering finance to regional authorities, sales activities for the current year also included supporting the Savings Bank Network in the area of public-sector finance.

Savings Banks

In the face of an economic environment that remains difficult in 2015 and continued strong competition, the Financial Markets business segment nonetheless succeeded in achieving a satisfactory result in business with the Savings Bank Network in the business region with comprehensive support in lending, money and capital market business.

In syndicate business with corporate customers of the Savings Bank Network, sales activities again focused on traditional financing as well as interest and currency management and international documentary business.

Bremer Landesbank also involved the Savings Bank Network in its successful special/project financing business through syndications.

Sales SBUs

In the money and capital market, which continues to be influenced by the current European environment, the sales units of the business segment have over the course of 2015 exhibited a sustained, intensive demand for consultancy and hedging for liquidity, interest rate and currency management for the customers they support.

This has been associated with correspondingly positive revenues in customer business.

Subsidiaries

The subsidiaries operating in the real estate sector managed to hold their own despite the persistently difficult conditions by concentrating on certain market segments.

BLB Leasing GmbH mainly generates new business through the customer consultants of Bremer Landesbank. This business strategy continued to be successful and once again resulted in the transaction of a considerable volume of new business – significantly above that of the reference period. As a financial services company, BLB Leasing GmbH’s activities are subject to control and it makes appropriate allowance for this.

2.3.5 Overall Assessment

The crisis in the shipping segment continued to have a key influence on the business performance of Bremer Landesbank in the first half of 2015. This can be seen in a high level of risk provisioning in this business segment, associated strain on equity ratios as well as the need to restructure commitments.

In this context, Bremer Landesbank considers it its duty to adopt a conservative approach and takes account of the developments in the shipping markets with its high level of risk provisioning.

However, the Bank was able to continue to cushion the effects of the situation described above well due to its good operating profit. Accordingly, the Bank considers the result achieved under these difficult conditions in the first half of 2015 to be satisfactory.

This is an endorsement of Bremer Landesbank’s overall focus as a regional bank – with international special finance business – in and for the North-West of Germany. In close cooperation with the savings banks and its association partners, Bremer Landesbank has firmly positioned and established itself as a leading bank in the region. The Bank is still the most significant partner for small and middle-market businesses in the North-West of Germany. Bremer Landesbank has positioned itself well to pursue business growth in this and the coming year under conditions that will remain difficult.

3. Supplementary Report

There were no events of special significance for the economic situation of the Bank in the period between the end of the first half-year and the preparation of the interim consolidated financial statements.

4. Forecast and Opportunities Report

4.1 Opportunities

In the Bank's opinion, the situation regarding opportunities has not changed significantly compared to the published annual financial report for 2014.

4.2 Forecast

Significant assumptions in the forecast

The assumptions underlying the forecast have not changed significantly as compared with the annual financial report.

The economic environment will remain moderately positive at global level in 2016. The IMF is expecting growth of 3.5 per cent following 3.3 per cent for 2015. The recovery of the eurozone will continue in 2016. The rate of growth is expected to accelerate slightly from 1.5 per cent to 1.8 per cent.

At 1.8 per cent, the growth in economic output for Germany will be similarly robust.

Germany's economy is benefiting increasingly from the structurally driven economic recovery of Europe's reforming countries as well as from increasing consumption due to a positive wage trend.

Earnings, financial and assets position

The forecasts for the financial year 2015 from the published annual financial report have been retained unchanged. The consolidated profit is still heavily dependent on the ongoing course of the crisis in shipping markets. According to the Bank's forecasts, it will not need to make use of any state aid.

Performance indicators

The forecasts for the financial year 2015 from the published annual financial report have been retained unchanged.

Forecast for the segments and subsidiaries

Income before risk in operating business segments

For the segments Corporate Customers, Special Finance, Private Customers and FM, the Bank is expecting earnings to be slightly down in 2015 due to the low level of interest rates.

Earnings before taxes in operating business segments

With administrative expenses in the operating business segments almost unchanged, earnings before taxes will be defined by the income before risk and the loan loss provisions. For the Corporate Customers and Private Customers segments, we are expecting earnings before taxes to be the same or up slightly in 2015. Depending greatly on the intensity of the shipping crisis, we expect earnings before taxes in the Special Finance segment to be at the same level in the second half of the year as in the first half. The development in Financial Markets results from the development of income outlined above.

Subsidiaries

The Bank's subsidiaries that do business in real estate expect income to remain stable on the whole.

According to its own estimates, BLB Leasing GmbH will meet the planned volume for new business and the corresponding earnings.

4.3 Overall Assessment

Despite a slight market recovery in the first half of 2015, the ongoing shipping crisis is again having a significant impact on the consolidated profit. However, the Bank was able to continue to cushion the effects well on account of its good operating profit. The Bank is expecting that operating income will remain largely stable in the remainder of 2015 and that the difficult circumstances in the shipping markets and unforeseen fluctuations in the USD exchange rate could have a negative effect on earnings.

5. Risk Report

5.1 Risk Management

The risk management system of the Bremer Landesbank Group, the relevant organisational structures and operational procedures, the processes and methods implemented to measure and monitor risk, as well as the risks relating to the Group's development were described in detail in the 2014 annual report. This interim report, therefore, only describes significant developments in the first half of 2015.

5.2 Extended Risk Report

5.2.1 Risk-bearing Capacity

The risk-bearing capacity model is based on a uniform group standard and is under continuous further development in accordance with regulatory provisions. The focus of the RBC concept remains the going concern scenario, where the aim is to maintain solvency if a risk materialises. The gone-concern scenario is included as a secondary requirement. In addition, there is also a consideration of the risk-bearing capacity from a regulatory point of view by means of an overall ratio and the core capital ratio.

The utilisation of risk capital in the going concern scenario as at 30 June 2015 is 50 per cent and therefore substantially below the level of the comparable reporting date of 31 December 2014. As at 30 June 2015 risk capital was € 507 million. The total limit agreed across the group is € 393 million for 2015.From the gone-concern perspective, the risk-bearing capacity with a utilisation of 78 per cent remains and is at the same level as the previous year.

Utilisation of risk capital in the going concern scenario

	Risk-bearing capacity			
(in € m) [1]	**30.6.2015**		**31.12.2014**	
Risk capital	**507**	**100 %**	**282**	**100 %**
Credit risks	215	42 %	246	87 %
Investment risks	11	2 %	12	4 %
Market risks	45	9 %	29	10 %
Liquidity risks	19	4 %	15	5 %
Operational risks	12	2 %	9	3 %
Other [2]	-48	-9 %	-92	-33 %
Total risk potential	**254**		**221**	
Utilisation rate		**50 %**		**78 %**

[1] Differences between totals are due to rounding.
[2] Based on average of the regulatory and economic LGD (loss given default).

The targets for risk-bearing capacity are met both in the going concern case (primary criterion of the risk strategy) and in the gone-concern case. In the regulatory scenario the overall ratio is above 10 per cent as expected. The Common Equity Tier 1 capital ratio rose from 8.02 per cent to 9.00 per cent as compared to December 2014. A further recovery of capital ratios is expected by the end of the year.

A look at the further course of 2015 indicates that pressure on the risk-bearing capacity and capital ratio will continue. The Bank will handle these expected negative impacts by taking extensive relief measures (see section 5.2.8 Overall assessment of the risk situation) so the risk-bearing capacity will also be met at the end of 2015 and in 2016 in line with the current forecast.

5.2.2 Credit Risk

The maximum credit risk exposure for balance sheet and off-balance sheet financial instruments is roughly € 35 billion as at the balance sheet date and is therefore slightly up on the previous year-end.

Risk-bearing financial instruments (in € m)	**Maximum credit risk exposure 30.6.2015**	**31.12.2014**
Loans and advances to banks	3.823	3.637
Loans and advances to customers	22.912	22.933
Adjustment item for financial instruments hedged in the fair value hedge portfolio		
Recognised under assets	48	60
Recognised under liabilities	-191	-307
Financial assets at fair value through profit or loss	664	780
Positive fair values from hedge accounting derivatives	619	664
Financial assets	4.251	4.255
Sub-total	**32.126**	**32.022**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	3.254	2.996
Total	**35.380**	**35.018**

Compared to the tables below concerning total exposure which are based on internal data presented to management, the maximum default risk in the above table is reported at book value. The maximum default risks based on utilisation of irrevocable credit commitments and other off-balance-sheet items are the total credit lines committed.

The differences between the total exposure according to the internal reporting and the maximum default risk are due to the different scope of application, the definition of total exposure for internal purposes and different accounting policies.

Credit exposure is calculated based on total exposure (in the case of guarantees, the nominal value, and in the case of securities, the carrying amount) and the credit equivalent resulting from derivatives (including add-ons and after netting). Irrevocable and revocable loan commitments are included proportionately in the total exposure, while collateral provided to Bremer Landesbank is not taken into account. Furthermore, investments are also included in the total exposure.

Analysis of the total exposure

The Bank's credit exposure came to approximately € 35 billion as at 30 June 2015 and therefore stabilised at the level of previous year-end.

Significant for the credit risk of the Bremer Landesbank Group are the developments in merchant shipping and in the bank portfolio.

The consequences of the crisis in merchant shipping continued to be noticed in the first half of 2015. Despite tonnage remaining steady, the charter rates recovered at a historically low level. For smaller container ships, slight increases in charter income and vessel prices were observed. The decline in the rating of this loan portfolio in the past also continued in the first half of 2015. In the view of the Bremer Landesbank Group, most shipping segments will continue to recover. However, in 2015 charter rates will remain at a low level.

In the industry group of financial institutions/insurance (volume: € 8.5 billion), the focus is on credit investment portfolio (credit derivatives, securities and loans). In the first half of 2015, the credit investment portfolio was reduced by roughly € 0.3 billion to around € 1.9 billion through maturities. The credit investment portfolio will fall below € 0.3 billion, due to extensive repayment maturities up to the end of 2015. In this sub-portfolio, no new business has been concluded since the outbreak of the banking crisis. The remaining bank portfolio has only limited risk potential.

Lending business by rating structure

Rating structure [1) 2)] (in € m)	Loans [3)]	Securities [4)]	Derivatives [5)]	Other [6)]	Total [7)] 30.6.2015	Total [7)] 31.12.2014
	30.6.2015					
Very good to good	12.210	4.123	764	6.039	**23.136**	**22.690**
Good/satisfactory	1.845	0	67	505	**2.417**	**2.448**
Still good/adequate	2.041	0	32	259	**2.332**	**2.536**
Increased risk	932	15	128	206	**1.281**	**1.324**
High risk	759	0	4	80	**844**	**826**
Very high risk	1.660	0	5	14	**1.680**	**2.043**
Default (= NPL)	3.271	0	3	23	**3.297**	**2.853**
Total	**22.720**	**4.138**	**1.003**	**7.126**	**34.987**	**34.720**

1) Classification is based on the IFD rating categories.
2) Differences between totals are due to rounding.
3) Includes loans taken up, loan commitments, guarantees and other non-derivative off-balance sheet assets; as in the management accounts, the irrevocable loan commitments and the revocable loan commitments are included on a pro rata basis.
4) Includes the Bank's own portfolio of securities issued by third parties (banking book only).
5) Includes derivative financial instruments such as financial swaps, options, futures, forward rate agreements and currency transactions.
6) Includes other products such as transmitted loans and administrative loans.
7) Previous year's values adjusted.

The high proportion in the default (NPL) category is due to ship finance.

Lending business by region

Regions [1)] (in € m)	Loans	Securities	Derivatives	Other	Total [2)] 30.6.2015	Total [2)] 31.12.2014
	30.6.2015					
Euro countries	21.639	4.038	715	7.126	**33.519**	**33.215**
of which Germany	19.954	3.768	515	6.885	**31.122**	**30.733**
Rest of Europe	262	85	226	0	**572**	**580**
North America	36	15	62	0	**114**	**146**
Latin America	43	-	-	0	**43**	**35**
Middle East/Africa	122	-	0	0	**122**	**128**
Asia	617	-	0	0	**617**	**615**
Other	-	-	-	-	-	-
Total	**22.720**	**4.138**	**1.003**	**7.126**	**34.987**	**34.720**

1) Differences between totals are due to rounding.
2) Country hierarchy altered as compared with previous year-end.

