NORD/LB
Die norddeutsche Art.

1765 1840 1915 1919 1917 1970 1985 1992

Q2 2016

Always in motion.

Interim Report as at 30 June 2016

Finanzgruppe

NORD/LB at a Glance

Income Statement (in € million)	1.1. – 30.6. 2016 (in € million)	1.1. – 30.6. 2015 (in € million)	Change (in %)
Net interest income	929	1 000	– 7
Loan loss provisions	1 003	210	> 100
Net commission income	117	111	5
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	277	95	> 100
Profit/loss from financial assets	71	26	> 100
Profit/loss from investments accounted for using the equity method	– 7	– 59	– 88
Administrative expenses	572	562	2
Other operating profit/loss	– 168	– 80	> 100
Earnings before reorganisation and taxes	**– 356**	**321**	**> 100**
Reorganisation expenses	– 8	– 7	14
Earnings before taxes	**– 364**	**314**	**> 100**
Income taxes	42	24	75
Consolidated profit	**– 406**	**290**	**> 100**

Key figures (in %)	1.1. – 30.6. 2016 (in € million)	1.1. – 30.6. 2015 (in € million)	Change (in %)
Cost-Income-Ratio (CIR)	49,8%	52,7%	– 6
Return-on-Equity (RoE)	-8,9%	8,7%	> 100

Balance figures (in € million)	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Total assets	179 166	180 998	– 1
Customer deposits	57 188	60 597	– 6
Customer loans	107 140	107 878	– 1
Equity	7 762	8 513	– 9

Regulatory key figures	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Common equity tier 1 capital (in € million)	7 700	**8 320**	– 7
Tier 1 capital (in € million)	7 987	8 440	– 5
Tier 2 capital (in € million)	2 367	2 207	7
Own funds (in € million)	10 353	10 647	– 3
Total risk exposure amount (in € million)	64 237	**63 675**	1
Common equity tier 1 capital ratio (in %)	11,99%	13,07%	– 8
Total capital ratio (in %)	16,12%	16,72%	– 4

	Rating	Date of rating
Moody's	A3 / P-1 / ba2	6 June 2016
Fitch Ratings	A- / F1 / bb+	2 June 2016

Minor discrepancies in the calculation of totals and of percentages may arise in this report as a result of rounding.

Interim Group Management Report as at 30 June 2016

The Group – Basic Information

Business Model

NORD/LB Norddeutsche Landesbank Girozentrale (hereinafter referred to as: NORD/LB or Bank) is a public-law institution with legal capacity with registered offices in Hanover, Braunschweig and Magdeburg. Its head office is based in Hanover. It shareholders are the federal state of Lower Saxony, the federal state of Saxony-Anhalt, the Association of Savings Banks in Lower Saxony, Hanover (Sparkassenverband Niedersachsen, hereinafter referred to as: SVN), the Holding Association of the Savings Banks of Saxony-Anhalt (Sparkassenbeteiligungsverband Sachsen-Anhalt) and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania (Sparkassenbeteiligungszweckverband Mecklenburg-Vorpommern).

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

NORD/LB is a commercial bank, state bank (Landesbank) and a central institution for savings banks operating both in NorthernGermany and beyond this core region with domestic branches in Hamburg, Munich, Düsseldorf, Schwerin and Stuttgart. In order to be present in all important international financial and trading centres, the foreign branches in London, New York, Shanghai and Singapore play a key role in the Group. As legally independent units, the branches apply the same business model as NORD/LB.

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

- NORD/LB acts as a central institution for the savings banks inMecklenburg-Western Pomerania, Saxony Anhalt and LowerSaxony and is the partner for all savings banks in these states. It is also a service provider for savings banks in other federal states such as Schleswig-Holstein. NORD/LB offers all the services that the savings banks require for their activities.

- In the NORD/LB Group, NORD/LB acts as parent company and controls all business activities in accordance with strategic targets; it also creates synergy effects, provides support for customer business fields and bundles service offerings. The NORD/LB Group includes

- Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – in Bremen (hereinafter: Bremer Landesbank),

- Norddeutsche Landesbank Luxembourg S. A., Covered Bond Bank, Luxemburg-Findel (hereinafter: NORD/LB Luxembourg),

- Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (hereinafter: Deutsche Hypo) and

- LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereinafter: LBS).

The Bank also has other shareholdings as shown in the disclosures in the Notes.

Strategic Development of NORD/LB

As parent company working together with its key subsidiaries, NORD/LB develops and reviews its strategic focus for the next five years within the framework of the annual strategy process.

Based on given economic framework conditions, NORD/LB Group will continue on its current path, applying its proven customer-oriented business model and risk-conscious business policy. The core of its business model is to align its business activities with customer needs and to continually improve risk-adjusted profitability. In particular, the focus is placed on increasingly isolating the earnings growth from the growth of total risk exposure as well as securing refinancing. NORD/LB continues to focus consistently on retail business.

Further information on the strategy can be found in the Group Management Report as at 31 December 2015.

Control Systems

The management system of the NORD/LB Group is based on an annual process in which the strategic objectives are confirmed or revised each spring by the Managing Board. These objectives then form the basis for the subsequent year's budget, which is set each autumn. Using a reverse planning process, top-down bottom-up planning is synchronised and completed by the end of the year.

The key management indicators here are return on equity (RoE), and at business segment level, the return on risk-adjusted capital (RoRaC), the cost-income ratio (CIR) and earnings before tax.

Return on equity (RoE)	Earnings before taxes / Long-term equity under commercial law Long-term equity under commercial law = reported equity – revaluation reserve – earnings after taxes
Return on risk- adjusted capital at segment level (RoRaC)	Earnings before taxes / committed capital of the higher of the total risk exposure amount limits and the amount called on
Cost-income ratio (CIR)	Administrative expenses / Total earnings including balance of other income and expenses

Risk Management

Risk management within the NORD/LB Group, the corresponding structural and process organisation, implemented processes and methods for measuring and monitoring risk as well as the risks to Group performance were described in detail in the 2015 Annual Report. This Interim Report therefore only addresses key developments in the period under review.

Economic Report

General Economic and Industry-specific Environment

Economic Environment
Global economic growth over the first half of the year was modest, as in the two preceding years. In the US, economic growth has been only weak to moderate for three quarters. According to initial estimates in spring, gross domestic product – after adjustment for price and seasonal factors – increased by only 1.2 per cent on an annualised basis relative to the previous quarter. After a dynamic start to 2016, on the back of non-recurring effects, economic growth in the euro zone halved in the second quarter to 0.3 per cent compared to the previous quarter. China's economy expanded in the first two quarters with an annual growth rate of 6.7 per cent in each case and therefore continued on its moderate growth course.

The economic trend in the euro zone normalised again in spring after the accelerated start to the year. In the second quarter, the real gross domestic product increased by 0.3 per cent on the previous quarter. The annual rate currently stands at 1.6 per cent. The relatively modest expansion in the second quarter is, however, no indication of an economic downturn. Rather, growth in the first three months of the year was characterised by non-recurring and special effects. For instance, the mild winter in Germany resulted in the recovery ordinarily seen in spring – especially in the construction sector – being pulled forward into the first quarter. The corresponding effect was therefore missing in the spring quarter and, in this respect, what we see in the second quarter is more a normalisation. Performance in the individual countries varied considerably with regard to the data available up to now. In France, following a good three quarters, the upswing took a break. Strikes in May and June are likely to have had a dampening effect here. Economic output also stagnated in Austria, while Spain (+0.7 per cent) and Belgium (+0.5 per cent) revealed strong growth rates compared to the prior quarter.

In Germany, after a very good start to 2016, growth in spring was considerably weaker. After pull-forward effects resulting from the mild winter in the first quarter, a correction then followed. In particular, construction production experienced a counter motion in spring. But the processing sector also dropped down a gear in the second quarter and manufacturers of investment goods significantly reduced their production. In the manufacturing industry, the negative indicators were therefore dominant in spring. The indicators of private consumption, on the other hand, were varied: A slight decline in retail sales faced a considerable expansion in the number of new car registrations. Overall, the second quarter revealed a solid economic growth amounting to 0.4 per cent relative to the previous period due to a high growth in foreign trade. Labour market data recently showed an uninterrupted and dynamic employment trend. In the month of July, unemployment fell again after seasonal adjustments, and both employment overall and employment subject to social security contributions continued to rise. Demand for labour also increased once more. Up to now, there have been no signs of caution from companies in the wake of the Brexit vote in UK.

In the first size months of 2016, yields on German government bonds were characterised by increasing risk aversion among financial market participants. Flight into safe haven assets had already been observed in the run-up to the referendum on EU-membership in UK on 23 June, the outcome of which was unexpected for many investors. German government bonds in particular benefited from this. The yield on 10-year German government bonds initially stabilised at between 0.10 and 0.30 per cent only then to fall below zero in mid-June, and even falling below the -0.10 per cent mark at the end of the month. At the same time, markets were still affected by measures imposed by central banks. The US Federal Reserve remained cautious and refrained from further monetary tightening in an environment dominated by uncertainty. The European Central Bank (ECB) also eased its monetary policy even further. As well as cutting its deposit rate to -0.40 per cent and its rate on main refinancing operations to 0.00

per cent, it also implemented changes to the ECB expanded asset purchases programme (EAPP) by raising purchases to € 80 billion per month and expanding eligible asset classes to include corporate bonds. In addition to this, a new series of targeted longer-term refinancing operations (TLTRO II) was announced with operations to begin in June. With the Brexit vote in the UK, it is more likely that several central banks will further ease their monetary policies. The low interest rates will therefore remain the same – like they did last year. The US dollar initially benefited from the Brexit vote with the euro temporarily sliding below the USD 1.10 mark. The EUR/USD cross-currency basis swap spreads generally fluctuated sideways in the second quarter. In the medium and longer maturity brackets, they traded around the -45 basis point mark; at the short end of the curve at around -35 basis points initially, and after the Brexit vote in the UK on 23 June at -40 basis points. The response to the result of the referendum, which was unexpected for many market participants, was therefore much more cautious than in other segments of the financial market.

Aircraft

According to data from the International Air Transportation Association (IATA), in the first five months of 2016, global passenger traffic (revenue passenger kilometres, RPK) across the whole market climbed by 6.0 per cent compared to the prior-year period. Growth rates stood at 6.8 per cent for international flights and at 5.1 per cent for domestic flights. Traffic trends varied considerably across the different geographic regions. Growth in global passenger traffic was above-average in the Middle East (11.2 per cent), Africa (9.1 per cent) and the Asia/Pacific region (7.6 per cent). The effects of a global economic downturn as well as rising terrorist attacks in Europe have had little influence on passenger traffic to date.