The Bank's credit exposure by region is very similar when compared with 31 December 2014. The euro countries and Germany in particular continue to be by far the most important business area for the Bank.

Lending business by industry group

Industry groups [1)] (in € m)	Loans	Securities	Derivatives	Other	Total	
		30.6.2015			30.6.2015	31.12.2014
Financial institutions/insurance companies	3.413	1.698	718	2.654	**8.483**	**8.526**
Service industries/other	7.244	2.431	68	608	**10.351**	**10.487**
of which real estate and housing	1.349	-	32	133	**1.513**	**1.598**
of which public administration	3.724	2.431	17	140	**6.311**	**6.339**
Transport, communications	7.227	9	35	162	**7.432**	**7.305**
of which shipping	6.830	0	28	65	**6.922**	**6.709**
Manufacturing	684	-	32	96	**812**	**812**
Energy, water and mining	2.392	-	59	3.241	**5.692**	**5.456**
Trade, maintenance and repairs	1.281	-	91	115	**1.487**	**1.475**
Agriculture, forestry and fishing	136	-	1	189	**326**	**307**
Construction	342	-	1	60	**403**	**352**
Other	-	-	-	-	**-**	**-**
Total	**22.720**	**4.138**	**1.003**	**7.126**	**34.987**	**34.720**

[1)] Differences between totals are due to rounding.

As compared to 31 December 2014, the breakdown of credit exposure by industry group shows an unchanged focus on business with financial institutions, shipping and public administration institutions. Financial institutions/insurers includes institutions with very good to good ratings. Bank exposure fell, as planned; noticeable growth in the area of renewable energies has been achieved. Lending volumes in the shipping segment measured in euros have increased since the beginning of the year. This rise largely results from the rise in the US dollar over the euro as a substantial part of the shipping portfolio is financed in US dollars. Corrected for these exchange rate effects, there is a reduction of the lending volume in this sector.

5.2.3 Investment Risk

In the first half of 2015 no investment was of material importance for the risk situation of the Bremer Landesbank Group.

5.2.4 Market Risk

The value at risk (VaR) ratios are calculated daily using the historical simulation method. As part of the VaR process (confidence level of 95 per cent and holding period of one day), correlations between the sub-portfolios and between the various risk categories are taken into consideration.

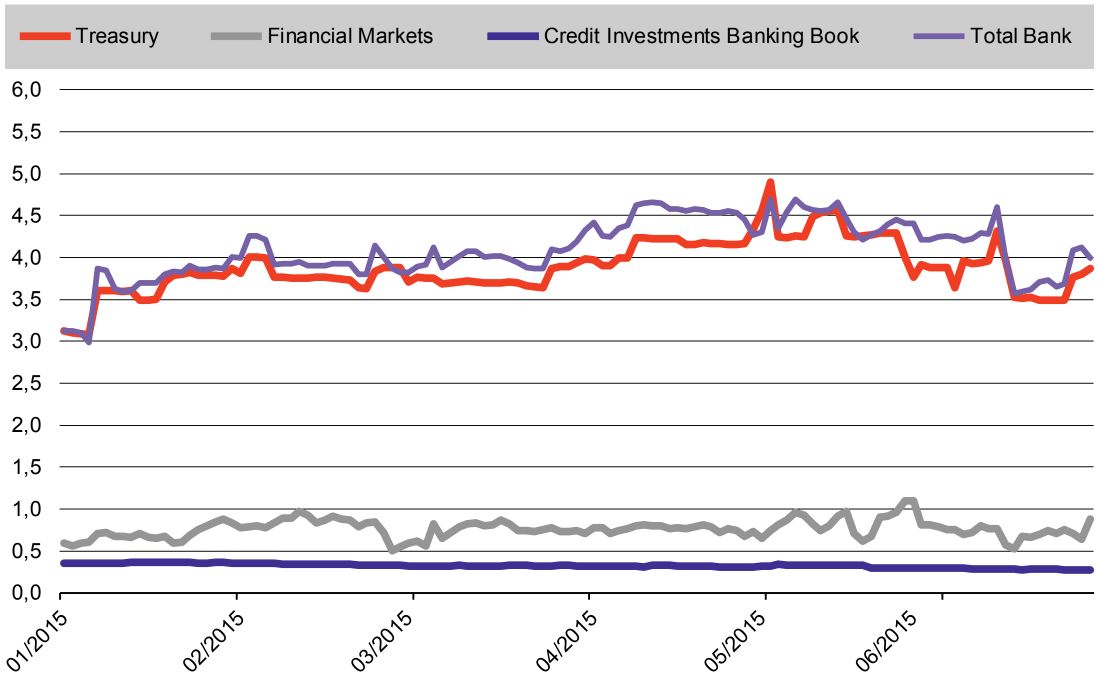
An overview of market-price risks (without credit spread risks in the banking book)[1]

(in € k)	Maximum		Average		Minimum		End value	
	1.1.-30.6. 2015	1.1.-30.6. 2014	1.1.-30.6. 2015	1.1.-30.6. 2014	1.1.-30.6. 2015	1.1.-30.6. 2014	2015	2014
Interest-rate risk (VaR)	4.798	2.186	4.160	1.831	3.041	1.519	**4.426**	**2.462**
Currency risk (VaR)	93	100	32	27	5	2	**15**	**16**
Share-price and fund-price risk (VaR)	517	201	184	149	16	22	**147**	**376**
Volatility risk (VaR)	85	19	61	13	36	7	**58**	**37**
Total risk (VaR)	**4.696**	**2.213**	**4.094**	**1.787**	**2.986**	**1.459**	**3.993**	**2.421**

1) As compared to the report dated 30 June 2014, the correlation effect is not presented separately.

Compared to the previous year-end, the Bank's VaR has increased significantly due to securities purchases and a strategic positioning regarding interest rates. The increases are evident in the interest-rate risk and the total risk. As at 30 June 2015 the Bank's VaR was € 3.99 million, compared to € 2.42 million as at 31 December 2014. The average utilisation of the market risk limit for the Bank was 70.7 per cent in the first half of 2015, while the average utilisation in the first half of 2014 was 38 per cent. The introduction of the simplified methodology for determining the market risk limit on 1 July 2014 has increased both the market-risk limits and the VaR values. For this reason the comparison with the previous year is only of limited information value.

Development of the Value at Risk for market-price risks of individual portfolios



The market risk of Bremer Landesbank is dominated by the Treasury portfolio. Both the credit investment portfolio and the financial markets portfolio play a minor role in terms of market risks.

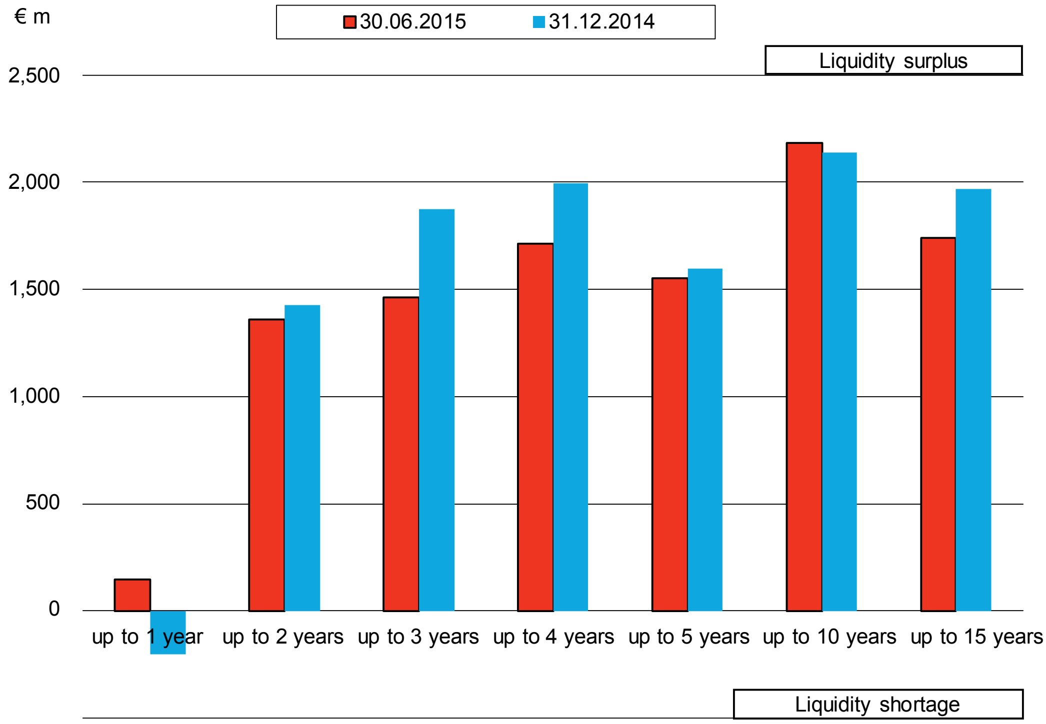
In the first half of 2015, the average interest-rate risk in relation to liable equity was 11.6 per cent. The Bank is therefore far away from being classified as a "bank with heightened interest-rate risk" (above a rate of 20 per cent).

5.2.5 Liquidity Risk

During the first half of 2015 the Bank's liquidity situation was satisfactory at all times. The dynamic liquidity stress test, a classic liquidity risk management instrument, showed that even under severe stress parameters the amount of liquidity was sufficient. Due to the scheduled reduction of terms on larger issues due to mature at the end of 2015, a foreseeable reduction of the days of positive liquidity fell under the threshold of 180 days (yellow status – early-warning threshold) was noted at the end of the half-year in the dynamic liquidity stress test. The refinancing measures planned for the rest of the year will raise the number of days of positive liquidity to a value greater than 180 days over the course of the coming months in a cost-effective manner.

In contrast to the dynamic stress scenario, the liquidity maturity balance sheet, which comprises anticipated inflows and outflows from the Bank's existing business as at 30 June 2015, shows that the long-term liquidity situation overall has not changed substantially.

Liquidity maturity balance sheet



The outcome of the liquidity management was a slight reduction in accumulated excess liquidity as compared to previous year-end. Additionally, in the short-term range (up to 1 year), a liquidity shortage that existed at previous year-end was reduced.

The requirements regarding the liquidity buffer to be held in accordance with MaRisk have been complied with; the utilisation of the liquidity buffer for a week was 19 per cent on the reporting date (previous year-end: 35 per cent). The utilisation of the liquidity buffer for one month was also 19 per cent on the reporting date (previous year-end: 42 per cent).

The present value limit used to limit the refinancing risk was complied with at all times in the first half of 2015. During the reporting period, the liquidity ratio in accordance with the German Liquidity Regulation exceeded the minimum of 1.00 required by regulatory law at all times; on 30 June 2015 it was 2.30 and on 31 December 2014 it was 1.74.

5.2.6 Operational Risk

The loss events that occurred in the first half of 2015 were immaterial from an overall Bank point of view. The gross amount of all the reported loss events (including cases that affect the credit risk) totalled € 1.9 million. To minimise losses, a net amount of € 1.6 million was produced. As at 31 December 2014, the gross amount of all reported loss events (including events that had an effect on credit risk) was € 3.9 million.

Based on the results of the risk inventory for operational risks and entries in the loss event database, the Bank considers it highly unlikely that operational risks could cause losses that would jeopardise the Bank's ability to exist as a going concern.

5.2.7 Other Risks

Other risks not included in credit, investment, market-price, liquidity and operational risk are of secondary importance for the Bank.

5.2.8 Overall Assessment of the Risk Situation

The development of Bremer Landesbank currently remains dependent on the continued uncertain development in the shipping markets and the development of the US dollar exchange rate. Given that a significant part of the merchant shipping portfolio is financed in US dollars and in conjunction with an increased probability of default in the portfolio, as well as the defaults that have already occurred, this has resulted in a strong dependency of the development of the capital ratios and the risk-bearing capacity on US dollar exchange rate trends.

Against this background Bremer Landesbank attaches great importance to the constant monitoring and active management of the risk-bearing capacity, especially given the fact that the pressure on the capital ratios due to the ongoing difficulties in the shipping markets as well as a potentially unfavourable trend in the US dollar rate is set to remain high in 2015 and beyond.

The expected increases in the minimum requirements according to CRR (Capital Requirements Regulation) mean that it will be necessary to continue to intensify the measures introduced within the scope of the RWA and shortfall management. Among other things, an investor was found for a restructuring of ship finance in default. In addition, the ship portfolio should be subject to less stress and adjusted in the primarily non-strategic customer area. The guaranteeing loans and advances is one of a number of other measures used. The issue of an AT1 bond, a long-term subordinated bearer debt security, should strengthen Tier 1 capital. To further reduce risk, a synthetic securitisation transaction is currently being worked on that is to be implemented by the end of 2015.

The Bremer Landesbank Group considers the measures initiated as adequate protection against unforeseeable developments. The developments in the credit and capital markets will continue to be monitored and analysed closely.

Apart from the risks set out above, the Bremer Landesbank Group does not see any further aspects not already accounted for by corresponding precautionary measures.

6. Disclaimer – Forward-looking Statements

This report contains forward-looking statements concerning the development of business and earnings at Bremer Landesbank which are based on current plans, estimations, forecasts and expectations. The forward-looking statements contain risks and uncertainties. These statements entail risks and uncertainties since there are numerous factors which influence Bremer Landesbank's business, many of which are beyond its control. These notably include economic developments, the state of financial markets worldwide and potential loan losses. Actual results and developments may therefore differ considerably from the assumptions made in the report. They are therefore only valid at the time of publication. Bremer Landesbank assumes no obligation to update forward-looking statements in the light of more recent information or unexpected events.

Consolidated Income Statement

Income Statement

	Notes	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Interest income		646	735	-12
Interest expenses		439	514	-15
Net interest income	**5**	**207**	**221**	**-6**
Loan loss provisions	6	-108	-103	5
Net interest income after risk provisioning		**99**	**118**	**-16**
Commission income		24	23	4
Commission expenses		4	4	0
Net commission income	**7**	**20**	**19**	**5**
Trading profit/loss		29	-2	>100
Profit/loss from designated financial instruments		0	-1	-100
Profit/loss from financial instruments at fair value through profit or loss	**8**	**29**	**-3**	**>100**
Profit/loss from hedge accounting	9	16	7	>100
Profit/loss from financial assets	10	3	3	0
Profit/loss from investments accounted for using the equity method	11	4	8	-50
Administrative expenses	12	95	92	3
Other operating profit/loss	13	-1	-	<-100
Earnings before taxes (EBT)		**75**	**60**	**25**
Income taxes	14	19	13	46
Consolidated profit		**56**	**47**	**19**
thereof: attributable to shareholders of the parent company		56	47	19
of which: attributable to non-controlling interests		-	-	-

Statement of Comprehensive Income

Bremer Landesbank's total comprehensive income comprises income and expenses reported in other income as well as income and expenses reported in the income statement.

	Notes	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Consolidated profit		**56**	**47**	**19**
Other comprehensive income that is not reclassified to the income statement in subsequent periods				
Actuarial gains and losses in defined benefit obligations		31	-59	>100
Changes in value of shares in companies accounted for using the equity method		0	0	0
Deferred taxes	14	-10	19	<-100
Total		**21**	**-40**	**>100**
Other comprehensive income that is reclassified to the income statement in subsequent periods				
Change from Available for Sale (AfS) financial instruments				
Unrealised gains/losses		15	11	36
Reclassifications due to realised gains/losses		-2	-2	0
Deferred taxes	14	-	-2	-100
Total		**13**	**7**	**86**
Other comprehensive income		**34**	**-33**	**>100**
Total comprehensive income		**90**	**14**	**>100**
of which: attributable to shareholders of the parent company		90	14	>100
of which: attributable to non-controlling interests		-	-	-

Consolidated Balance Sheet

ASSETS

	Notes	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Cash reserve		82	211	-61
Loans and advances to banks	15	3.823	3.637	5
Loans and advances to customers	16	22.912	22.933	0
Risk provisioning	17	-935	-857	9
Adjustment items for financial instruments hedged in the fair value hedge portfolio		48	60	-20
Financial assets at fair value through profit or loss	18	664	780	-15
Positive fair values from hedge accounting derivatives		620	664	-7
Financial assets	19	4.251	4.255	0
Shares in companies accounted for using the equity method	20	73	93	-22
Property and equipment	21	79	75	5
Investment property	22	75	76	-1
Intangible assets	23	11	10	10
Designated assets held for sale	24	22	-	>100
Current income tax assets	25	3	1	>100
Deferred income taxes	25	130	152	-14
Other assets	26	69	49	41
Total assets		**31.927**	**32.139**	**-1**

LIABILITIES

	Notes	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Liabilities to banks	27	11.442	11.186	2
Liabilities to customers	28	9.637	9.027	7
Securitised liabilities	29	6.313	7.355	-14
Adjustment items for financial instruments hedged in the fair value hedge portfolio		191	307	-38
Financial liabilities at fair value through profit or loss	30	929	1.006	-8
Negative fair values from hedge accounting derivatives		207	224	-8
Provisions	31	517	536	-4
Current income tax liabilities	32	13	13	0
Deferred income taxes	32	2	2	0
Other liabilities	33	88	37	>100
Subordinated capital	34	757	755	0
Equity		1.831	1.691	8
Subscribed capital		265	265	0
Capital reserves		478	478	0
Retained earnings		979	902	9
Revaluation reserve		59	46	28
Equity attributable to BLB shareholders		1.781	1.691	5
Instruments of the additional regulatory Tier 1 capital	35	50	-	>100
Total liabilities		**31.927**	**32.139**	**-1**

Statement of Changes in Equity

(in € m)	Notes	Sub-scribed capital	Capital reserve	Retained earnings	Re-valua-tion reserve	Equity attributable to BLB share-holders	Instru-ments of add. reg. Tier 1 capital	Non-con-trolling interests	Consol idated equity
Eigenkapital 1.1.2014		**265**	**478**	**953**	**52**	**1.748**	**-**	**-**	**1.748**
Change in the fair value of AfS financial instruments		-	-	-	9	**9**	-	-	**9**
Profit/loss from companies accounted for using the equity method	11	-	-	-	-	**-**	-	-	**-**
Change in actuarial profits/losses		-	-	-59	-	**-59**	-	-	**-59**
Deferred taxes on changes in value recognised directly in equity	14	-	-	19	-2	**17**	-	-	**17**
Other comprehensive income		**-**	**-**	**-40**	**7**	**-33**	**-**	**-**	**-33**
Consolidated profit		-	-	47	-	**47**	-	-	**47**
Total comprehensive income		**-**	**-**	**7**	**7**	**14**	**-**	**-**	**14**
Distributions		-	-	-	-	**-**	-	-	-
Capital increase		-	-	-	-	**-**	-	-	**-**
Eigenkapital 30.6.2014		**265**	**478**	**960**	**59**	**1.762**	**-**	**-**	**1.762**
Eigenkapital 1.1.2015		**265**	**478**	**902**	**46**	**1.691**	**-**	**-**	**1.691**
Change in the fair value of AfS financial instruments		-	-	-	13	13	-	-	**13**
Profit/loss from companies accounted for using the equity method	11	-	-	-	-	-	-	-	**-**
Change in actuarial profits/losses		-	-	31	-	31	-	-	**31**
Deferred taxes on changes in value recognised directly in equity	14	-	-	-10	0	-10	-	-	**-10**
Other comprehensive income		**-**	**-**	**21**	**13**	**34**	**-**	**-**	**34**
Consolidated profit		-	-	56	-	56	-	-	**56**
Total comprehensive income		**-**	**-**	**77**	**13**	**90**	**-**	**-**	**90**
Issue of instruments of additional regulatory equity	35	-	-	0	-	0	50	-	50
Distributions		-	-	0	-	-	50	-	-
Other changes		-	-	0	-	0	-	-	**-**
Eigenkapital 30.6.2015		**265**	**478**	**979**	**59**	**1.781**	**50**	**-**	**1.831**

Condensed Cash Flow Statement

(in € m)	1.1.-30.6.2015	1.1.-30.6.2014
Funds at the end of the previous period	**211**	**65**
Cash flow from operating activities	-149	-425
Cash flow from investment activities	-24	382
Cash flow from financing activities	44	-6
Total cash flow	**-129**	**-49**
Funds at the end of the period	**82**	**16**

The cash flow from investment activities primarily includes outgoing payments of € 241 million for the acquisition of financial assets as well as incoming payments of € 225 million from the disposal of financial assets.

Cash flow from financing activities include incoming payments of € 50 million from the issue of instruments of additional regulatory Tier 1 capital.

Condensed Consolidated Notes

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, Oldenburg (Bremer Landesbank) (Domshof 26, 28195 Bremen) has its registered office in Bremen (local court of Bremen; HRA no. 22159), Germany, and has branches in Bremen and Oldenburg. NORD/LB Norddeutsche Landesbank – Girozentrale holds 54.8343 per cent of the share capital, the state of Bremen holds 41.2000 per cent and the Savings Banks Association of Lower Saxony holds 3.9657 per cent. NORD/LB is the direct and ultimate parent company of Bremer Landesbank.

Accounting Policies

(1) Principles for the preparation of the Interim Financial Report

The consolidated financial statements of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – as at 30 June 2015 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the EU. Specifically, IAS 34 is applied for requirements relating to interim financial statements. The national regulations in § 315a of the German Commercial Code (HGB) were also observed where they applied as of the interim reporting date. The interim report constitutes a half-year report in accordance with § 37w of the German Securities Trading Act (WpHG). The interim financial report should be read in conjunction with information contained in the published and attested consolidated financial statements of Bremer Landesbank as at 31 December 2014.

The interim consolidated financial statements as at 30 June 2015 comprise the consolidated income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes in the condensed consolidated notes. The segment report is contained in the Notes.

The reporting currency for the interim financial statements is the euro. Amounts are all stated rounded in millions of euros (€ m), unless otherwise indicated. The previous year's figures are shown in brackets. These consolidated financial statements were signed and approved for publication by the Management Board on 20 August 2015.

(2) Applied IFRSs

The accounting policies used for the interim financial statements are based, unless stated otherwise, on those applied to the consolidated financial statements as at 31 December 2014.

The following standards, effective from 1 January 2015, were applied by the Bremer Landesbank Group for the first time in the period under review:

IFRIC 21 - Levies

In May 2013 the IASB issued IFRIC 21 as an interpretation of IAS 37 concerning levies. A liability for levies needs to be recognised when the obligating event that triggers the payment of the levy occurs. The occurrence of the event is to be defined by the wording of the respective legislation. According to the amendment to the Restructuring Fund Regulation (*Restrukturierungsfonds-verordnung*) that took effect on 1 January 2015, the annual contribution for the EU's Single Resolution Fund has to be paid at the start of each and every year. From 2015 the provision for the expected annual contribution will therefore be recognised in full at the start of the year, while formerly the provisions for the German bank levy were allocated on a pro rata basis. See Note (13) Other operating profit/loss for the details.

Improvements to IFRS (2011 - 2013 Cycle) within the scope of the IASB's annual improvements process

As part of Annual Improvement process, amendments to the four standards IFRS 1, IFRS 3, IFRS 13 und IAS 40 have been made. With the change in the wording, the individual IFRSs should be clarified. The annual improvements to IFRS do not have a significant impact on BLB's consolidated interim financial statements.