Over recent months, the stagnation of global trade has led to a slowdown in the growth of freight tonne kilometres (FTK) sold . While FTK growth stood at 2.3 per cent for 2015 as a whole, it fell by 0.5 per cent in the first five months of this year. However, it must be noted that air freight growth in the first half of 2015 experienced a boom on account of the strike staged along West coast ports in the US. A comparison with prior-year results is therefore only possible within certain limits. Again, the growth drivers here were air freight companies in the Middle East, which grew 5.9 per cent compared to the prior-year period.

Shipping

The shipping crisis continues. But there is at least some positive news from the sector: In spite of over-capacities on the global steel market and resulting weak scrap prices, the number of ships scrapped in 2016 increased. In the container sector, € 160,400 TEU / 50 ships were scrapped in the second quarter, which was just slightly below the former record from 2014 (€ 170,070 TEU / 60 ships). In the bulk cargo sector, the high pace of growth experienced in the first three months could not be maintained. The number of ships scrapped has been falling since April. However, the first half of 2016 saw a greater reduction in capacity than any other full year with just three exceptions. By contrast, the number of ships scrapped in the tanker sector was in line with the still favourable market environment. The number of ships scrapped here remained behind the figures reported in previous years. However, delivery figures, which remain high, can only be partially offset, meaning that surplus tonnage continues to grow.

Accordingly, in all three core sectors, competitive pressure showed no signs of abating in the reporting period. The container sector was mainly concerned with the continued consolidation of ocean liners as well as the opening of the new Panama Canal locks. The latter followed at the end of June 2016. Correspondingly, services were restructured in line with the new possibilities and the old Panamax tonnage replaced by larger container ships. While thinning out services on the South America route paid off in terms of freight rates and a certain revival in demand was determined on the Far East Europe route, the Transpacific routes to both US coasts remain under pressure. The charter market remained weak with the Panamax sector under particular pressure.

After hitting a new all-time low, the bulk goods benchmark "Baltic Dry index" managed to climb 47 per cent in the second quarter, though the level still remains inadequate. This performance was mainly driven by speculation on the iron ore market, however. Since the general state of the market is still weak, new orders for bulkers failed to materialise, with a few exceptions.

In the tanker sector, the correction already apparent in the first quarter continued. The crude oil tanker sector saw low scrapping activity for tonnage and increasing deliveries of new ships at one end of the scale, and charter rate declines and falling ship prices at the other. The market for product tankers also eased in quarter two of 2016.

Real Estate

In the first six months of 2016, global sales volumes for commercial real estate stood at USD 292 million. This indicates a decline of 10 per cent compared to the first half of 2015. In particular in the US, transaction volumes were 16 per cent lower than the equivalent period in 2015.

European real estate markets meanwhile revealed a quite mixed performance. France and the Netherlands distinguished themselves as stable real estate locations with sales growth of 16 per cent and 19 per cent respectively, compared to the first half of 2015; Poland saw a record six months on account of large transactions with sales growth of 154 per cent. By contrast, the United Kingdom – Europe's largest real estate market – had recorded a decline of 28 per cent even before the Brexit vote.

The German commercial real estate market meanwhile showed itself to be robust. At 4 per cent, sales fell slightly compared to the first half of 2015, which was a record year. The trend towards investments in B and C cities continues.

Financial Sector

The European banking sector has been in a constant state of flux for years. This was triggered by various external factors. Changes triggered by the financial crisis, namely weaker economic growth, low interest rates and tighter regulations ought to be emphasised here. As should the progressive digitalisation of the economy, which is having a growing impact on banking. This combination of factors has resulted in a decline in the number of banks in the EU.

Market growth measured in terms of credit volume is modest, in spite of the rising demand for credit and the moderate relaxation of lending standards. In addition to this, the majority of European banking markets are crowded with competitors, leading to cut-throat competition. European banks have only limited growth potential, especially as the historically low interest rate environment is placing pressure on interest margins.

European banks are currently pursuing various strategies in response to changes in the economic environment – in particular the low interest rate environment. The majority of banks have begun to restructure their business models and fields of business. A few market participants are pursuing expansive strategies that generally include tapping into new markets or corporate acquisitions. Practically all banks have responded to the problems of rising costs and growing pressure on the back of regulatory requirements with measures to improve cost structures and increase efficiency.

The aforementioned developments have a direct impact on the long-term profitability of the banks and ultimately on their ability to absorb risks and establish capital reserves. At the same time, falling funding costs are benefiting banks in those banking markets in European peripheral countries that have recently come under pressure. The recovery of the economic environment in some of these markets is also associated with a decline in credit defaults.

In its role as the highest supervisory body of the European financial market, the ECB is intensifying its regulation activity. As a result of this, and flanked by various statutory amendments, including the introduction of the Single Resolution Mechanism, the requirements on loss-absorbing capital (equity and debt instruments) will continue to grow.

Significant Events in the Financial Year

Capital Measures
In the second quarter of 2016, NORD/LB also continued to strengthen its regulatory capital. To this end – and against the backdrop of supervisory regulations applicable to all EU member states since the beginning of 2016 whereby a bank's creditors must participate in losses in the case of restructuring or insolvency (bail-in) – the uptake of a further tranche of subordinated debt was completed.

In May 2016, NORD/LB announced that it expects to post a negative result after taxes for 2016 as a whole, both at the level of the individual institutions accounted for in accordance with the German Commercial Code (HGB) and at Group level (in accordance with IFRS). This is mainly due to high value allowances in the shipping portfolio.

As a consequence of such a trend, the contractually agreed interest payment on the contributions from silent partners will not be paid for the year 2016. The resulting effects are reflected in the valuation of the existing contributions from silent partners as at the reporting date.

Certain contributions from silent partners were acquired by special purpose vehicles that refinanced the contributions by issuing listed bonds of a similar structure. These companies have already announced that the interest payments on the bonds based on the interest on contributions from NORD/LB for 2016 are expected not to be made in 2017.

Regulatory Requirements regarding Minimum Capital
As the regulatory authority responsible for NORD/LB at Group level since the beginning of 2016, the European Central Bank (ECB) has specified that an individual minimum ratio of 9.25 per cent be maintained with regard to the Common Equity Tier 1 capital in accordance with CRR, taking account of transitional provisions and in addition to the minimum capital ratios set down in the CRR. This minimum ratio rises to 9.75 per cent at the end of 2016. This includes the capital conservation buffer that has been obligatory since the beginning of 2016.

As already announced in the first quarter of 2016, the Federal Financial Supervisory Authority rated NORD/LB as a Domestic Systemically Important Bank and therefore specified that – in addition to the currently applicable minimum capital requirements and capital buffers – NORD/LB must maintain a further capital buffer for otherwise systemically important institutions from the beginning of 2017. The capital buffer to be maintained will stand at 0.33 per cent of risk-weighted assets in 2017, at 0.66 per cent in 2018 and at 1.0 per cent in 2019.

EU Process: Restructuring Plan and Commitments made by NORD/LB
Before the capital measures could be implemented in 2011 and 2012, they had to be reviewed and approved by the European Commission. The capital measures were approved based on a restructuring plan agreed between the Bank, its shareholders, the German Federal Government and the European Commission in 2012. An independent trustee monitors whether the commitments are upheld.

Based on the commitments, which will apply up until the end of 2016 at the latest, NORD/LB can continue to focus on its proven business model. In the current financial year, it has already been possible to successfully implement some of its commitments.

NORD/LB, the German Federal Government and the European Commission agreed on significant points with regard to the future alignment of the Group's business segments with various focus areas as well as on the process of scaling back the Group's total assets and optimising the cost level.

Efficiency Improvement Programme
At the beginning of 2011, in agreement with its shareholders, NORD/LB resolved to stabilise the

administration costs of the NORD/LB Group at a level of € 1.1 billion.

NORD/LB has pledged to the European Commission that it will cap operating costs (before non-recurring effects) within the NORD/LB Group at € 1.07 billion by the end of 2016. NORD/LB is to make a significant contribution in this regard.

In order to achieve this target, NORD/LB launched an Efficiency Improvement Programme (EIP) in March 2011 to reduce both material and personnel costs.

In recent years, further specific measures impacting both structures and processes within NORD/LB have been developed and implemented.

UK's exit from the EU (Brexit)
On 23 June 2016, the United Kingdom voted in a referendum to leave the European Union (EU). As a result of leaving the EU, UK loses free access to the European internal market and the EU loses a strong economic partner. This is not expected to have any significant impact on the portfolio of the NORD/LB Group, in particular for real estate business and ABS portfolios.

Bank Stresstest
In July of this year, the results of the European-wide bank stress tests were announced. NORD/LB's diversified business model once again proved robust. In spite of significant strain stemming from the shipping crisis, the Bank's result came in at the average for the German banking sector.

NORD/LB was also notified again by the European Central Bank of its participation in this year's transparency exercise. The exercise will begin in September with results published in December.

IT Roadmap
NORD/LB’s IT infrastructure is based on established, customary procedures. A significant part of the Group's IT infrastructure is provided together with the Savings Banks Finance Group’s Finanz Informatik.

NORD/LB continually invests in updates and developments for its IT infrastructure in order to support its business processes in an optimum and cost-efficient manner and to meet national, international and European regulatory requirements in the area of IT. In the 2016 financial year, the main focus is to consolidate key components of the IT infrastructure in the Finanz Informatik environment update credit IT systems and adapt bank management systems.

Report on the Earnings, Assets and Financial Position

(In the following, figures for the first six months of 2015, or up until 31 December 2015, are provided in brackets)

Earnings position

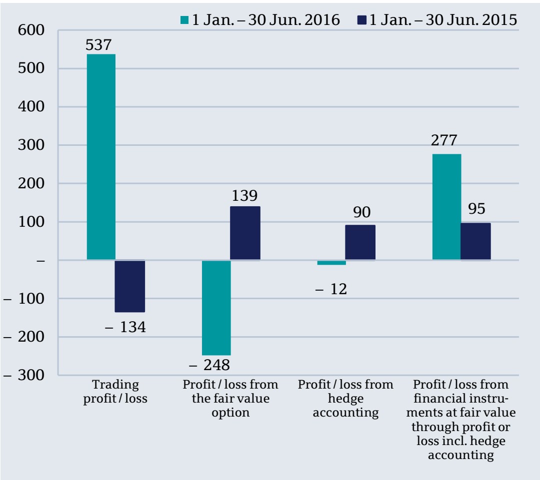
Earnings before taxes generated by NORD/LB Group in the first six months of the reporting year amount to € – 364 million. The figures for the income statement are summarised as follows:

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Net interest income	929	1 000	– 7
Loan loss provisions	1 003	210	> 100
Net commission income	117	111	5
Profit/loss from financial instruments at fair value through profit or loss including Hedge Accounting	277	95	> 100
Profit/loss from financial assets	71	26	> 100
Profit/loss from investments accounted for using the equity method	– 7	– 59	– 88
Administrative expenses	572	562	2
Other operating profit/loss	– 168	– 80	> 100
Earnings before reorganisation and taxes	**– 356**	**321**	**> 100**
Reorganisation expenses	– 8	– 7	14
Earnings before taxes	**– 364**	**314**	**> 100**
Income taxes	42	24	75
Consolidated profit	**– 406**	**290**	**> 100**

Net interest income fell by € 71 million to € 929 million compared to the prior-year period. This was mainly attributable to persistently low interest rates on money and capital markets. The € 530 reduction in interest expenses was not enough to offset the € 601 million drop in interest income. On the earnings side, interest income from lending and money market transactions as well as interest income from financial instruments measured at fair value decreased. In the year 2015, securities portfolios with high coupons were sold and fixed interest rates in lending business expired. Reinvestment was on less favourable terms owing to prevailing market conditions. The prior year was also positively impacted by higher than expected prepayment penalties, which returned to the normal level in the current period. On the expenses side, the reduction of liabilities to customers contributed to lower interest expenses from lending and money market transactions. Variable derivative volumes also resulted in reduced interest expenses on financial instruments at fair value through profit or loss.