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

(3) Basis of consolidation

In addition to Bremer Landesbank as the parent company, the following subsidiaries in which Bremer Landesbank directly or indirectly holds more than 50 per cent of the voting rights or may otherwise exercise control are consolidated:

- BLB Immobilien GmbH, Bremen
- BLB Leasing GmbH, Oldenburg
- Bremische Grundstücks-GmbH, Bremen
- Nordwest Vermögen Bremische Grundstücks-GmbH & Co. KG, Bremen
- Nordwest Vermögen Vermietungs-GmbH & Co. KG, Bremen
- BLBI Investment GmbH Co. KG, Bremen

As at 30 June 2015 the formerly fully consolidated BLB Grundbesitz KG, Bremen, has become part of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – .

The following affiliated companies are accounted for using the equity method:

- BREBAU GmbH, Bremen
- AMMERLÄNDER Wohnungsbau-Gesellschaft mbH, Westerstede
- GSG Oldenburg Bau- und Wohngesellschaft mbH, Oldenburg
- Lazard-Sparkassen Rendite-Plus-Fonds

The affiliated company Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede, was accounted for using the equity method with a different balance sheet date (31 December 2013) as the company does not prepare its financial statements until after the Bremer Landesbank Group.

The subsidiaries, affiliated companies and investments are shown in the list of shareholdings (Note (44))

Segment Report

(4) Segment reporting by business segment (primary reporting format)

(in € m) [1]	Corporate customers	Special finance	Private customers	Financial markets	Group controlling/ others	Recon- ciliation	Group total
30.6.2015							
Net interest income	30	124	13	38	-5	7	**207**
Loan loss provisions	-3	121	-2	0	18	-26	**108**
Net interest income after risk provisioning	**33**	**3**	**15**	**38**	**-23**	**33**	**99**
Net commission income	6	9	5	1	-1	0	**20**
Profit/loss from financial instruments at fair value through profit or loss	1	2	0	7	18	1	**29**
Profit/loss from hedge accounting	0	0	0	0	0	16	**16**
Profit/loss from financial assets	0	0	0	3	0	0	**3**
Profit/loss from companies accounted for using the equity method	0	0	0	0	0	4	**4**
Total income	**40**	**14**	**20**	**49**	**-6**	**54**	**171**
Administrative expenses	14	16	12	6	40	7	**95**
Other operating profit/loss	0	0	0	0	-1	0	**-1**
Earnings before taxes	**26**	**-2**	**8**	**43**	**-47**	**47**	**75**
Segment assets	3.913	14.999	1.205	9.209	2.191	410	**31.927**
Segment liabilities	2.327	6.787	1.381	12.397	7.253	-49	**30.096**
Committed capital/sustainable capital	234	2.227	77	86	69	-970	**1.722**
CIR [2]	38,1 %	12,3 %	63,6 %	13,3 %	-	-	**34,1 %**
RoRaC [3] / ROE [4]	20,6 %	-0,2 %	19,6 %	71,3 %	-	-	**8,7 %**

[1] Differences between totals are due to rounding.
[2] Administrative expenses / [Total income (before risk provisioning) + other comprehensive income].
[3] Return on risk-adjusted capital.
[4] Earnings before taxes / long-term capital.

(in € m) [1]	Corporate customers	Special finance	Private customers	Financial markets	Group controlling/ others	Recon- ciliation	Group total
30.6.2014							
Net interest income	31	104	14	29	0	44	**221**
Loan loss provisions	-9	77	0	0	24	10	**103**
Net interest income after risk provisioning	**39**	**27**	**14**	**29**	**-23**	**33**	**118**
Net commission income	6	9	4	3	-1	-3	**19**
Profit/loss from financial instruments at fair value through profit or loss	1	1	0	11	-15	0	**-3**
Profit/loss from hedge accounting	0	0	0	0	0	7	**7**
Profit/loss from financial assets	0	0	0	0	3	0	**3**
Profit/loss from companies accounted for using the equity method	0	0	0	0	8	0	**8**
Total income	**46**	**36**	**18**	**43**	**-28**	**37**	**152**
Administrative expenses	15	16	14	9	38	1	**92**
Other operating profit/loss	0	1	0	0	1	-1	**0**
Earnings before taxes	**31**	**20**	**4**	**35**	**-66**	**37**	**60**
Segment assets	4.274	14.381	1.359	8.023	2.116	1.402	**31.555**
Segment liabilities	2.120	5.946	1.282	12.544	8.135	-234	**29.793**
Committed capital/sustainable capital	194	1.582	75	172	69	-389	**1.703**
CIR [2]	40,2 %	14,3 %	75,2 %	20,4 %	0,0%	0,0%	**36,1 %**
RoRaC [3] / ROE [4]	27,5 %	2,5 %	9,8 %	31,1 %	-	-	**7,1 %**

[1] Differences between totals are due to rounding.
[2] Administrative expenses / [Total income (before risk provisioning) + other comprehensive income].
[3] Return on risk-adjusted capital.
[4] Earnings before taxes / long-term capital.

Reconciliation of the segment results to the consolidated financial statements

Segment reporting by business segment

The Group has five segments that make up its strategic structures and are subject to reporting requirements, as described below. The segments represent customer and product groups that reflect the organisational structures and therefore the Group’s internal management. The definitive criterion for the segmenting is the specific focus of the business or income, a largely uniform structure for the customers collected there in terms of finance and investment needs, product usage and customer support. On account of the business activity that solely takes place in the Federal Republic of Germany and the reduction in the sales channels to the branches in Bremen and Oldenburg, there was no segmentation by region or sales channel.

Corporate Customers

The Corporate Customers segment handles the uniform customer group of companies in the North-West business region, which receive customer-specific product offers ranging from individual corporate finance, transaction management, the hedging of risk to company pension plans.

Special Finance

The segmenting criterion for Special Finance is the customer sector and therefore particularly the object of finance as the core business in customer relations. Specific to the sector, the products are orientated towards the projects that customers are focusing on and their financing.

Private Customers

The “Private Customers” segment includes the uniform customer group of private customers, including freelancers. The product range is based on the finance concept of comprehensive consulting and includes all the usual bank services and products for account, credit, investment and transaction business.

Financial Markets

The primary function of the Financial Markets segment is to provide access to the national and international financial markets for private and institutional customer groups as well as for Bremer Landesbank’s own business. Along with standard products, alternative individual financial products not connected with standardised financial market transactions are also offered.

Group Controlling / Others

Group Controlling / Others includes all the other results that are directly connected with the operating activities. They include the results of all staff departments (including net interest income from sales of investments and administrative expenses of segments not directly allocated to sales), strategic measures (primarily net interest income from investments and the cost of liquidity maintenance), investment and financing results which are not directly allocated to the segments, the consolidation of subsidiaries in the sub-group and risk provisioning other than specific valuation allowances. Information about additions to long-term assets other than financial instruments includes: the additions of operating and office equipment (property and equipment) that are mainly attributable to IT equipment primarily acquired for regulatory purposes. Intangible assets relate to system and application software Disclosure is made under Group Controlling / Others.

Reconciliation

The items reconciling the management accounts to the overall group figures in the income statement, including the consolidation of subsidiaries, are shown in the Reconciliation column.

Net interest income

The net interest income of the individual segments is determined using the market-interest-rate method. This includes, amongst others, interest income from the lending and deposit business as well as from the investment and financing business. The interest income and expenses are reported as a net amount under net interest income. This grouping takes place since most of the sales revenue in the segment is generated through interest. Segment management is primarily based on the net interest income in order to assess profitability and make decisions on the allocation of resources. All directly attributable investment and financing income is allocated to the segments. Other components of investment and financing income are presented under “Group Controlling / Others” instead of under “Reconciliation”. The Group’s net interest income is calculated as actual interest income less interest expenses.

Loan loss provisions

In this item, specific valuation allowances are allocated to the business segments; other risk provisioning is allocated to “Group Controlling / Others” for internal reporting purposes.

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

The reconciliation result from this item arises from various effects which cannot be allocated to the segments, especially payments and the net valuation effect from derivatives.

Profit/loss from hedge accounting

The profit/loss from hedge accounting is not allocated to a business segment and is shown in the Reconciliation column.

Profit/loss from investments accounted for using the equity method

This item is allocated to the “Group Controlling / Others” segment rather than directly to the four sales-based segments.

Administrative expenses

Directly attributable administrative expenses and the results from internal service allocations are allocated to the business segments. In internal reporting, the internal types of costs are compared in detail with the consolidated income statement. Reconciliations are minimised.

Other operating profit/loss

This item is not allocated to the business segments.

Segment assets/segment liabilities:

The difference between the sum of segment assets/ liabilities and the consolidated assets/liabilities is mainly due to the fact that averages are used for the business segments whereas the group figures are based on figures at the balance sheet date. Refinancing funds are not presented for the business segments; they are included in segment liabilities in the Reconciliation column.

Long-term capital

The long-term capital consists of share capital, capital reserves, retained earnings and the adjustment item for shares from other shareholders.

Segment profitability ratios

In line with the management accounts and group reporting, RoRaC is also stated in the external reporting.

Bank RoE

This ratio is calculated identically throughout the Group for comparison purposes.

Notes to the Consolidated Income Statement

(5) Net interest income

In addition to interest income and interest expenses, the interest income and -expenses items include pro rata amortisation of premiums and discounts resulting from financial instruments.

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Interest income			
Interest income from lending and money market transactions	398	431	-8
Interest income from fixed-interest securities and debt register claims	20	31	-35
Interest income from financial instruments at fair value through profit or loss			0
Trading portfolio and hedge accounting derivatives	182	241	-24
Interest income from the use of the fair value option	0	1	-100
Current income			0
from shares and other non-fixed-interest securities	0	0	0
from investments	2	2	0
Interest income from other amortisations			0
from the adjustment item for the fair value hedge portfolio	25	19	32
from hedge accounting derivatives	19	10	90
Expected income from plan assets	0	-	0
Total interest income	**646**	**735**	**-12**
Interest expenses			
Interest expenses from lending and money market transactions	188	222	-15
Interest expenses from securitised liabilities	46	64	-28
Interest expenses from financial instruments at fair value through profit or loss			
Interest expenses from the trading portfolio and hedge accounting derivatives	140	182	-23
Interest expenses from the use of the fair value option	0	0	0
Interest expenses from subordinated capital	10	11	-9
Interest expenses from other amortisations			
Interest expenses from the adjustment item for the fair value hedge portfolio	7	4	75
Interest expenses from hedge accounting derivatives	42	24	75
Interest expenses for provisions and liabilities	6	7	-14
Other interest expenses and interest-like expenses	0	0	0
Total interest expenses	**439**	**514**	**-15**
Total	**207**	**221**	**-6**

Interest income from lending and money market transactions includes interest income from the unwinding of the discount related to impaired assets in the amount of € 16.0 million (reference period of the previous year: € 10 million).

Total interest income for financial instruments which are not measured at fair value through profit or loss amounted to € 445 million (reference period of the previous year: € 482 million). The total interest expenses for financial instruments which are not measured at fair value through profit or loss amounted to € 257 million (reference period of the previous year: € 308 million).

(6) Loan loss provisions

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowances for loans and advances	108	182	-41
Reversal of general loan loss provisions	23	-	>100
Reversal of loan loss provisions	1	2	-50
Additions to receivables written off	8	1	>100
Income from loan loss provisions	**140**	**185**	**-24**
Expenses for loan loss provisions			
Allocation to specific valuation allowances for loans and advances	236	258	-9
Allocation to general loan loss provisions	9	27	-67
Allocation to loan loss provisions	-	1	-100
Direct write-offs of loans and advances	3	2	50
Expenses for loan loss provisions	**248**	**288**	**-14**
Total	**-108**	**-103**	**5**

(7) Net commission income

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Commission income			
Commission income from banking transactions			
Lending and guarantee business	5	4	25
Security and custodian business	6	5	20
Account management and payment transactions	5	5	0
Trust business	0	0	0
Brokerage business	1	1	0
Other standard bank commission income	7	8	-12
Commission income from non-banking transactions			
Real estate business	0	0	0
Total commission income	**24**	**23**	**4**
Commission expenses			
Commission expenses from banking transactions			
Security and custodian business	2	2	0
Trust business	-	0	0
Brokerage business	0	0	0
Lending and guarantee business	2	2	0
Other standard bank commission expenses	0	0	0
Total commission expenses	**4**	**4**	**0**
Total	**20**	**19**	**5**

All commission income/expenses represent income/expenses from financial instruments not measured at fair value.

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

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Trading profit/loss			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	1	1	0
Profit/loss from derivatives	1	-3	>100
Total realised profit/loss	**2**	**-2**	**>100**
Valuation result			
Profit/loss from debt securities and other fixed-interest securities	-3	1	<-100
Profit/loss from derivatives	29	-4	>100
Total valuation result	**26**	**-3**	**>100**
Foreign exchange result	1	1	0
Other comprehensive income	-	2	-100
Total trading profit/loss	**29**	**-2**	**>100**
Profit/loss from the use of the fair value option			
Valuation result			
Debt securities and other fixed-interest securities	-	-1	-100
Total profit/loss from designated financial instruments (fair value option)	**-**	**-1**	**-100**
Total	**29**	**-3**	**>100**

(9) Profit/loss from hedge accounting

Profit/loss from hedge accounting includes the changes in value due to interest-rate fluctuations of underlying and hedging transactions in effective fair value hedges.

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Profit/loss as part of micro fair value hedges			
from hedged underlying transactions	19	-11	>100
from derivative hedging instruments	-21	10	<-100
Total micro fair value hedges	**-2**	**-1**	**100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	64	-68	>100
from derivative hedging instruments	-46	76	<-100
Total portfolio fair value hedge	**18**	**8**	**>100**
Total	**16**	**7**	**>100**

(10) Profit/loss from financial assets

Profit/loss from financial assets reports profits/losses on disposal and the net valuation effects from securities and company shares in the financial asset portfolio.

The profit/loss from available-for-sale financial assets comprises the following:

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	-	3	-100
Shares and other non fixed-interest securities	3	0	>100
Total	**3**	**3**	**0**

(11) Profit/loss from investments accounted for using the equity method

As at 30 June 2015 the income from affiliated companies accounted for using the equity method totalled € 8 million (reference period of the previous year: € 8 million).

(12) Administrative expenses

The Group’s administrative expenses comprise staff expenses, other administrative expenses and scheduled depreciation of property and equipment, investment property and intangible assets.

The expenses break down as follows:

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Staff expenses	51	50	2
Other administrative expenses	39	38	3
Depreciation	5	4	25
Total	**95**	**92**	**3**

(13) Other operating profit/loss

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Other operating income			
from rental and lease income	4	4	0
from cost reimbursements	1	2	-50
from the reversal of other provisions	0	2	-100
Other income	2	-	>100
Total other operating income	**7**	**8**	**-12**
Other operating expenses			
Bank levy	7	1	>100
from rental and lease expenses	1	1	0
from the repurchase of issued debt securities	0	5	-100
Other expenses	0	1	-100
Total other operating expenses	**8**	**8**	**0**
Total	**-1**	**0**	**<-100**

In the first quarter of 2015, the provision for the bank levy was adjusted to account of the new Restructuring Fund Regulation (*Restrukturierungsfondsverordnung*). As well as a completely new system for calculating contributions, this also means that the provision for the full annual amount of the banking levy for 2015 (€ 7 million) is recognised at the start of the year (30 June 2014: € 1 million).

(14) Income taxes

The Group's income taxes break down as follows:

	1.1.-30.6.2015 (in € m)	1.1.-30.6.2014 (in € m)	Change (in %)
Current income taxes	6	13	-54
Deferred taxes	13	0	>100
Total income tax expense	**19**	**13**	**46**

Income tax expense is calculated on the basis of the income tax rate expected for the year as a whole. The underlying tax rate is based on the legal provisions in force or adopted as at the reporting date.

Notes to the Consolidated Balance Sheet

(15) Loans and advances to banks

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	97	108	-10
Foreign banks	-	-	0
Total loans and advances from money market transactions	**97**	**108**	**-10**
Other loans and advances			
German banks			
Due on demand	463	326	42
Fixed-term	3.144	3.069	2
Foreign banks			
Due on demand	119	133	-11
Fixed-term	0	1	-100
Total other loans and advances	**3.726**	**3.529**	**6**
Total	**3.823**	**3.637**	**5**

(16) Loans and advances to customers

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German customers	591	596	-1
Foreign customers	18	11	64
Total loans and advances from money market transactions	**609**	**607**	**0**
Other loans and advances			
German customers			
Due on demand	1.302	1.154	13
Fixed-term	18.287	18.544	-1
Foreign customers			
Due on demand	304	219	39
Fixed-term	2.410	2.409	0
Total other loans and advances	**22.303**	**22.326**	**0**
Total	**22.912**	**22.933**	**0**

(17) Risk provisioning

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Risk provisioning for loans and advances to banks			
German banks	-	-	0
General loan loss provisions	0	1	-100
Total risk provisioning for loans and advances to banks	**0**	**1**	**-100**
Risk provisioning for loans and advances to customers			
German customers	586	656	-11
Foreign customers	162	0	>100
General loan loss provisions	187	200	-6
Total risk provisioning for loans and advances to customers	**935**	**856**	**9**
Total	**935**	**857**	**9**

The risk provisioning for loans and advances mainly relates to domestic customers.

Risk provisioning recognised under assets and loan loss provisions developed as follows:

	Specific valuation allowances		General valuation allowances (on balance)		Total		Loan loss provisions [1]	
(in € m)	2015	2014	2015	2014	2015	2014	2015	2014
As at 1.1.	**656**	**522**	**201**	**142**	**857**	**664**	**11**	**24**
Changes through profit and loss								
Allocations	213	387	9	65	**222**	**452**	-	1
Reversals	-108	-195	-	-	**-108**	**-195**	-	-3
Unwinding	-16	-24	-	-	**-16**	**-24**	-	-
Changes recognised directly in equity								
Utilisations	-36	-77	-	-	**-36**	**77**	-	3
Reclassifications	23	23	-23	-6	**0**	**20**	0	-8
Foreign currency effects	16	20	-	-	**16**	**17**	-	-
Stand am 30.6.2015 / 31.12.2014	**748**	**656**	**187**	**201**	**935**	**857**	**11**	**11**

[1] Including off-balance-sheet general loan loss provisions

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

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Bonds and debt securities			
issued by the public sector	10	-	>100
issued by other issuers	24	20	20
Total debt securities and other fixed-interest securities	**34**	**20**	**70**
Positive fair values from derivatives in connection with:			
interest-rate risks	576	743	-22
currency risks	52	15	>100
credit derivatives	2	2	0
Total positive fair values from derivatives	**630**	**760**	**-17**
Total trading assets	**664**	**780**	**-15**
Designated financial assets reported at fair value			
Debt securities and other fixed-interest securities	-	-	0
Total designated financial assets reported at fair value	**-**	**-**	**0**
Total	**664**	**780**	**-15**

(19) Financial assets

The balance sheet item for financial assets includes all the debt securities and other fixed-interest securities which are classified as AfS, shares and other non fixed-interest securities as well as shares in companies that are not accounted for in accordance with IAS 10, IAS 11 or IAS 28, and financial assets categorised as loans and receivables.

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

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Financial assets classified as LaR	**-**	**-**	**-**
Financial assets classified as available for sale (AfS)			
Debt securities and other fixed-interest securities			
issued by the public sector	2.477	2.382	4
issued by other issuers	1.690	1.798	-6
Total debt securities and other fixed-interest securities	**4.167**	**4.180**	**0**
Shares and other non fixed-interest securities	8	13	-38
Shares in non-consolidated entities	62	48	29
Other financial assets classified as AfS	14	14	0
Total	**4.251**	**4.255**	**0**

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

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Affiliated companies			
Banks	-	21	-100
Other companies	73	72	1
Total	**73**	**93**	**-22**

(21) Property and equipment

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Land and buildings	44	45	-2
Operating and office equipment	6	7	-14
Other property and equipment	29	23	26
Total	**79**	**75**	**5**

(22) Investment property

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Investment property	75	76	-1
Total	**75**	**76**	**-1**

(23) Intangible assets

	Carrying amount (in € m)		Remaining depreciation period (in years)	
	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Software developed internally				
Architecture of FI migration interfaces	2	3	2	2
Integration architecture (SPOT)	2	2	3	3
Purchased software				
Other	3	3	0 to 5	0 to 5
Prepayments OptiMA (SAP BA 8.0)	4	2	-	-
Total	**11**	**10**		

(24) Designated assets held for sale

As at 30 July 2015 the designated assets held for sale in accordance with IFRS 5 with a carrying amount totalling € 22 million (€ 0 million) comprise financial assets in the amount of € 22 million. The designated assets held for sale are shares in an affiliated company that were classified for the first time as being held for sale in the second quarter of 2015. To date they have been accounted for using the equity method. A sale of the shares held for sale in the Group is planned to take place in the second half year. The carrying amount will still be allocated to the Reconciliation segment.

(25) Current income tax assets and deferred income taxes

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Current income tax assets	3	1	>100
Deferred tax assets	130	152	-14
Total	**133**	**153**	**-13**

(26) Other assets

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Receivables in interim accounts	28	1	>100
Capitalised receivables from non-consolidated subsidiaries	16	16	0
Receivables from initial margin (Eurex)	16	15	7
Receivables from Icelandic banks	3	8	-62
Other assets	6	9	-33
Total	**69**	**49**	**41**

(27) Liabilities to banks

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Deposits from other banks			
German banks	427	70	>100
Foreign banks	-	-	0
Total deposits from other banks	**427**	**70**	**>100**
Liabilities from money market transactions			
German banks	1.083	1.297	-16
Foreign banks	-	-	0
Total liabilities from money market transactions	**1.083**	**1.297**	**-16**
Other liabilities			
German banks			
Due on demand	950	647	47
Fixed-term	8.360	8.439	-1
Foreign banks			
Due on demand	190	214	-11
Fixed-term	432	519	-17
Total other liabilities	**9.932**	**9.819**	**1**
Total	**11.442**	**11.186**	**2**

(28) Liabilities to customers

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Savings deposits			
With an agreed period of notice of 3 months			
German customers	200	206	-3
Foreign customers	8	8	0
With an agreed period of notice of more than 3 months			
German customers	4	4	0
Foreign customers	1	1	0
Total savings deposits	**213**	**219**	**-3**
Liabilities from money market transactions			
German customers	1.492	1.078	38
Foreign customers	29	78	-63
Total liabilities from money market transactions	**1.521**	**1.156**	**32**
Other liabilities			
German customers			
Due on demand	2.887	2.602	11
Fixed-term	4.894	4.949	-1
Foreign customers			
Due on demand	121	100	21
Fixed-term	1	1	0
Total other liabilities	**7.903**	**7.652**	**3**
Total	**9.637**	**9.027**	**7**

(29) Securitised liabilities

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Issued debt securities			
Pfandbriefe	476	492	-3
Municipal bonds	1.715	1.843	-7
Other debt securities	4.122	5.020	-18
Total issued debt securities	**6.313**	**7.355**	**-14**
Total	**6.313**	**7.355**	**-14**

Of the total amount, € 4,445 million (previous year-end: € 5,158 million) is for securitised liabilities which will probably only be realised or settled after more than twelve months.