Expenses related to **loan loss provisions** increased by € 793 million to € 1,003 million compared to the prior-year period. This effect is mainly due to the € 707 million increase in net allocations to specific valuation allowances, primarily in the area of ship financing. A negative net effect from the direct write-off of receivables/additions to receivables written off in the amount of € 63 million also weighs on earnings, in contrast to a positive net effect of € 1 million the previous year. **Net commission income** is at the same level as the previous year.

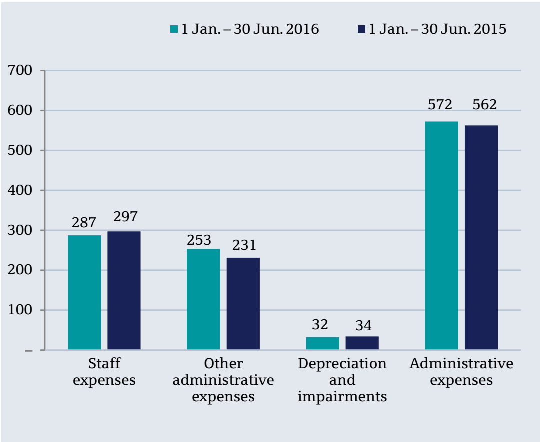
The **profit/loss from financial instruments at fair value through profit or loss including hedge accounting** amounts to € 277 million and is € 182 million higher than the previous year. This effect is mainly attributable to the higher trading profit/loss relative to the equivalent prior-year period, which more than offset the negative contribution from the fair value option and hedge accounting. The trading profit/loss is characterised by the positive trend in the realised profit/loss and valuation result from debt securities and promissory notes as well as interest rate derivatives in the wake of the decline in both the EUR and USD interest rate compared to the prior-year period. The positive performance in the foreign exchange profit/loss is also reflected by this. In contrast, the profit/loss from currency derivatives declined. The profit/loss from equity-related derivatives also fell on account of the negative performance of key equities in the first six months of 2016. Inverse interest-induced and own credit spread-induced effects impact the profit/loss from the fair value option, which fell by € 387 million. The profit/loss from hedge accounting stands at € -12 million. As a result of the adjustment to the estimate for interest distribution following the modernisation of sub-ledger accounting, it will in future be possible to avoid a mismatch in the profit/loss from hedge accounting due to the use of different valuation methods for hedge amortised cost for hedging investments and underlying transactions.



The **profit/loss from financial assets** amounts to € 71 million and is thus € 45 million above that of the comparable prior-year period. This is primarily attributable to a € 33 million rise in the profit/loss from financial assets classified as available for sale (AfS). Earnings here are driven mainly by the € 97 million decline in the requirement for valuation allowances. The profit/loss from the disposal of assets moved in the opposite direction and was € 64 million lower.

The **profit/loss from investments accounted for using the equity method** amounts to € -7 million and is thus € 52 million higher than in the equivalent prior-year period. The result is mainly due to lower depreciation on investments accounted for using the equity method compared to the prior-year period.

Administrative expenses climbed by € 10 million compared to the prior-year period. This is mainly due to the € 23 million rise in service expenses for IT within the framework of the ongoing development of the IT Roadmap and the € 4 million rise in consultancy expenses. In contrast, expenses for levies and contributions fell by € 7 million. This is due to a fall in expenses incurred by the NORD/LB Group for the security reserve for landesbanks and contributions to the ECB levy. Earnings from the reversal of reserves are also included. Personnel expenses fell by € 10 million. Thanks to the implementation of efficiency programmes, the impact of tariff increases could be more than offset.



Compared to the prior-year period, the **other operating profit/loss** slid by € 88 million to € -168 million. This is largely attributable to the increased negative net effect from the redemption of promissory notes and issued debt securities as well as from unbudgeted depreciation on ships. In contrast, expenses in connection with the EU bank levy fell by € 15 million to € 55 million.

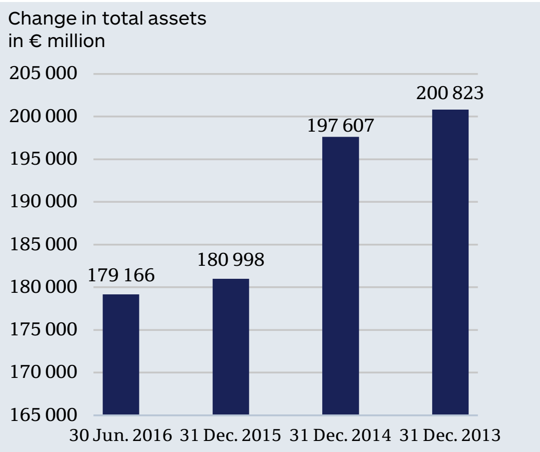
The **Reorganisation expenses** in the sum of € -8 million include net allocations to reorganisation provisions that were established within the framework of the efficiency improvement programme for agreements on the termination of employment contracts already concluded as at the balance sheet date.

Expenses for **income taxes** of € 42 million in the reporting period arise primarily from positive tax profit/losses from foreign Group companies.

Asset and financial position

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Loans and advances to banks	21 137	21 194	–
Loans and advances to customers	107 140	107 878	– 1
Risk provisioning	– 3 480	– 2 919	19
Financial assets at fair value through profit or loss	12 687	14 035	– 10
Positive fair values from hedge accounting derivatives	3 056	2 507	22
Financial assets	34 431	34 515	–
Investments accounted for using the equity method	292	290	1
Other assets	3 903	3 498	12
Total assets	**179 166**	**180 998**	– 1
Liabilities to banks	49 363	48 810	1
Liabilities to customers	57 188	60 597	– 6
Securitised liabilities	36 208	35 877	1
Financial liabilities at fair value through profit or loss	16 053	16 057	–
Negative fair values from hedge accounting derivatives	3 821	3 148	21
Provisions	2 916	2 428	20
Other liabilities	2 016	1 269	59
Subordinated capital	3 839	4 299	– 11
Reported equity including non-controlling interests	7 762	8 513	– 9
Total liabilities and equity	**179 166**	**180 998**	**– 1**

Total assets fell marginally in value compared to 31 December 2015.



Loans and advances to banks reduced by € 57 million to € 21,137 million. This was mainly the profit/loss of the € 479 million contraction in other loans and advances, which is essentially due to the reduction in municipal loans. In contrast, loans and advances resulting from money market transactions increased by € 422 million.

At 60 per cent (60 per cent), **loans and advances to customers** remained the largest balance sheet item. Compared to the previous year, this position contracted by € 738 million, mainly due to the fall in shipping and aircraft mortgage lending. On the other hand, receivables from money market transactions increased.

Risk provisioning increased by € 561 million on the previous year and stands at € 3,480 million. This is attributable to the rise in specific valuation allowances in shipping finance.

Financial assets at fair value through profit or loss include trading assets as well as financial assets measured at fair value and amount to € 12,687 million; € 1,348 million lower than the equivalent value of the previous year. This decline was due to valuation and volume effects.

As a profit/loss of the contraction in **financial assets** classified as AfS following efforts to reduce total risk exposure, financial assets fell by

€ 84 million compared to the previous year and now stand at € 34,431 million.

Other assets include those held for sale in the sum of € 60 million (€ 58 million).

Liabilities to banks rose by € 553 million to € 49,363 million compared to the previous year. The rise is mainly due to increased liabilities from money market transactions.

Liabilities to customers have fallen by € 3,409 million to € 57,188 million in comparison to the previous year. The contraction is primarily due to a lower level of liabilities resulting from money market transactions and savings deposits.

Securitised liabilities amount to € 36,208 million, slightly above the value of the previous year. New issue volumes were largely offset by maturities.

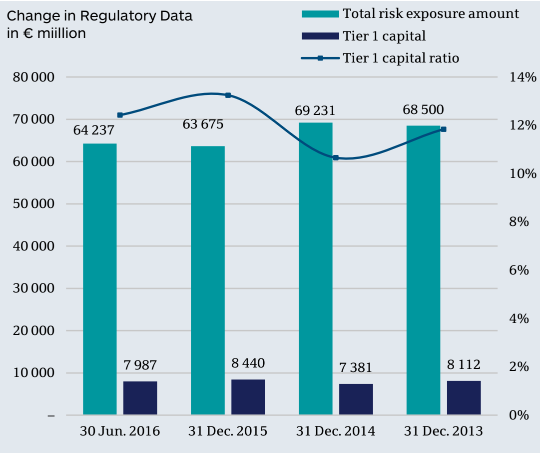
Financial liabilities at fair value through profit or loss include trading liabilities and financial liabilities measured at fair value and have generally remained the same as the previous year.

The € 488 million increase in **provisions** to € 2,916 million is the result of increased net liabilities from defined-benefit pension plans arising from interest rate changes.

Other liabilities those liabilities held for sale amounting to € 9 million (€ 7 million).

Subordinated capital contracted by € 460 million to € 3,839 million on account of the revaluation of silent partners, back payments as well as foreign exchange effects concerning USD-denominated capital.

The € 751 million decline in **reported equity** to € 7,762 million is primarily due to the consolidated profit as well as changes in the revaluation of net liabilities from defined-benefit pension plans.



Overall assessment

The Bank's business has continued to develop successfully over recent months. However, the first half of the financial year remains weighed down by unexpected risk provisioning. The first six months concluded with earnings before tax of € -364 million.

Supplementary Report

There have been no transactions after the balance sheet date of 30 June 2016 with significance for the reporting period from 1 January to 30 June 2016.

Forecast, Opportunities and Risk Report

General Economic Development

Global Economic Outlook

The US economy will return to somewhat more dynamic growth over the course of 2016, following a period of modest expansion in the first half of the year and ultimately securing growth of approx. 1.5 per cent. This growth should suffice for a continuation of the positive trend on the US labour market. The Chinese economy continues to find itself in a restructuring phase with its growth model, meaning that despite the stable course of the first two quarters, economic growth over the year as a whole is again likely to be slightly lower than the previous year. The euro zone continues its economic recovery in the second half of the year, despite the impact from the Brexit vote, and is likely to grow by a good 1.5 per cent in the year as a whole. At present, a slight and temporary slowing of growth for the common currency area is to be expected in the wake of the Brexit decision. In 2016, inflation will remain extremely low and, in spite of a rise, will also fall significantly below the ECB's two per cent inflation target in 2017.