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

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Trading liabilities			
Negative fair values from derivatives in connection with:			
interest-rate risks	635	750	-15
currency risks	291	250	16
credit derivatives	3	6	-50
Total trading liabilities	**929**	**1.006**	**-8**
Total	**929**	**1.006**	**-8**

(31) Provisions

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Provisions for pensions and similar obligations	482	507	-5
Other provisions			
Loan loss provisions	11	11	0
Provisions for uncertain liabilities	24	18	33
Total	**517**	**536**	**-4**

(32) Current income tax liabilities and deferred income taxes

Income tax liabilities break down as follows:

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Current income tax liabilities	13	13	0
Deferred tax liabilities	2	2	0
Total	**15**	**15**	**0**

(33) Other liabilities

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Liabilities from interim accounts	62	10	>100
Liabilities to third parties	7	5	40
Liabilities from outstanding invoices	5	8	-37
Liabilities from short-term employee remuneration	3	8	-62
Other accrued liabilities	2	0	>100
Liabilities from payable taxes and social security contributions	1	2	-50
Allocation to cover funds of pension fund	1	2	-50
Deferred items	1	1	0
Other liabilities	6	1	>100
Total	**88**	**37**	**>100**

(34) Subordinated capital

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Subordinated liabilities	757	755	0
Total	**757**	**755**	**0**

(35) Instruments of additional regulatory Tier 1 capital

On 29 June 2015 Bremer Landesbank issued a tranche of additional Tier 1 bonds (hereinafter referred to as “AT1 bonds”) at a total volume of € 50 million. The AT1 bonds are an entitlement to uncollateralised, subordinate liabilities of Bremer Landesbank with no maturity date.

The purpose of these subordinate bearer debt securities is to provide Bremer Landesbank with additional Tier 1 capital for an indefinite period of time.

The bonds have a fixed-interest rate of 8.50 per cent for the first five years, at which point they switch to a variable interest phase.

Bremer Landesbank has the right to cancel interest payments in part or in full at its discretion, in particular (although not exclusively) if this is necessary to prevent the Common Equity Tier 1 capital ratio from falling below the minimum CET1 ratio or to comply with a condition imposed by the relevant regulatory authorities. Cancelled interest payments will not be paid retrospectively. The cancellation of an interest payment does not entitle the creditors to terminate the debt securities and does not represent an act of default on the part of Bremer Landesbank.

Bremer Landesbank may first terminate the debt securities as a whole, but not in part and subject to the prior approval of competent regulatory authority, no earlier than 29 June 2020 and thereafter on each interest payment date by redeeming the redemption sum plus any interest accrued by the redemption date. Conversely, a premature termination for regulatory or fiscal reasons is possible at any time subject to certain conditions.

The redemption and nominal amount of the bonds may be reduced by a triggering event. A triggering event is where the Common Equity Tier 1 capital ratio of Bremer Landesbank (“Common Equity Tier 1 capital ratio”) falls below 5.125 per cent (the “Minimum CET1 ratio”). The triggering event may occur at any time and the relevant Common Equity Tier 1 capital ratio is not only determined with respect to specific key dates. Once a devaluation has taken place, the nominal amount and the redemption amount of each debt security may be revalued in each of Bremer Landesbank’s financial years following the reduction up to the full amount of the original nominal amount (provided they have not been previously repaid or purchased and cancelled) if a corresponding annual surplus was available and therefore did not produce or increase an annual shortfall.

The creditors are not entitled to terminate the debt securities.

According to IAS 32, the AT1 bonds are equity instruments as these financial instruments do not include any contractual obligations to provide a different company with liquid funds (or other assets). The AT1 bonds neither have a final maturity date nor an option for the holder to prematurely redeem the debt securities. They are also interest-bearing debt securities for which Bremer Landesbank, as the issuer, has the right to cancel interest payments at its discretion and not to retrospectively pay any cancelled interest payments. The AT1 bonds do not grant voting rights or a residual claim to the net assets of Bremer Landesbank. The AT1 bonds are a special kind of financial instrument that are reported separately within equity in the item “instruments of additional regulatory Tier 1 capital”.

The accounting treatment of the payments on AT1 bonds follows the instrument’s classification as an equity instrument. Distributions to holders of equity instruments must be directly deducted from the equity instruments and not recorded in the income statement. This therefore also applies to the interest payments on the AT1 bonds.

Notes on Financial Instruments

(36) Fair value hierarchy

The Bremer Landesbank Group uses the three-level fair value hierarchy and the terminology (Level 1, Level 2 and Level 3) stipulated in IFRS 13.

Level 1

Under the fair value hierarchy, a financial instrument is categorised in Level 1 if it is traded on an active market and is used to establish the fair value of publicly listed market prices or prices actually traded on the over-the-counter market (OTC market). If no market prices or prices effectively traded on the OTC market are available, realisable prices quoted by dealers or brokers are used for measurement. If observable price sources other than stock exchange prices are used, such sources are quotes by banks or other market makers. These instruments are then assigned to Level 1 if there is an active market for these broker quotes, i.e. that bid-ask spreads are narrow and there are several providers of prices whose prices differ only marginally. If the broker quotes represent (mixed) prices or if prices are not determined on an active market, these are not allocated to Level 1, but to Level 2 of the valuation hierarchy if these are binding offers or observable prices/market transactions.

The Level 1 prices are adopted without any adjustment. Level 1 financial instruments include trading assets as well as financial assets reported at fair value.

Level 2

In the event that no price quotes are available in active markets, fair value is measured using recognised valuation methods or models or using external pricing services, provided that valuation is carried out either fully or to a substantial extent using observable input data such as spread curves (Level 2). For measuring financial instruments, these methods include valuation models which are established on the market under normal market conditions (e.g. discounted cash flow method, Hull & White model for options) whose calculations are fundamentally based on inputs available on an active market. A requirement here is that variables which market participants would have taken into account when specifying prices are included in the measurement process. Wherever possible, the relevant inputs are taken from the markets on which the instruments were issued or acquired.

Measurement models are employed primarily for OTC derivatives and securities listed on inactive markets. Various parameters such as market prices and other market listings, risk-free yield curves, risk surcharges, exchange rates and volatilities flow into the models. The parameters for the models are always chosen using prevailing market methods.

For securities on the assets side for which there is no active market and market prices cannot be used for valuation, a fair value calculation using the mark-to-matrix procedure on the basis of discounted cash flows was performed for valuation purposes. For the discounted cash flow methods, all payments are discounted by using a risk-free yield curve adjusted to the credit spread. Spreads are determined on the basis of comparable financial instruments (e.g., comparable in terms of the respective market segment and the issuer's credit rating).

The financial instruments within the Bremer Landesbank Group that should be measured in this way are identified individually with a subsequent division into active and inactive markets. A change in the assessment of the market is continuously used for the measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible. The valuation model for financial instruments for which there are no usable quoted prices on active markets is based on term-specific interest rates, the credit rating of the respective issuer and if relevant further components such as foreign currency premiums.

Level 2 financial instruments include trading assets and liabilities, hedge accounting derivatives as well as financial assets reported at fair value.

Level 3

Financial instruments for which there is no longer an active market and for which measurement can no longer be based completely on observable market parameters are allocated to Level 3. As compared and opposed to Level 2 measurement, under the Level 3 measurement, bank-specific models are used and data included to a substantial extent which is not observable in the markets. The input parameters used in these methods contain, among others, assumptions about cash flows, loss estimates and the discount interest rate and are collected close to the market as far as possible.

The Level 3 financial instruments include financial assets recognised at fair value.

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

The collateralised OTC derivatives are measured in the Bremer Landesbank Group mainly according to the current market standard of Overnight Index Swap Discounting (OIS discounting). Additionally, use is made of the option to determine the counterparty default risk (credit value adjustment (CVA)/Debit value adjustment (DVA)) on the basis of the net risk position in accordance with IFRS 13.48.

All the valuation models used in the Group are checked periodically. The fair values are subject to internal controls and procedures in the Bremer Landesbank Group. These controls and procedures are performed or coordinated in the department of Finance/Risk Control. The models, the data included and the resulting fair values are checked regularly.

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

(in € m)	Basis of measurement	30.6.2015 Fair value	30.6.2015 Carrying amount	31.12.2014 Fair value	31.12.2014 Carrying amount
Assets					
Cash reserve	Fair value	82	82	211	211
Loans and advances to banks	Amortised cost	3.996	3.823	3.804	3.637
Loans and advances to customers	Amortised cost	22.705	22.912	22.632	22.933
of which: Receivables from finance leases	Amortised cost	17	17	15	15
Risk provisioning		-	-935	-	-857
Adjustment items for financial instruments hedged in the fair value hedge portfolio	Fair value	-	48	-	60
Financial assets at fair value through profit or loss					
Trading assets	Fair value	664	664	780	780
Designated financial assets reported at fair value	Fair value	0	0	-	-
Financial assets					
Financial assets classified as AfS	Fair value	4.260	4.251	4.255	4.246
Financial assets classified as AfS	At cost	-	9	-	9
Positive fair values from hedge accounting derivatives	Fair value	620	620	664	664
Other assets					
classified as LaR	Amortised cost	66	66	20	20
classified as AfS	Fair value	3	3	-	-
Total		**32.396**	**31.543**	**32.366**	**31.703**
Liabilities					
Liabilities to banks	Amortised cost	11.728	11.442	11.570	11.186
Liabilities to customers	Amortised cost	10.333	9.637	9.811	9.027
of which: Receivables from finance leases	Amortised cost	-	-	-	-
Securitised liabilities	Amortised cost	6.418	6.313	7.496	7.355
Adjustment items for financial instruments hedged in the fair value hedge portfolio	Fair value	-	191	-	307
Financial liabilities at fair value through profit or loss					
Trading liabilities	Fair value	929	929	1.006	1.006
Negative fair values from hedge accounting derivatives	Fair value	1	1	224	224
Subordinated capital					
Subordinated liabilities	Amortised cost	748	757	733	755
Other liabilities					
classified as other liabilities	Amortised cost	69	69	15	15
Total		**30.226**	**29.339**	**30.855**	**29.875**
Additional classes					
Irrevocable credit commitments		79	2.125	97	1.906
Financial guarantees		0	511	0	535

The fair values of loans and advances to banks and customers include the risk provisioning.

The fair value of the adjustment items for financial instruments hedged in the fair value hedge portfolio is stated under the balance sheet items of the designated underlying contracts.

Shares in companies in the amount of € 9 million (previous year-end: € 9 million) were recognised at acquisition cost because these do not have a quoted price in an active market and the fair value attributable to them cannot be reliably established.

The following table shows the allocation of the financial assets and liabilities recognised at fair value in accordance with the fair value hierarchy:

	30.6.2015				31.12.2014			
(in € m)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Trading assets								
Debt securities and other fixed-interest securities	24	10	-	**34**	20	-	-	**20**
Derivatives								
interest-rate risks	-	576	-	**576**	-	743	-	**743**
currency risks	-	52	-	**52**	-	15	-	**15**
Share-price and other price risks	-	-	-	**-**	-	-	-	**0**
Credit risks	-	1	-	**1**	-	2	-	**2**
Designated financial assets reported at fair value	-	-	-	**-**	-	-	-	-
Positive fair values from micro fair value hedge derivatives	-	150	-	**150**	-	184	-	**184**
Positive fair values from portfolio fair value hedge derivatives	-	469	-	**469**	-	480	-	**480**
Financial assets reported at fair value								
Debt securities, other fixed-interest securities and shares	1.791	2.383	-	**4.174**	1.679	2.501	53	**4.233**
Investments	-	-	67	**67**	13	-	-	**13**
Other assets reported at fair value	-	3	-	**3**	-	8	-	**8**
Total	**1.815**	**3.644**	**67**	**5.526**	**1.712**	**3.933**	**53**	**5.698**
Liabilities								
Trading liabilities					-	-	-	-
interest-rate risks	-	635	-	**635**	-	749	-	**749**
currency risks	-	290	-	**290**	-	251	-	**251**
Credit risks	-	3	-	**3**	-	6	0	**6**
Negative fair values from micro fair value hedge derivatives	-	28	-	**28**	-	38	-	**38**
Negative fair values from portfolio fair value hedge derivatives	-	179	-	**179**	-	186	-	**186**
Total	**-**	**1.135**	**0**	**1.135**	**-**	**1.230**	**0**	**1.230**

Fair values from the synthetic credit portfolio of CDSs (Level 2) total as at 30 June 2015 -0.6 per cent (previous year-end: 1.0 per cent) of the nominal amounts of € 0.2 billion (previous year-end: € 0.7 billion). The Bank intends to hold the existing synthetic credit portfolio to maturity.