Economic Forecast for Germany and the Eurozone

The economic risks for Germany and the euro zone have undoubtedly increased with the outcome of the referendum in the United Kingdom. However, it is difficult to assess whether and to what extent there will be a measurable negative effect on economic activity in 2016/17. We expect a moderate impact. The mist of uncertainty following the Brexit vote has not yet lifted, though initial data on corporate and consumer confidence in the euro zone are encouraging. The economic sentiment indicator even demonstrated a slight rise in July. The result from the Markit purchasing managers index for the service sector and industry as well as key indicators of domestic sentiment were similarly stable. Only financial market experts surveyed each month by sentix and ZEW were considerably more pessimistic in July. Even if it is too early for the all-clear, initial signs appear to confirm that Brexit only represents an economic shock for UK, while the rest of Europe only feel a slight impact. As in the euro zone, the basic trend in Germany is still on the up, in particular on account of steady domestic demand. For the current year, NORD/LB forecasts growth of 1.9 per cent for Germany, and GDP growth to be similar to that of the previous year.

The European Central Bank's monetary policy remains expansive. In the second half of the year, the ECB are also likely to further ease this policy in response to the Brexit vote. Across the entire single currency area, fiscal policy is no longer restrictive, although consolidation requirements remain particularly high, especially in Southern Europe,. Due to the sharper economic downturn in China, geopolitical conflicts and the threat of global terrorism, there are still considerable risks. Political conflicts within the EU (refugees, separatist agitation, rise of right-wing populist parties) may also threaten cohesion or at least the political clout of the European Union. Another constant factor of uncertainty is Greece and the ongoing developments there.

Financial Market Development and Interest-rate Forecast

The Fed is not currently expected to take monetary policy action. The Brexit vote has provided US central bankers with good reason to delay the interest rate hike into 2017. The recent opinion from the FOMC has obviously prompted some market participants to speculate somewhat more with regard to the possibility of a hike in the Fed Funds Target Rate in 2016. An interest rate adjustment in December could be possible if the turbulence in the wake of Brexit is mitigated.

In the euro zone, signs indicate additional loosening of the monetary policy by the ECB following the Brexit vote. The ECB's optimistic economic and inflation forecasts from June are now certainly obsolete. The ECB will unveil its new projections in September. It can then take account of the measures implemented by the Bank of England in its efforts to mitigate the impact of Brexit. ECB President Mario Draghi stressed several times that the ECB is ready, willing and able to respond using all instruments available within its mandate. We expect further monetary easing and corresponding steps to be taken in September, with the scope of efforts dependant on the data available. In our opinion, the most likely scenario would involve a combination of a slight reduction in the deposit rate and an extension of the purchase programme until after March 2017. Towards the end of the year, an amendment to the terms of the EAPP is also likely to provide further flexibility.

Against the backdrop of increased uncertainty, yields on European government bonds have sunk and in some cases even hit negative levels. The prospect of an even longer phase with benchmark interest rates at the current or even lower level as well as continuing uncertainty with regard to the economic fallout from Brexit will keep demand for safe haven assets high for the time being. German government bonds are likely to test their recent new record lows once again in the wake of a further round of monetary easing by the ECB. Money market rates are also expected to lean toward the lower end. With respect to capital markets, a slight movement in the opposite direction is not to be expected until the inflation rate pulls further away from zero – and thus not until the end of the year at the earliest. However, NORD/LB does not expect sustained positive yields on bonds with a ten-year residual maturity, at least until the end of 2016.

The divergence in monetary policy on the two sides of the Atlantic points towards further hardening of the USD in the short term. However, NORD/LB expects a movement in the opposite direction over the medium term, especially in the event of noticeable stabilisation of the upswing in the euro zone. Over the next twelve months, a return to an exchange rate of USD 1.12 per EUR is to be expected. Volatility will, however, remain high this year. With respect to the EUR/USD basis swap spreads, we expect continued sideways movement around the most recent level reached in the short to medium term. Our econometric forecast models indicate that the maturity curve should remain very flat.

Banking Market Development

Persistent credit risks in the European banking market – although falling in most countries – will continue to mean further balance-sheet adjustments and, where necessary, also capital measures, in order to ensure a sustainably stronger sector.

The regulatory requirements will continue to increase. These will include, in particular, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), the requirements with regard to the holding of liabilities that are eligible to be bailed in and other related regulatory ratios (including minimum requirement for own funds and eligible liabilities (MREL) and in the case of globally systemically important banks Total Loss Absorbing Capacity (TLAC)).

More stringent capital requirements may also arise from the new Supervisory Review and Evaluation Process (SREP). Although the European banks have already made a major contribution to the stabilisation of the banking system, its sustainability was reviewed in past stress tests coordinated by the European Banking Authority.

Shipping

The Brexit vote has resulted in further revision of economic forecasts in Europe. The IMF has warned of further downward risks. Economic momentum from the demand side is therefore not apparent at the moment.

Following OPEC's failed attempts to secure a reduction in production, oil prices remain at a relatively low level. Record-high inventories do not indicate a significant price rise in the foreseeable future.

The development of the Panama Canal is currently the focus of the container sector. Since it's reopening, the first large container ships have been able to pass through its new lock systems. At present, the size of ships passing through the waterway is not as high as expected. There are signs of a trend towards between 8,000 TEU and 10,000 TEU. The full effects of a realignment in the liner alliances will also not be apparent until 2017. Approvals are still outstanding, though refusals are unlikely. On the charter market, the new distribution of power across just three large blocks will have an impact and raise the pressure for consolidation here yet again. The deliveries of new tonnage can only be partially offset by scrapping. Accordingly, the market will remain characterised by overcapacity and rates will see only temporary recovery at best over the course of the year.

In the tanker sector, deliveries of new built vessels continued into the second half of the year. Coupled with faltering demand due to global economic trends, earnings will continue to fall initially.

China will remain critical in the bulk goods sector for the foreseeable future. The country's weakening growth rate and stagnating demand in the global steel market do not bode well for a significant upturn in iron ore shipments at present. However, coal transportation could benefit from the expected cuts to production in China. Rising prices in Australia are a cause for hope. Overall, demand for various bulk materials in 2016 remains, however, small, meaning that the market is still marked by overcapacity and competitive pressure. The supply of tonnage will also continue to rise in 2016. A positive impact on order books will only be apparent in the medium term.

As before, the cruise industry, which is predicting fresh rises in passenger numbers, continues to be the beacon of the shipping industry.

Aircraft

For 2016, IATA is expecting growth in global passenger traffic (RPK) of 6.2 per cent, far above the average 5.5 per cent of the past 20 years. It is also forecasting that global airlines will post higher profits of $ 39.4 billion in 2016. This would correspond to a net margin of approximately 5.6 per cent (2015: 4.9 per cent). However, in light of Brexit, the terrorist attacks in Brussels and Nice and developments in Turkey it is currently doubtful as to whether the IATA's predictions will actually materialise.

Regarding the required freight volumes (FTK), IATA is forecasting another rise of 2.1 per cent, despite stagnating global trade and the geopolitical developments (including Brexit). As in previous years, significant geographical differences are predicted in terms of the respective traffic and earnings trends. The largest growth in traffic (RPK) is predicted for the Middle East (11.2 percent), Asia/Pacific (8.5 per cent) and Europe (4.9 per cent).

Real Estate

Globally the real estate market has cooled off slightly as a whole. Even the low interest rates are barely enough to support real estate sales in the face of falling yields in many areas. Jones Lang LaSalle (JLL) revised its global sales expectations for 2016 downwards to $ 600 billion.

Some major European real estate markets will be directly or indirectly affected by developments in the wake of Brexit. We expect investors in the UK property market to be extremely cautious in the months to come, and sales figures and prices to drop due to the uncertainty surrounding the negotiations with the EU. Meanwhile, foreign capital is expected to flow increasingly into other countries such as France, Poland and the Netherlands – some big companies are planning to move their headquarters from the United Kingdom to mainland Europe.

So even Germany should become more favoured by international investors as a real estate location, which will translate into further price rises, especially in the country's "Big 7" markets. We believe the trend towards investing in B and C cities will, however, continue into the second half of 2016.

Extended Risk Report

Risk-Bearing Capacity

The utilisation rate for risk capital in the management approach (going concern) relevant for the assessment is 58 per cent as at 30 June 2016 and therefore well above the utilisation rate as at 31 December 2015. This is driven by a decline of risk capital due to increased coverage ratios required from 2016 as per the Basel III transition rules, and the consideration of losses anticipated for the current business year.

Regarding the external requirements, the risk-bearing capacity has been met up to a utilisation rate of 100 per cent. In line with the NORD/LB Group's internal requirements, in the context of the risk-bearing capacity model, a risk-strategic capital buffer of 20 per cent is being consciously maintained. Risk is therefore controlled taking into account the internal maximum utilisation rate of 80 per cent for the going concern. As at the current reporting date, utilisation is well below the internal maximum.

In addition to the going concern approach, in the internal calculation of risk-bearing capacity, the gone concern and regulatory scenarios are also considered. The utilisation of risk capital in the going concern scenario can be found in the quarterly presentation of results of the NORD/LB Group's risk-bearing capacity calculation.

Risk-bearing capacity (in € million)	30 Jun. 2016		31 Dec. 2015	
Risk capital[1)]	**2 738**	**100%**	**4 723**	**100%**
Credit risk	1 005	37%	918	**19%**
Investment risk	108	4%	112	**2%**
Market-price risk	346	13%	262	**6%**
Liquidity risk	142	5%	157	**3%**
Operational risk	115	4%	95	**2%**
Other	-131	– 5%	– 194	**-4%**
Total risk potential	**1 584**	**–**	**1 349**	**–**
Risk capital utilisation	**–**	**58%**	**–**	**29%**

1) Differences in totals are rounding differences.

The requirements of the Group risk strategy concerning the utilisation of risk capital at the level of the material risk types are also met as at the reporting date 30 June 2016. Of the material risk-types (credit, investment, market price, liquidity and operational risks), credit risks again account for the largest share of the total risk potential.

Credit Risk

The maximum default risk amount for on-balance sheet and off-balance sheet financial instruments fell in the first half of 2016. This is mainly due to loans and advances to customers and financial assets at fair value through profit and loss.

Risk-bearing financial instruments[1] (in € million)	Maximum default risk 30 Jun. 2016	Maximum default risk 31 Dec. 2015
Loans and advances to banks	21 135	21 193
Loans and advances to customers	103 662	104 960
Adjustment item for financial instruments hedged in the fair value hedge portfolio	340	91
Financial assets at fair value through profit or loss	12 687	14 035
Positive fair values from hedge accounting derivatives	3 056	2 507
Financial assets	34 431	34 515
Sub-total	**175 311**	**177 301**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	13 690	13 735
Total	**189 001**	**191 036**

1) Differences in totals are rounding differences.