Transfers within the fair value hierarchy break down as follows:

(in € m)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
30.6.2015						
Trading assets	-	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets at fair value						
Debt securities and other fixed-interest securities	170	-	265	-	-	-
Other assets at fair value	-	-	-	-	-	-
Assets	**170**	**-**	**265**	**-**	**-**	**-**
Trading liabilities	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
31.12.2014						
Trading assets	-	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets at fair value						
Debt securities and other fixed-interest securities	170	-	1.310	-	0	-
Other assets at fair value	-	-	-	-	-	-
Assets	**170**	**-**	**1.310**	**-**	**0**	**-**
Trading liabilities	-	-	-	-	-	3
Financial liabilities designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	**-**	**3**

IFRS 13 and IDW RS HFA 47 passed in December 2013 consolidate and standardise the principles for establishing the fair value for IFRS purposes, including the criteria for allocation to the individual levels of the fair value hierarchy. For the measurement of annuity bonds on the OTC market, average prices from price-service agencies such as Bloomberg and Reuters are used. These are Level 2 input factors as defined in IFRS 13 and IDW RS HA 47, where the base data underlying the average prices reflect binding offers or observable transaction-based prices.

At the individual transaction level for financial instruments, the activity status of the parameters used for the valuation is reviewed. The review as at 30 June 2015 showed that financial assets in the amount of € 265 million were transferred from Level 2 to Level 1 due to an improvement in liquidity. Due to decreasing liquidity, financial assets in the amount of € 170 million were transferred from Level 1 to Level 2 in the reporting period.

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

The development of financial assets and liabilities in Level 3 of the fair value hierarchy is as follows:

€ m	Debt securities and other fixed-interest securities	Negative fair values from derivatives (credit derivatives)
Anfangsbestand 1.1.2014	**107**	**-4**
P&L effect [1]	-	1
Effect of revaluation reserve	-5	-
Purchases	-	-
Sales	-	-
Redemptions	-49	-
Shift up from Levels 1 and 2	-	-
Shift down to Levels 1 and 2	-	-
Shift up from at cost	-	3
Endbestand 31.12.2014	**53**	**-**
Anfangsbestand 1.1.2015	**53**	**-**
P&L effect	-	-
Effect of revaluation reserve	14	-
Purchases	-	-
Sales	-	-
Redemptions	-	-
Shift up from Levels 1 and 2	-	-
Shift down to Levels 1 and 2	-	-
Shift up from at cost	-	-
Endbestand 30.6.2015	**67**	**-**

[1] The effects include measurement and realisation effects as well as accrued interest and are presented in the income statement in the items net interest income and financial instruments at fair value through profit or loss.

As in the previous year, the P&L effects are due in full to assets and liabilities held at the end of the reporting period.

There were no day-one effects in the financial year.

Sensitivity calculation for non-observable parameters

In the case of mark-to-model valuation (Level 3), the fair values depend on the assumptions made, i.e., changes in the assumptions may lead to changes in fair value. Significant effects of such changes in value attributable to changes in assumptions are reviewed for the fair values recognised in the financial statements using a sensitivity analysis.

A significant unobservable input parameter for the fair value measurement of the investments is the adjusted beta. The fair value of investments classified in Level 3 totalled € 67 million (previous year-end: € 53 million). Significant changes in the input parameter result in a higher or lower fair value. In the sensitivity analysis, the adjusted beta was stressed in the valuation by raising and lowering this by 0.1 in each case. Accordingly, an assumed change in the underlying parameters resulted in a change in the fair values of investments in Level 3 of € 1.2 million (previous year-end: € 3.4 million). The bandwidth of the input data used is ± 60 BP. The weighted average is 600 BP.

For the fair value measurement of Level 3 financial instruments, there are no relevant correlations between significant Level 3 input parameters. Consequently, there was no impact on the fair value.

(37) Derivative financial instruments

Derivative financial instruments break down as follows:

	Nominal values		Positive market values		Negative market values	
(in € m)	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014
interest-rate risks	33.452	34.421	1.196	1.408	843	974
currency risks	5.547	4.338	52	15	290	250
Share-price and other price risks	0	0	0	0	0	0
Credit derivatives	535	685	1	1	3	6
Total	**39.534**	**39.444**	**1.249**	**1.424**	**1.136**	**1.230**

(38) Disclosures concerning selected countries

The following table shows the reported values of financial assets with counterparties in selected countries. The sovereign exposure figures refer to transactions with sovereigns, regional governments, municipalities and state-related public-sector companies.

	Financial instruments held for trading		Available for sale Assets		Loans and receivables	
(in € m)	30.6.2015	31.12.2014	30.6.2015	31.12.2014	30.6.2015	31.12.2014
Italy						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	0	0
Corporates/other		-	-	-	0	0
Total Italy	**-**	**-**	**-**	**-**	**0**	**0**
Ireland						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	111	0	0
Corporates/other	0	0	-	-	20	20
Total Ireland	**0**	**0**	**-**	**111**	**20**	**20**
Greece						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	67	33
Total Greece	**-**	**-**	**-**	**-**	**67**	**33**
Spain						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-2	0	15	15	4	3
Corporates/other	-	-	-	-	0	-
Total Spain	**-2**	**0**	**15**	**15**	**4**	**3**
Cyprus						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	382	374
Total Cyprus	**-**	**-**	**-**	**-**	**382**	**374**
Hungary						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	1	1
Corporates/other	-	-	-	-	17	20
Total Hungary	**-**	**-**	**-**	**-**	**18**	**21**
Total	**-2**	**0**	**15**	**126**	**491**	**451**

For financial instruments in the available-for-sale category with acquisition costs totalling € 15 million (previous year-end: € 119 million) the cumulative net valuation in other comprehensive income with regard to the above-mentioned selected countries was € 0.1 million (previous year-end: € -1.0 million). As at the half-year point in the previous year, no depreciation was recognised in the consolidated income statement for the period.

As in the previous year, no notable specific valuation allowances were made for loans and receivables in relation to the above countries. The general loan loss provisions total € 7 million. The fair value of the exposure in the loans and receivables category totals € 317 million (previous year-end: € 304 million).

In the first half of 2015, Bremer Landesbank did not have any exposure in Slovenia, Portugal or Egypt.

Credit derivatives on counterparties in selected countries break down as follows:

	Nominal values Protection buyer		Market values Protection buyer		Nominal values Protection seller		Market values Protection seller	
(in € m)	**30.6.2015**	**31.12.2014**	**30.6.2015**	**31.12.2014**	**30.6.2015**	**31.12.2014**	**30.6.2015**	**31.12.2014**
Portugal								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	105	105	-1	-3
Corporates/other	-	-	-	-	-	-	-	-
Total Portugal	**-**	**-**	**-**	**-**	**105**	**105**	**-1**	**-3**
Italy								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/insurance companies	60	60	1	1	80	105	-1	-1
Corporates/other	-	-	-	-	-	-	-	-
Total Italy	**60**	**60**	**1**	**1**	**80**	**105**	**-1**	**-1**
Ireland								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	10	10	0	0
Corporates/other	-	-	-	-	-	-	-	-
Total Ireland	**-**	**-**	**-**	**-**	**10**	**10**	**-**	**-**
Spain								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/insurance companies	20	20	0	0	20	40	0	0
Corporates/other	-	-	-	-	-	-	-	-
Total Spain	**20**	**20**	**0**	**-**	**20**	**40**	**-**	**-**
Total	**80**	**80**	**1**	**1**	**215**	**260**	**-2**	**-4**

Other Notes

(39) Regulatory data

The following table shows the composition of regulatory capital for the banking Group in accordance with Art. 25 ff of the CRR:

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Risk-weighted assets for counterparty default risks	13.834	15.075	-8
Risk-weighted assets for operational risks	881	879	0
Risk-weighted assets for market risks	150	172	-13
Risk-weighted assets for clearing risks	-	-	0
Risk-weighted assets for credit rating adjustments	160	161	-1
Total risk-weighted assets	**15.025**	**16.287**	**-8**

The following table shows the composition of regulatory capital for the Bank in accordance with Art. 25 ff of the CRR:

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Subscribed capital	265	265	0
Retained profits/earnings	600	600	0
Premium	478	478	0
Components of Common Equity Tier 1 on account of grandfathering rights + §340g of the German Commercial Code (HGB) fund for general banking risks	589	539	9
- Deductions*	897	955	-6
Adjustments on account of the transition rules	536	763	-30
- Adjustment item to prevent negative Common Equity Tier 1 capital	219	383	-43
Common Equity Tier 1 capital	**1.352**	**1.306**	**4**
Paid-in instruments of additional Tier 1 capital	50	-	>100
- Deductions**	269	383	-30
Adjustments on account of the transition rules	-	-	-100
Adjustment item to prevent negative additional Tier 1 capital	219	383	-43
Additional Tier 1 capital	**0**	**-**	**0**
Tier 1 capital for solvency purposes	**1.352**	**1.306**	**4**
Paid-in instruments of supplementary capital	614	629	-2
Components of supplementary capital on account of grandfathering rights	1	1	0
- Deductions	266	379	-30
Adjustments on account of the transition rules	-	-	0
Supplementary capital	**349**	**251**	**39**
Equity	**1.701**	**1.557**	**9**

*) Shortfall, DVA, AvA, intangible assets are considered in the deduction items.
**) The proportionate shortfall and the proportionate intangible assets are taken into account in the deduction item.

in %	30.6.2015	31.12.2014	Change
Tier 1 capital ratio	9,00	8,02	12
Regulatory capital ratio	11,32	9,56	18

(40) Contingent liabilities and other obligations

	30.6.2015 (in € m)	31.12.2014 (in € m)	Change (in %)
Contingent liabilities			
Contingent liabilities on bills rediscounted and settled	-	-	0
Liabilities from guarantees	618	555	11
Liability from the provision of collateral for third-party liabilities	-	-	0
Other contingent liabilities	-	-	0
Other obligations			
Placement and underwriting commitments	-	-	0
Irrevocable credit commitments	2.125	1.906	11
Credit guarantees	337	344	-2
Trading-related guarantees (letters of credit)	174	191	-9
Financial guarantees	511	535	-4
Total	**3.254**	**2.996**	**9**

Of the total amount no contingent liabilities are attributable to affiliated companies, as at the end of the previous year.

(41) Other financial obligations

The following significant other financial obligations exist:

- Notwithstanding the disposal of the investment in DekaBank Deutsche Girozentrale, Frankfurt am Main, held indirectly through GLB GmbH & Co. oHG, Frankfurt am Main, and the related reduction in the capital of GLB GmbH & Co. oHG, Bremer Landesbank, as a guarantor, is still jointly liable with the other owners for certain liabilities of DekaBank Deutsche Girozentrale.
- An obligation to contribute to M Cap Finance Deutsche Mezzanine Fonds Zweite GmbH & Co. KG, Leipzig, amounts to € 4 million (previous year-end: € 4 million).
- Another obligation to make additional contributions and additional joint liability for other shareholders relating to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, amounts to € 3 million (previous year-end: € 3 million).

- Contributions to the security reserve for landesbanks and girobanks were re-calculated on the basis of risk-orientated principles. This resulted in obligations to make additional contributions of € 43 million (previous year-end: € 43 million). These additional contributions can be called in immediately when support is required.
- In connection with the redemption of shares in FinanzIT GmbH, the withdrawing shareholders NORD/LB, Bremer Landesbank and Landesbank Saar have undertaken to cover the company's risks from the period up to their withdrawal jointly with the remaining FinanzIT shareholders provided these risks actually occur and are not covered by provisions already established.
- Cash security of € 15 million was deposited at Eurex Deutschland, Frankfurt am Main (previous year-end: € 15 million) as security for transactions on forward markets.

Companies and Individuals Linked to the Group

(42) Related parties

Related party transactions are concluded at arm's length terms in the ordinary course of business. NORD/LB is the direct and ultimate parent company of the Bremer Landesbank Group.

The volume of such transactions is shown below:

€ m	Parent company	Subsidiary	Affiliated companies	Management in key positions	Other related parties
30.6.2015					
Loans and advances to banks	64	-	50	-	-
of which money markets	-	-	35	-	-
of which loans	64	-	15	-	-
of which loans collateralised with mortgages	-	-	-	-	-
of which other loans	64	-	15	-	-
Loans and advances to customers	-	-	104	10	138
of which money markets	-	-	10	-	-
of which loans	-	-	94	10	138
of which municipal loans	-	-	6	-	131
of which loans collateralised with mortgages	-	-	85	5	4
of which other loans	-	-	3	5	3
Financial assets at fair value through profit or loss	2	-	2	0	4
of which positive fair values from derivatives	2	-	2	0	4
Financial assets	160	-	16	-	-
of which debt securities and other fixed-interest securities	160	-	-	-	-
of which shares and other non-fixed-interest securities	-	-	16	-	-
Other assets	0	-	-	-	-
Total assets	**226**	**-**	**172**	**10**	**142**
Liabilities to banks	106	-	102	-	12
of which money markets	-	-	-	-	-
of which deposits from other banks	-	-	-	-	-
Liabilities to customers	-	1	21	2	32
of which money markets	-	-	8	-	-
Securitised liabilities	-	-	-	-	2
Financial liabilities at fair value through profit or loss	66	-	0	-	-
of which negative fair values from derivatives	66	-	0	-	-
Subordinated capital	201	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	**373**	**1**	**123**	**2**	**46**
Guarantees received	-	-	-	-	-
Guarantees granted	1	-	14	-	0

€ m	Parent company	Subsidiary	Affiliated companies	Management in key positions	Other related parties
31.12.2014					
Loans and advances to banks	156	-	21	-	0
of which money markets	-	-	21	-	0
of which loans	156	-	0	-	-
of which loans collateralised with mortgages	-	-	-	-	-
of which other loans	156	-	0	-	-
Loans and advances to customers	-	-	108	11	141
of which money markets	-	-	9	-	
of which loans	-	-	99	11	141
of which municipal loans	-	-	7	-	128
of which loans collateralised with mortgages	-	-	91	6	4
of which other loans	-	-	1	5	9
Financial assets at fair value through profit or loss	-	-	2	0	5
of which positive fair values from derivatives	-	-	2	0	5
Financial assets	160	-	16	-	-
of which debt securities and other fixed-interest securities	160	-	-	-	-
of which shares and other non-fixed-interest securities	-	-	16	-	-
Other assets	0	-	-	-	-
Total assets	**316**	**-**	**147**	**11**	**146**
Liabilities to banks	44	-	120	-	12
of which money markets	-	-	-	-	-
of which deposits from other banks	-	-	-	-	-
Liabilities to customers	-	1	21	1	12
of which money markets	-	-	9	-	-
Securitised liabilities	-	-	-	-	2
Financial liabilities at fair value through profit or loss	49	-	0	-	-
of which negative fair values from derivatives	49	-	0	-	-
Subordinated capital	201	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	**294**	**1**	**141**	**1**	**26**
Guarantees received	0	-	-	-	-
Guarantees granted	1	-	15	-	0

(in € m)	Parent company	Subsidiary	Affiliated companies	Management in key positions	Other related parties
1.1.-30.6.2015					
Interest expenses	6	-	2	0	1
Interest income	0	0	2	0	3
Commission expenses	-	-	0	0	0
Commission income	0	0	0	0	0
Other expenses	38	-	-	0	1
Other earnings	12	0	0	-	0
Total contributions to operating result	**-32**	**0**	**0**	**0**	**1**

1.1.-30.6.2014					
Interest expenses	9	0	2	0	1
Interest income	2	-	2	0	4
Commission expenses	-	0	0	-	-
Commission income	-	-	0	-	0
Other expenses	11	-	-	0	0
Other earnings	2	-	0	-	0
Total contributions to profit and loss	**-16**	**0**	**0**	**0**	**3**

(43) Members of governing bodies as at 30 June 2015

1. Members of the Management Board

Dr. Stephan-Andreas Kaulvers
Chairman

Heinrich Engelken
Deputy Chairman

Dr. Guido Brune

Björn Nullmeyer (from 1 April 2015)

2. Members of the Supervisory Board

Karoline Linnert
(Chairwoman)
Mayoress
Finance Senator of the
the Free Hanseatic City of Bremen, Bremen

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

Thomas S. Bürkle
Member of the Management Board of NORD/LB
Norddeutsche Landesbank
- Girozentrale -, Hanover

Ursula Carl
Managing Director
ATLANTIC Grand Hotel, Bremen

Prof. Dr. Wolfgang Däubler, retired
German and European labour law,
civil law and commercial law
Bremen University, Bremen

Frank Doods
State Secretary of the Lower Saxony Ministry of
Finance, Hanover

Dr. Gunter Dunkel
Chairman of the Management Board of
NORD/LB Norddeutsche Landesbank
– Girozentrale –, Hanover

Heinz Feldmann
Chairman of the Management Board of
Sparkasse LeerWittmund, Wittmund

Martin Günthner
Senator for Economics, Labour and Ports
of the Free Hanseatic City of Bremen, Bremen

Dr. Olaf Joachim
State Councillor of Senate Chancellery
of the Free Hanseatic City of
Bremen, Bremen

Andreas Klarmann
Qualified banker
Bremer Landesbank, Bremen

Bernhard Reuter
District Administrator of Göttingen District,
Göttingen

Thomas Mang
President of the Savings Banks Association
Lower Saxony, Hanover

Michael Schlüter
Qualified banker
Bremer Landesbank, Bremen

Doris Wesjohann
Member of the Management Board of Lohmann & Co.
AG, Visbek

Jörg Walde
Qualified banker
Bremer Landesbank, Bremen

Markus Westermann
Trade union secretary
Vereinte Dienstleistungsgewerkschaft ver.di, Bremen

Eike Westermann
Fully qualified lawyer
Bremer Landesbank, Bremen

(44) List of shareholdings as at 30 June 2015

The following list names the shareholdings held by the Bremer Landesbank Group in accordance with § 285 No. 11 and § 340a (4) No. 2 of the German Commercial Code (HGB). The most recently approved financial statements of each company were used.

Company name and registered office	Shares in % indirect	Shares in % direct	Equ- equity (in € m) [1]	Profit/loss (in € m)
Companies included in the consolidated financial statements				
subsidiaries				
BLBI Investment GmbH & Co. KG, Bremen	100,00	-	-	-
BLB Immobilien GmbH, Bremen [2]	-	100,00	-	-
BLB Leasing GmbH, Oldenburg [2]	-	100,00	-	-
Bremische Grundstücks-GmbH, Bremen	-	100,00	-	-
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100,00	-	-	-
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	90,00	10,00	-	-
Companies included in the consolidated financial statements using the equity method				
Affiliated companies				
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32,26	-	-	-
BREBAU GmbH, Bremen	48,84	-	-	-
GSG Oldenburg Bau- und Wohngesellschaft, Oldenburg	-	22,22	-	-
Investment funds				
Lazard-Sparkassen Rendite-Plus-Fonds, Frankfurt am Main	-	49,18	-	-
Companies not included in the consolidated financial statements				
BGG Bremen GmbH & Co. KG, Bremen [3]	100,00	-	0,1	0,0
BGG Oldenburg GmbH & Co, KG, Bremen [3]	100,00	-	8,0	0,9
BLB I Beteiligungs-GmbH, Bremen [3]	100,00	-	0,1	0,0
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen [4]	-	49,00	-0,3	-0,4
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen [3]	100,00	-	0,1	0,9
Bremische Grundstücks-GmbH & Co., Wohnanlagen Gross-Bonn, Bremen [3]	100,00	-	0,2	0,1
BREMER LAGERHAUS-GESELLSCHFT- Aktiengesellschaft von 1877-, Bremen	-	12,61	19,1	1,7
GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen	7,75	-	385,0	37,2
Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta [4]	-	20,46	11,1	0,3
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen [4]	50,00	-	-2,3	-0,4
Grundstücksgemeinschaft Escherweg 8 GbR, Bremen [4]	50,00	-	-0,8	-0,3
Interessengemeinschaft KATHARINENKLOSTERHOF GbR, Bremen [4]	30,70	-	0,5	-0,1
NBV Beteiligungs-GmbH, Hamburg [4]	-	21,33	15,0	2,2
Öffentliche Versicherung Bremen, Bremen	-	20,00	5,1	0,0
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen [4]	-	100,00	0,2	0,1
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	-	100,00	28,9	2,8
WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	-	23,84	0,0	0,0
Wohnungsbaugesellschaft Wesermarsch mbH, Brake [4]	-	21,71	19,1	0,4

Company name and registered office	Shares in % indirect	Shares in % direct	Equ- equity (in € m) [1]	Profit/loss (in € m)
Companies accounted for under IFRS				
Affiliated companies				
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen	-	16,50	-	-

[1] Equity as defined in §§ 266 and 272 of the German Commercial Code There are no unpaid contributions
[2] Control and profit-and-loss transfer agreement concluded with the company.
[3] Figures are from the most recent, but as yet unapproved, financial statements for 2014.
[4] Figures are from the approved financial statements for 2013.

Bremer Landesbank exercises significant influence under IAS 28.37(c) over DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen, although the Bremer Landesbank sub-group holds less than 20 per cent of the voting rights. Bremer Landesbank appoints one or more Supervisory Board members of the aforementioned company and, together with NORD/LB, safeguards its interests in the supervisory bodies for the Group as a whole.

Bremen, 18 August 2015

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

Björn Nullmeyer

Responsibility Statement

“We confirm that, to the best of our knowledge and in accordance with the applicable accounting framework for interim reporting, the interim consolidated financial statements provide a true and fair view of the assets, financial and earnings position of the group and that the interim group management report gives a true and fair view of the development of business including the operating result and the state of the group, and also describes the principal opportunities and risks relating to the expected future development of the group in the remainder of the financial year.”

Bremen, 18 August 2015

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

Björn Nullmeyer

Certification Following Audit Review

To Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen:

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement and condensed consolidated notes, and the interim group management report of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, for the period from 1 January to 30 June 2015, which are part of the half-year financial report in accordance with § 37w of the German Securities Trading Act (WpHG). It is the responsibility of the company's legal representatives to prepare the condensed interim consolidated financial statements in accordance with the IFRSs for interim financial reporting, as adopted by the EU, and the interim group management report in accordance with the applicable regulations of the German Securities Trading Act (WpHG). It is our responsibility to issue a certificate for the condensed interim consolidated financial statements and the interim Group management report on the basis of our review.

We have reviewed the condensed interim consolidated financial statements and the interim group management report taking into account the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). These standards require that we plan and conduct the audit such that, by means of a critical assessment, we can rule out with a degree of certainty that the condensed interim consolidated financial statements have not been prepared in material aspects in accordance with the IFRS for interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared in material aspects in accordance with the regulations of the WpHG applicable for interim group management reports. A review primarily involves interviewing company staff and analytical assessments and therefore does not provide the certainty that can be achieved with an audit of financial statements. As we have not conducted an audit of financial statements, as per our assignment, we are not able to issue an audit opinion.

Based on our review, we are not aware of any issues that would cause us to believe that the condensed interim consolidated financial statements have not been prepared in material aspects in accordance with the IFRS for interim financial reporting, as adopted by the EU, or that the interim Group management report has not been prepared in material aspects in accordance with the regulations of the WpHG applicable for interim group management reports.

Hanover, 20 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Leitz	Mahr
Auditor	Auditor

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