The NORD/LB Group's total exposure is € 195 billion (€ 194 billion).

The quality of the NORD/LB Group’s credit portfolio has deteriorated in the first few months of 2016. The share of non-performing loans as at the reporting date is 4.8 per cent (4.7 per cent).

The Rating Structure table shows the breakdown of the total exposure in the NORD/LB Group by rating class and product type. The share of items in the rating category “Very good to good” remains at a high level at 75 per cent (76 per cent) as at 30 June 2016. This is explained in particular by the significance of business conducted with financing institutions and public authorities and is at the same time a reflection of the risk policy of the NORD/LB Group.

Rating structure[1)2)] (in € million)	Loans 30 Jun. 2016	Securities[3)] 30 Jun. 2016	Derivates[4)] 30 Jun. 2016	Other[5)] 30 Jun. 2016	Total exposure 30 Jun. 2016	Total exposure 31 Dec. 2015
very good to good	91 692	32 106	8 468	14 696	146 961	146 321
good / satisfactory	13 091	1 024	431	1 288	15 834	13 902
reasonable / satisfactory	7 197	364	169	831	8 561	9 864
increased risk	5 716	458	169	426	6 769	7 654
high risk	1 929	3	47	220	2 199	3 173
very high risk	4 842	12	48	88	4 990	3 713
default (= NPL)	9 049	205	36	63	9 353	9 089
Total	**133 515**	**34 172**	**9 369**	**17 612**	**194 668**	**193 718**

1) Allocation is made based on the initiative for Germany as a financial location (IFD) rating classes.
2) Differences in totals are rounding differences.
3) Includes the securities holdings of third-party issues (banking book only).
4) Includes derivative financial instruments such as finance swaps, options, futures, forward rate agreements and currency transactions.
5) Includes other products such as pass-through and administered loans.

The breakdown of total exposure by industry shows that business conducted with financing institutions and with public authorities accounts for 50 per cent (50 per cent) and still constitutes a significant share of the total exposure.

Industries[1)2)] (in € million)	Loans 30 Jun. 2016	Securities[3)] 30 Jun. 2016	Derivatives[4)] 30 Jun. 2016	Other[5)] 30 Jun. 2016	Total exposure 30 Jun. 2016	Total exposure 31 Dec. 2015
Financing institutes / insurance companies	29 915	16 179	3 625	8 224	57 943	56 778
Service industries / other	58 037	15 725	2 591	1 772	78 125	78 144
– Of which: Land, housing	18 873	8	659	404	19 944	19 583
– Of which: Public administration	22 268	15 471	1 257	172	39 169	40 316
Transport / communications	23 499	644	707	264	25 115	26 509
– Of which: Shipping	17 556	–	134	105	17 794	18 918
– Of which: Aviation	2 963	–	28	–	2 991	3 422
Manufacturing industry	5 751	711	782	259	7 504	6 904
Energy, water and mining	10 014	767	1 204	5 529	17 513	16 790
Trade, maintenance and repairs	3 796	97	308	215	4 416	4 619
Agriculture, forestry and fishing	807	–	5	1 269	2 081	2 015
Construction	1 695	49	147	79	1 970	1 958
Total	**133 515**	**34 172**	**9 369**	**17 612**	**194 668**	**193 718**

1) The figures are reported, as in the internal reports, by economic criteria.
2) To 5) please see the preceding Rating Structure table.

The breakdown of the entire credit exposure by region shows that the euro zone accounts for a high share of 81 per cent (81 per cent) of total exposure and remains by far the most important business region of the NORD/LB Group. Germany's share is 66 per cent (66 per cent).

Regions[1)2)] (in € million)	Loans 30 Jun. 2016	Securities[3)] 30 Jun. 2016	Derivatives[4)] 30 Jun. 2016	Other[5)] 30 Jun. 2016	Total exposure 30 Jun. 2016	Total exposure 31 Dec. 2015
Euro countries	107 775	26 858	5 267	17 518	157 418	157 146
– Of which: Germany	89 990	17 502	3 310	16 804	127 606	128 327
Other Europe	11 036	2 678	2 593	37	16 343	15 121
North America	6 692	3 004	904	11	10 612	10 446
Middle and South America	2 504	622	56	–	3 182	3 557
Middle East / Africa	1 105	–	12	42	1 160	1 250
Asia / Australia	4 404	1 011	535	4	5 954	6 198
Total	**133 515**	**34 172**	**9 369**	**17 612**	**194 668**	**193 718**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) To 5) please see the preceding Rating Structure table.

The exposure in Greece, Ireland, Italy, Portugal and Spain and in particular to financing institutions and insurance companies, reduced further in the period under review and is now € 6.9 billion (€ 7.1 billion). Their share in the total exposure remains at 4 per cent. The share of receivables owed by the respective countries, regional governments and municipalities is € 1.8 billion (€ 1.7 billion) and still 1 per cent of the total exposure.

Exposures in selected European countries[1)2)] (in € million)	Greece 30 Jun. 2016	Ireland 30 Jun. 2016	Italy 30 Jun. 2016	Portugal 30 Jun. 2016	Spain 30 Jun. 2016	Total 30 Jun. 2016
Sovereign Exposure	–	228	1 112	242	197	1 780
– Of which: CDS	–	210	–	198	–	408
Financing institutes / insurance companies	–	397	190	15	1 049	1 652
Corporates / Other	7	2 601	431	96	309	3 444
Total	**7**	**3 226**	**1 733**	**354**	**1 555**	**6 876**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) Differences in totals are rounding differences.

Exposures in selected European countries[1)2)]	Greece 30 Jun. 2015	Ireland 30 Jun. 2015	Italy 30 Jun. 2015	Portugal 30 Jun. 2015	Spain 30 Jun. 2015	Total 30 Jun. 2015
Sovereign Exposure	–	231	1 038	244	177	1 690
– Of which: CDS	–	212	–	198	–	410
Financing institutes / insurance companies	–	432	220	15	1 251	1 918
Corporates / Other	21	2 621	402	94	330	3 468
Total	**21**	**3 284**	**1 661**	**353**	**1 758**	**7 077**

1) The figures are reported, as in the internal reports, by the country in which the borrower is legally domiciled.
2) Differences in totals are rounding differences.

The NORD/LB Group has an exposure of € 1.5 billion in Cyprus in the corporates category. This primarily concerns a ship exposure with economic risk outside of Cyprus. The NORD/LB Group does not have any sovereign exposure in Cyprus.

In Hungary, the NORD/LB Group has an exposure of € 168 million (€ 114 million sovereign exposure, € 55 million corporates / others) and in Russia its exposure amounts to € 227 million (€ 145 million financing institutions and insurance companies, € 82 million corporates / others). The exposure in Egypt, Argentina and Ukraine is of minor significance.

NORD/LB is also closely monitoring and analysing developments in the countries mentioned. However, the Group does not consider it necessary to make any further valuation allowances at this stage. Further details can be found in the Notes on the Interim Report in Note (32) Disclosures relating to selected European Countries.

Exposure in selected European countries by maturity [1)2)] (in € million)	Greece 30 Jun. 2016	Ireland 30 Jun. 2016	Italy 30 Jun. 2016	Portugal 30 Jun. 2016	Spain 30 Jun. 2016	**Total** 30 Jun. 2016
up to 1 year	–	–	101	–	72	**173**
more than 1 up to 5 years	–	228	347	242	93	**911**
more than 5 years	–	–	664	–	32	**696**
Total	**–**	**228**	**1 112**	**242**	**197**	**1 780**

1) The figures are allocated by the residual term of the contract and, as in the internal reporting, by the country in which the borrower is legally domiciled.
2) Differences in totals are rounding differences.

Exposure in selected European countries by maturity [1)2)] (in € million)	Greece 31 Dec. 2015	Ireland 31 Dec. 2015	Italy 31 Dec. 2015	Portugal 31 Dec. 2015	Spain 31 Dec. 2015	**Total 31 Dec. 2015**
up to 1 year	–	–	11	–	16	**26**
more than 1 up to 5 years	–	231	366	244	130	**971**
more than 5 years	–	–	662	–	31	**693**
Total	**–**	**231**	**1 038**	**244**	**177**	**1 690**

[1)] The figures are allocated by the residual term of the contract and, as in the internal reporting, by the country in which the borrower is legally domiciled.
[2)] Differences in totals are rounding differences.

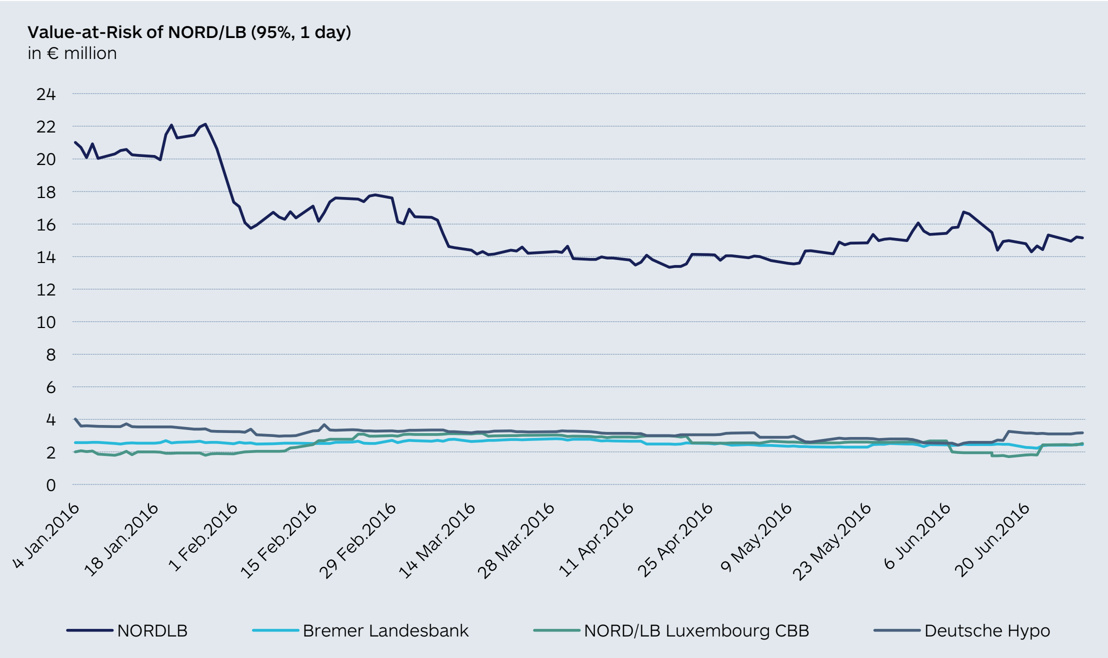
In addition to direct exposure, the reported exposure also comprises indirect exposure (primarily credit default swaps). The calculation is based on utilisation (in the case of guarantees, the nominal value and in the case of securities, the carrying amount) and the credit equivalents resulting from derivatives (including add-ons and in consideration of netting). Irrevocable and revocable credit commitments are included proportionally in the total exposure, while collateral received by the NORD/LB Group is not considered.

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

Market-price Risk

As at 30 June 2016 the value at risk (VaR) for the NORD/LB Group had risen to € 16 million (€ 15 million). The final figures are reported taking into account correlation effects. The historical simulation method was used throughout the Group. The VaR calculated on the basis of regulatory parameters (confidence level of 99 per cent and holding period of ten days) amounted to € 87 million (€ 83 million) in the NORD/LB Group as at 30 June 2016.

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



Between early January and the end of June, the daily total value at risk (VaR) calculated for the significant Group companies from a risk point of view (confidence level of 95 per cent, holding period of one day) fluctuated between € 21 million and € 30 million, with an average value at risk of € 24 million. The portfolios of NORD/LB have the highest risks. Among the risk types, the most dominant are interest rate risks, including credit spread risks. The consideration of positions in the credit spread risk depends on the relevant accounting standard applicable. Primarily due to position changes in general interest rate risk, the risks of the individual institutions reduced in the period under review. Due to correlation effects with the credit spread risk, this effect is not observed at the level of the NORD/LB Group.

Market-price risks[1)]	Maximum		Average		Minimum		End-of year risk	
	1 Jan. – 30 Jun. 2016	1 Jan. - 31 Dec. 2015	1 Jan. – 30 Jun. 2016	1 Jan. - 31 Dec. 2015	1 Jan. – 30 Jun. 2016	1 Jan. - 31 Dec. 2015	1 Jan. – 30 Jun. 2016	1 Jan. - 31 Dec. 2015
Interest-rate risk (VaR 95 %, 1 day)	32 928	35 395	25 377	30 295	21 870	24 022	13 984	15 335
Currency risk (VaR 95 %, 1 day)	1 933	2 552	1 359	1 870	914	839	956	558
Share-price and fund-price risk (VaR 95 %, 1 day)	3 216	3 148	2 463	2 425	1 429	1 346	2 102	2 076
Volatility risk (VaR 95 %, 1 day)	2 474	2 297	2 030	1 486	1 635	385	1 559	1 618
Other add-ons	132	142	91	60	67	–	76	108
Total	30 093	33 435	24 197	29 265	21 313	24 436	15 532	15 445

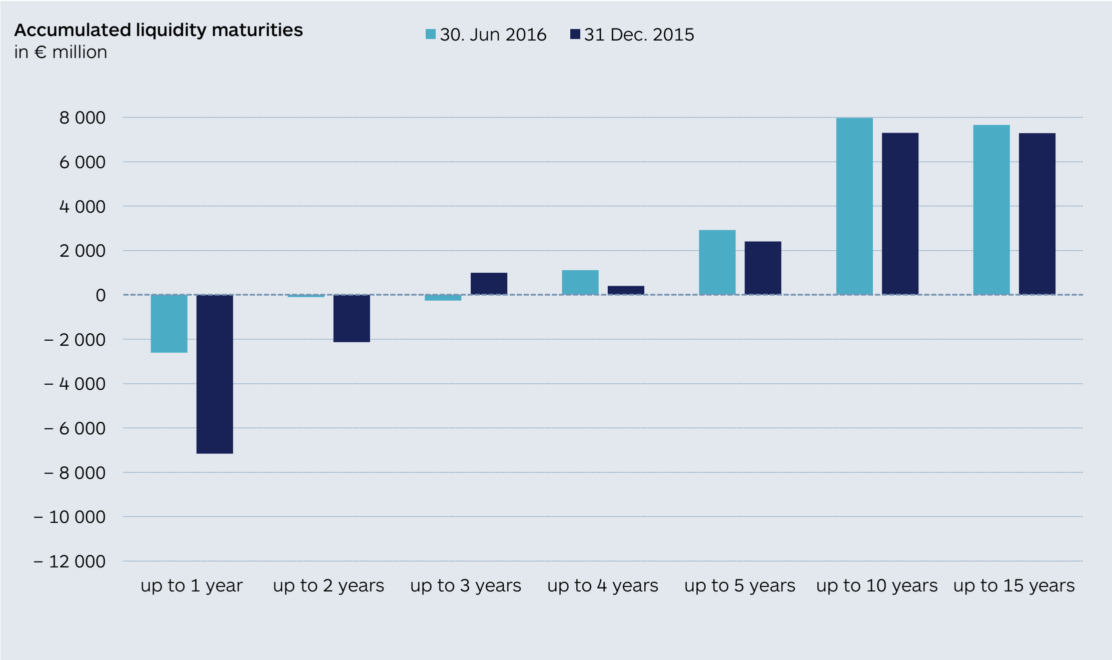
1) Maximum, average and minimum are calculated based on the VaR totals of the subsidiaries significant in risk reporting, taking into account the applicable accounting standard for the respective individual institution; the final figures are calculated on a consolidated basis for the NORD/LB Group in accordance with IFRS.

In the period under review there was an improvement in the number of backtesting exceptions in NORD/LB. The remaining exceptions result primarily from fundamental risks, i.e. differences in the scope of movements in the various swap curves within the same currency leading to higher daily fluctuations in the present value in the Treasury Division. Until these risks are planned to be included in the VaR model, a reserve item will be considered in the RBC model.

Liquidity Risk

The liquidity situation in the markets eased further in the period under review due to the ongoing measures taken by the European Central Bank. However, the current global trouble spots, in particular in the Middle East, the high national debts of various EU countries and the persistent difficulties of European banks, continue to present risks. As at 30 June 2016, the cumulative liquidity maturity balance sheet shows much smaller liquidity gaps in the maturity range up to two years and a liquidity gap in the maturity range up to three years compared to the end of the previous year. In all other maturity ranges there was a slightly higher liquidity maturity surplus. All liquidity gaps are within the liquidity risk limits derived from the risk-bearing capacity model. The NORD/LB Group had sufficient liquidity at all times during the first half of 2016. The liquidity risk limits were complied with at all times at NORD/LB Group level in the first half of 2016; this applies to all currencies together and the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As at the reporting date, significant companies from a risk point of view hold securities amounting to € 41 billion (€ 41 billion), 81 per cent (81 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve.



In the period under review, the liquidity ratio in accordance with the German Liquidity Regulation (LiqV) was always well over the minimum of 1.00 required by regulatory provisions. The dynamic stress tests used for internal control showed a good liquidity situation for the NORD/LB Group as at the reporting date. The liquidity buffers for one week and one month in accordance with the Minimum Requirements for Risk Management (MaRisk) are also complied with. The Liquidity Coverage Ratio (LCR) as at 30 June 2016 was 104.74 per cent (100.7 per cent).

Liquidity ratio in accordance with the LiqV[1)]	30 Jun. 2016	31 Dec. 2015
NORD/LB	1,95	1,77
Bremer Landesbank	2,97	1,95
Deutsche Hypo	2,22	1,50

1) NORD/LB Luxembourg does not have to report comparable figures on account of legal requirements.

Operational Risk

The set-up of integrated OpRisk management was continued in the period under review. There are no significant legal risks as at the reporting date that would place the existence of the Bank at risk.

Overall Assessment

The NORD/LB Group has had a difficult start to 2016. The first half of the year was characterised by risk provisioning that was higher than planned, in particular for the shipping finance segment as well as the corporate customers segment. The situation in the shipping markets has deteriorated noticeably since the fourth quarter of 2015 and there are no signs of a sustained recovery in the foreseeable future. Due to the market situation, it is forecasted that risk provisioning in the shipping sector will remain high on account of the shipping crisis. In view of the difficult market situation, NORD/LB will reduce its shipping portfolio and optimise its diversification. This winding down cannot, however, be realised without losses. Due to these developments NORD/LB expects that the NORD/LB Group will close the financial year 2016 with a negative profit/loss.

The continued stable income based on the proven customer-oriented business model with very diversified sources of income is slightly above the previous year's level in the forecast and is therefore likely to be well above target. This positive development is mainly due to the central valuation effects in financial instruments at fair value through profit or loss, which are better than forecasted in the plan – due in part to the market development with currency derivatives – to the valuation effects in the profit/loss from financial assets and to positive effects in net interest income.

The NORD/LB Group is forecasting that risk provisioning/valuation will be much worse than in the plan. Risk provisioning will once again be primarily influenced by the shipping portfolio.

Administrative expenses are slightly above budget. The CIR in the forecast has improved in respect to planning due to the higher forecast income and only a slight rise in administrative expense; RoE is negative in the forecast and therefore significantly worse than planned.

The total risk exposure is, based on current estimates in the current forecast, moderately below the level planned. The planning for the total risk exposure amount and NORD/LB's regulatory capital for 2016 considers all requirements derived from EU Regulation No. 575/2013 on regulatory requirements for credit institutions and investment firms (CRR) including relevant requirements for regulatory capital adequacy derived from transitional arrangements. In the NORD/LB Group's plan, these legal regulations – including the capital buffer to be held and other existing banking regulatory requirements concerning the required level of regulatory capital – are met in full and sustained.

Opportunities will arise due to the Bank's robust business model from improving the good market position with a stable customer base and a broad diversification of risk. On this basis, in the current environment of low interest rates, offering alternative capital market products provides promising opportunities to increase the income of the Bank with increased balance sheet turnover and cross-selling activities and to further diversify and optimise the credit portfolio. Opportunities will also arise for NORD/LB due to the reduction in external credit spreads.

General opportunities and risks lie in the regulatory requirements such as the stress test, further capital requirements, the further development of the national debt crisis and the change in the USD/EUR exchange rate. Opportunities and risks also lie in the write-up or write-down of investments and in the implementation of IT projects concerning the whole bank and the regulatory environment.

Risks for the earnings position will arise again in 2016 from the continuing period of low interest rates, the possibility of unlimited availability of long-term uncovered funding not being permanent, unforeseeable market disruptions due to political or economic developments, terrorist attacks and geopolitical tension, particularly in the Ukraine, Turkey and Middle East.

Earning trends in the shipping finance segment continues to be affected by the crisis in the shipping sector. The unplanned insolvency of shipping lines and companies and a fall in charter rates may result in an increase in risk provisioning compared to the current forecast.

Interim Consolidated Financial Statements as at 30 June 2016

Income Statement

		1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Interest income		3 676	4 277	– 14
Interest expenses		2 747	3 277	– 16
Net interest income	**6**	**929**	**1 000**	**– 7**
Loan loss provisions	7	1 003	210	> 100
Commission income		178	160	11
Commission expenses		61	49	24
Net commission income	**8**	**117**	**111**	**5**
Trading profit / loss		537	– 134	> 100
Profit / loss from the fair value option		– 248	139	> 100
Profit / loss from financial instruments at fair value through profit or loss	**9**	**289**	**5**	**> 100**
Profit / loss from hedge accounting	10	– 12	90	> 100
Profit / loss from financial assets	11	71	26	> 100
Profit / loss from investments accounted for using the equity method		– 7	– 59	– 88
Administrative expenses	12	572	562	2
Other operating profit / loss	13	– 168	– 80	> 100
Earnings before reorganisation and taxes		**– 356**	**321**	**> 100**
Reorganisation expenses	14	– 8	– 7	14
Earnings before taxes		**– 364**	**314**	**> 100**
Income taxes	15	42	24	75
Consolidated profit		**– 406**	**290**	**> 100**
of which: attributable to the owners of NORD/LB		– 263	287	
of which: attributable to non-controlling interests		– 143	3	

Income Statement - Quarterly Overview

(in € million)	2016 2nd Quarter	2016 1st Quarter[1]	2015 2nd Quarter	2015 1st Quarter
Interest income	1 751	1 925	2 108	2 169
Interest expenses	1 281	1 466	1 609	1 668
Net interest income	**470**	**459**	**499**	**501**
Loan loss provisions	568	435	106	104
Commission income	93	85	81	79
Commission expenses	30	31	25	24
Net commission income	**63**	**54**	**56**	**55**
Trading profit / loss	150	387	– 519	385
Profit / loss from the fair value option	– 115	– 133	441	– 302
Profit / loss from financial instruments at fair value through profit or loss	**35**	**254**	**– 78**	**83**
Profit / loss from hedge accounting	– 13	1	31	59
Profit / loss from financial assets	64	7	24	2
Profit / loss from investments accounted for using the equity method	–	– 7	– 59	–
Administrative expenses	275	297	278	284
Other operating profit / loss	– 32	– 136	– 3	– 77
Earnings before reorganisation and taxes	**– 256**	**– 100**	**86**	**235**
Reorganisation expenses	– 1	– 7	– 1	– 6
Earnings before taxes	**– 257**	**– 107**	**85**	**229**
Income taxes	56	– 14	– 49	73
Consolidated profit	**– 313**	**– 93**	**134**	**156**
of which: attributable to the owners of NORD/LB	– 188	– 75	128	159
of which: attributable to non-controlling interests	– 125	– 18	6	– 3

[1] Adjustment of reporting (see Note (3) Adjustment of estimates and accounting methods).

Statement of Comprehensive Income

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

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Consolidated profit	**– 406**	**290**	**> 100**
Other comprehensive income which is not recycled in the income statement in subsequent periods			
Revaluation of the net liability from defined benefit pension plans	– 451	159	> 100
Investments accounted for using the equity method – Share of other operating profit / loss	– 11	– 5	> 100
Deferred taxes	145	– 50	> 100
	– 317	**104**	**> 100**
Other comprehensive income which is recycled in the income statement in subsequent periods on certain conditions			
Increase / decrease from available for sale (AfS) financial instruments			
Unrealised profit / losses	– 80	1	> 100
Transfer due to realisation profit / loss	12	29	– 59
Translation differences of foreign business units			
Unrealised profit / losses	– 5	25	> 100
Investments accounted for using the equity method – Share of other operating profit / loss	32	36	– 11
Deferred taxes	24	– 5	> 100
	– 17	**86**	**> 100**
Other profit / loss	**– 334**	**190**	**> 100**
Comprehensive income for the period under review	**– 740**	**480**	**> 100**
of which: attributable to the owners of NORD/LB	– 578	464	
of which: attributable to non-controlling interests	– 162	16	

Statement of Comprehensive Income - Quarterly Overview

(in € million)	2016 2nd Quarter	2016 1st Quarter [1)]	2015 2nd Quarter	2015 1st Quarter
Consolidated profit	**– 313**	**– 93**	**134**	**156**
Other comprehensive income which is not recycled in the income statement in subsequent periods				
Revaluation of the net liability from defined benefit pension plans	– 274	– 177	511	– 352
Investments accounted for using the equity method – Share of other operating profit / loss	– 6	– 5	5	– 10
Deferred taxes	88	57	– 162	112
	– 192	**– 125**	**354**	**– 250**
Other comprehensive income which is recycled in the income statement in subsequent periods on certain conditions				
Increase / decrease from available for sale (AfS) financial instruments				
Unrealised profit / losses	– 69	– 11	– 143	144
Transfer due to realisation profit / loss	7	5	11	18
Translation differences of foreign business units				
Unrealised profit / losses	9	– 14	– 14	39
Investments accounted for using the equity method – Share of other operating profit / loss	16	16	22	14
Deferred taxes	20	4	45	– 50
	– 17	**–**	**– 79**	**165**
Other profit / loss	**– 209**	**– 125**	**275**	**– 85**
Comprehensive income for the period under review	**– 522**	**– 218**	**409**	**71**
of which: attributable to the owners of NORD/LB	– 382	– 196	370	94
of which: attributable to non-controlling interests	– 140	– 22	39	– 23

[1)] Adjustment of reporting (see Note (3) Adjustment of estimates and accounting methods).

Balance Sheet

	Notes	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Cash reserve		845	872	– 3
Loans and advances to banks	16	21 137	21 194	–
Loans and advances to customers	17	107 140	107 878	– 1
Risk provisioning	18	– 3 480	– 2 919	19
Balancing items for financial instruments hedged in the fair value hedge portfolio		340	91	>100
Financial assets at fair value through profit or loss	19	12 687	14 035	– 10
Positive fair values from hedge accounting derivatives		3 056	2 507	22
Financial assets	20	34 431	34 515	–
Investments accounted for using the equity method		292	290	1
Property and equipment	21	555	573	– 3
Investment property		75	77	– 3
Intangible assets	22	150	149	1
Assets held for sale	23	60	58	3
Current income tax assets		39	37	5
Deferred income taxes		863	663	30
Other assets		976	978	–
Total assets		**179 166**	**180 998**	**– 1**

	Notes	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Liabilities to banks	24	49 363	48 810	1
Liabilities to customers	25	57 188	60 597	– 6
Securitised liabilities	26	36 208	35 877	1
Balancing items for financial instruments		1 410	753	87
Financial liabilities at fair value through profit or loss	27	16 053	16 057	–
Negative fair values from hedge accounting derivatives		3 821	3 148	21
Provisions	28	2 916	2 428	20
Liabilities held for sale		9	7	29
Current income tax liabilities		114	116	– 2
Deferred income taxes		119	87	37
Other liabilities		364	306	19
Subordinated capital	29	3 839	4 299	– 11
Equity				
Issued capital		1 607	1 607	–
Capital reserves		3 332	3 332	–
Retained earnings		1 961	2 493	– 21
Revaluation reserve		405	454	– 11
Currency translation reserve		– 8	– 9	– 11
Equity capital attributable to the owners of NORD/LB		**7 297**	**7 877**	**– 7**
Additional equity		50	50	–
Equity capital attributable to non-controlling interests		415	586	– 29
		7 762	**8 513**	**– 9**
Total liabilities and equity		**179 166**	**180 998**	**– 1**

Condensed Statement of Changes in Equity

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Additional equity components	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2016	**1 607**	**3 332**	**2 493**	**454**	**– 9**	**7 877**	**50**	**586**	**8 513**
Comprehensive income for the period under preview	–	–	– 530	– 49	1	– 578	–	– 162	– 740
Other changes in capital	–	–	– 2	–	–	– 2	–	– 9	– 11
Equity as at 30 Jun. 2016	**1 607**	**3 332**	**1 961**	**405**	**– 8**	**7 297**	**50**	**415**	**7 762**

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Additional equity components	Equity attributable to non-controlling interests	Consolidated equity
Equity as at 1 Jan. 2015	**1 607**	**3 332**	**1 957**	**420**	**– 10**	**7 306**	**–**	**596**	**7 902**
Comprehensive income for the period under preview	–	–	417	47	–	464	–	16	480
Transactions with the owners	–	–	– 131	–	–	– 131	–	– 1	– 132
Distributions	–	–	– 131	–	–	– 131	–	–	– 131
Capital increases	–	–	–	–	–	–	–	– 1	– 1
Changes in the basis of consolidation	–	–	– 3	–	–	– 3	–	–	– 3
Other changes in capital	–	–	–	–	–	–	50	–	50
Adjusted Equity as at 30 Jun. 2015	**1 607**	**3 332**	**2 240**	**467**	**– 10**	**7 636**	**50**	**611**	**8 297**

Other changes in equity include reclassifications of reserves to loans and interest payments on issued additional tier 1 bonds.

Condensed Cash Flow Statement

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Cash and cash equivalents as at 1 Jan.	**872**	**1 064**	**– 18**
Cash flow from operating activities	574	– 534	> 100
Cash flow from investing activities	– 46	334	> 100
Cash flow from financing activities	– 554	– 226	> 100
Total cash flow	**– 26**	**– 426**	**– 94**
Effects of changes in exchange rates	– 1	17	> 100
Cash and cash equivalents as at 30 Jun.	**845**	**655**	**29**

Please refer to the risk report for details on the management of liquidity risk in the NORD/LB Group.

Selected Notes

General Disclosures

(1) Principles for the Preparation of the Interim Consolidated Financial Statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 June 2016 were prepared based on Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). The interim financial statements meet the requirements of IAS 34 for condensed interim financial reporting. National requirements contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are to be read in conjunction with the information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2015. NORD/LB as a group under commercial law is hereinafter referred to as the NORD/LB Group. The interim consolidated financial statements as at 30 June 2016 comprise the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes. Segment reporting is shown in the notes. The reporting on the nature and scope of risks relating to financial instruments in accordance with IFRS 7 is provided mainly in a risk report within the Group management report.

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

These interim consolidated financial statements were signed by the Managing Board on 16 August 2016 and approved for publication.

(2) Accounting Policies

Unless specified otherwise, the accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 2015, unless otherwise specified in Note (3) Change in estimates and accounting methods.

The following standards and amendments to the standards requiring mandatory application as at 1 January 2016 were applied by the NORD/LB Group for the first time during the reporting period:

Amendments to IFRS 11 – Accounting for the Acquisition of an Interest in a Joint Operation

The amendments to IFRS 11 published in May 2014 set out how to account for the acquisition of an interest in a joint operation that is a business in accordance with IFRS 3. All principles defined in IFRS 3 or in other standards for the accounting of business combinations are to be applied to the acquired interest; the corresponding disclosure requirements must also be observed.

There are currently no circumstances in the NORD/LB Group to which the amendments to IFRS 11 apply.

Amendments to IAS 1 – Presentation of Financial Statements

The amended standard published on 18 December 2014 implemented the initial proposals under the IASB's initiative to improve disclosures in the notes. The amendments emphasise the concept of materiality to facilitate the communication of relevant information in IFRS-based financial statements. This will be achieved by waiving the requirement to disclose immaterial information, by allowing for the possibility of supplementary subtotals and by enabling greater flexibility in the structure of the notes. Furthermore, the breakdown of other comprehensive income (OCI) in the statement of comprehensive income has been clarified.

The amendments to IAS 1 do not have an effect on the interim consolidated financial statements of NORD/LB.

Amendments to IAS 16 and IAS 38 – Clarification of acceptable Methods of Depreciation and Amortisation

On 12 May 2014, the IASB published amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets. These amendments concern the acceptable methods for appropriately presenting the consumption of an asset's future economic benefit. It was clarified for property, plant and equipment, that depreciation based on the revenue of the goods generated by these assets is not appropriate, and that in the case of intangible assets with a limited useful life it is permitted only in explicitly specified exceptional cases.

As this depreciation method is not used in the NORD/LB Group, the amendments to IAS 16 and IAS 38 do not have any effects.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendment to IAS 19 Employee benefits, which was published in November 2013, specifies the requirements associated with the allocation of employee contributions or third-party contributions to the periods of service if the contributions are linked to the period of service. Additionally, waivers are created if the contributions are not dependent on the number of years of service.

The amendment to IAS 19 does not require an adjustment of NORD/LB's consolidated financial statements.

Improvements from the IFRS 2010 – 2012 Cycle and 2012 – 2014 Cycle under the IASB's annual Improvements Process

The IASB's annual improvements process involves changes to the wording in individual IFRSs to clarify or improve existing regulations. The 2010 – 2012 cycle included amendments to the standards IFRS 2, IFRS 3, IFRS 8 and IFRS 13 as well as to IAS 16, IAS 24 and IAS 38. The 2012 – 2014 cycle included amendments to the standards IFRS 5 and IFRS 7 as well as to IAS 19 and IAS 34.

These annual improvements to IFRSs do not affect the consolidated interim financial statements of NORD/LB.

The NORD/LB Group has not applied any standards, interpretations or amendments ahead of schedule that have been published but that are not yet mandatory to apply.

(3) Adjustment of Estimates and Accounting Methods

The interim financial statements as at 30 June 2016 include an first time measurement of contributions from silent partners reported in the subordinated capital of the NORD/LB Group in accordance with IAS 39.AG8. This accounting standard stipulates that the carrying amount of financial instruments, which are not to be measured at fair value, must be adjusted through profit or loss if changes have been made to the estimates of the cash flows associated with the financial instrument. To determine the new carrying amount, the future interest and principle payments must be reassessed and discounted at the original effective interest rate. The discounting effect decreases in the following years at a constant effective interest rate, which leads to a write-up that is recognised in net interest income.

The NORD/LB Group's contributions from silent partners, which are subject to revaluation, are measured at amortised cost. They feature a rate of return that is dependent on profit and participate in any loss for the financial year or accumulated net loss. The current profit forecasts for the NORD/LB Group indicate that the estimated future cash flows of the silent partners deviate from their contractual cash flows. The change in estimate resulting from the application of IAS 39.AG8 has led to an adjustment in the value of the contributions from silent partners, which is reported in the income statement in the Group's net interest income (see Note (6) Net interest income). Deferred tax is the result of the difference between the tax measurement and the measurement of the contributions from silent partners in the consolidated financial statements.

When measuring the contributions from silent partners, estimates must be made based on assumptions that are regularly subject to estimation uncertainties. These uncertainties result from the profit forecast for the NORD/LB Group, which is necessary for the measurement. This forecast is significantly affected by economic trends. When new knowledge come to light regarding previous assumptions underlying the profit forecast, this can lead to adjustments in the value of the contributions from silent partners in subsequent periods.

When modernising the subledger used to account for financial instruments in accordance with IFRS in several Group companies, changes were made to accounting estimates

As at 30 June 2016, the calculation of value adjustments for hedging transactions in portfolio-fair-value hedges resulting from the shortening of residual terms is done analog to the determination of the Hedge Amortised Cost of the underlying transactions. It does not refer to the hedged risk. So far the effective interest method in line with the determination of the Hedge Amortised Cost of the underlying transactions was used. To determine the respective hedge amortised cost for underlying transactions in portfolio fair value hedges, the interest rate curve will be rolled forward from the start of the period in a risk-free and arbitrage-free manner to the end of the period. This approach replaces the previous method of rolling forward the value on a straight-line basis from the start of the period until the end of the period. The change in the estimate of the interest distribution will in future avoid a mismatch in the profit/loss from hedge accounting resulting from the use of different methods of computation for the hedge amortised cost for hedges and underlying transactions. Besides a shift between net interest income and the profit/loss from hedge accounting, this new method of computation will affect the balancing items for the financial instruments hedged in the portfolio fair value hedge, the revaluation reserve and the profit/loss from hedge accounting, and consequently the consolidated profit and overall profit/loss for the period.

Furthermore, the profit/loss in foreign currency for the interim consolidated financial statements as at 30 June 2016 are rolled forward in euros on a daily basis, instead of once a month at month-end – as has been the method until now. The change in the estimate towards setting the rate daily will ensure that the standard requirements regarding foreign currency translation will be met more precisely. It will result in a shift between the foreign exchange profit/loss as reported in the trading profit/loss and other items of the income statement. Consolidated profit, however, will not be affected.

The effects of the above-mentioned changes in estimates on the current period can only be determined to a limited extent, as the new subledger method only uses the revised estimates regarding the distribution of interest and the setting of rates since 1 January 2016, whereas the old subledger method with the previously applicable estimates was used only until 31 March 2016. The effects on future periods have not yet been specified because it is not feasible to estimate these effects at this point.

The effects of changes in estimates in the income statement and the statement of comprehensive income are attributable to the period from 1 January until 31 March 2016:

1 Jan. -31 Mar. 2016 (in € million)	Prior to adjustment	Adjustment Hegde Amortised Cost	Adjustment results from currency translation	After Adjustment
Interest income	1 911	10	4	1 925
Interest expenses	1 454	12	–	1 466
Net interest income	**457**	**– 2**	**4**	**459**
Trading profit/loss	**391**	**–**	**– 4**	**387**
Profit/loss from financial instruments at fair vlaue throug profit or loss	**258**	**–**	**– 4**	**254**
Profit / loss from hedge accounting	8	– 7	–	1
Consolidated profit	**– 84**	**– 9**	**–**	**– 93**
of which: attributable to the owners of NORD/LB	– 66	– 9	–	– 75
of which: attributable to non-controlling interests	– 18	–	–	– 18
Other comprehensive income	**– 110**	**– 15**		**– 125**
Comprehensive income for the period under review	**– 194**	**– 24**	**–**	**– 218**
of which: attributable to the owners of NORD/LB	– 172	– 24	–	– 196
of which: attributable to non-controlling interests	– 22	–	–	– 22

The following changes occurred in the balance sheet as at 31 March 2016:

31 Mar. 2016 (in € million)	Prior to adjustment	Adjustment Hegde Amortised Cost	After Adjustment
Balancing items for financial instruments hedged in the fair value hedge portfolio	253	3	256
Total assets	**181 904**	**3**	**181 907**
Balancing items for financial instruments hedged in the fair value hedge portfolio	1 142	27	1 169
Equity	7 706		
Retained earnings	2 325	- 9	2 316
Revaluation reserve	452	-15	437
Total liabilities	**181 904**	**3**	**181 907**

When modernising the subledger used to account for financial instruments in accordance with IFRS, changes were made to the accounting methods in several Group companies. The new subledger was used for the first time to prepare these interim consolidated financial statements. This resulted in the following changes to the accounting policies:

Structured derivatives are accounted for in the new subledger method on a combined basis instead of by component, as has been the case until now. As the components of structured derivatives form part of a single legal transaction, the combined figure provides more relevant information. This change results in a decrease in total assets. It does not affect consolidated profit, although there are reclassifications between individual line items in the income statement.

The effects from non-recurring payments on interest rate swaps, cross-currency swaps and credit default swaps as well as non-recurring payments or receipts of option premiums on caps and floors are all subdivided with the new subledger method into an effect from amortisation and an effect from the change in fair value. This change differs from the previous method when the two were recognised together as a change in fair value. As the non-recurring payments are economically a correction to the result from current payments reported for these products, amortisation based on more relevant information. There are no effects on the balance sheet or consolidated profit. However, the reporting in the income statement is more precise between the interest income, interest expenses and trading profit/loss items.

Current interest payments from the legs of a swap are now netted in new subledger for reporting in the income statement, instead of reporting them on a gross basis as was the case previously. The net-based reporting of interest payments by derivative provides a better reflection of economic circumstances because for a single derivative no interest income is realised on the assets or no interest expenses are realised on liabilities. Instead, only interest payments related to the nominal value of the derivative are exchanged. There is no effect on consolidated profit, although reporting in the income statement is more precise between the interest income and interest expenses items.

Purchases and sales in inauthentic forward transactions in securities are reported on a net basis in new subledger, instead of the previous practice when they were reported separately with offsetting items in other assets and other liabilities. Net-based reporting provides a better reflection of economic conditions because, in addition to the legal option of offsetting the two items, they can now actually be netted off intentionally due to the new technical conditions. As there were no balances to report, no reclassifications were undertaken in the balance sheet as at 31 December 2015 and 30 June 2016.

It is not possible to determine the above-mentioned effects of changing the accounting methods on the income statement retrospectively for the period from 1 January until 30 June 2015 because new subledger has only processed transactions since 1 January 2016.

The effects of changing the accounting methods resulted in the following reclassifications in the income statement for the period from 1 January until 30 June 2016. The changes concern exclusively the way of representing.

1 Jan. – 30 Jun. 2016 (in € million)	Prior to adjustment	Adjustment structured derivatives	Adjustment upfronts	Adjustment interest from swap	After Adjustment
Interest income	3 818	– 1	– 16	– 125	3 676
Interest expenses	2 879	– 1	– 6	– 125	2 747
Net interest income	939	–	– 10	–	929
Trading profit / loss	527	–	10	–	537
Profit / loss from financial instruments at fair value through profit or loss	**279**	**–**	**10**	**–**	**289**
Consolidated profit	**– 406**	**–**	**–**	**–**	**– 406**

The following reclassifications were made in the balance sheet as at 30 June 2016:

30 Jun. 2016 (in € million)	Prior to adjustment	Adjustment structured derivatives	After Adjustment
Financial assets at fair value through profit or loss	15 542	– 2 855	12 687
Financial liabilities at fair value through profit or loss	18 908	– 2 855	16 053

The respective adjustments were also taken into account in the following notes: (6) Net interest income, (9) Profit/loss from financial instruments at fair value through profit or loss, (19) Financial assets at fair value through profit or loss, (27) Financial liabilities at fair value through profit or loss, (30) Fair value hierarchy and (31) Derivative financial instruments.

(4) Basis of Consolidation

The interim consolidated financial statements not only include NORD/LB as the parent company but also 43 (31 December 2015: 42) subsidiaries in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB can otherwise exercise a controlling influence. In addition, 2 (31 December 2015: 2) joint ventures and 12 (31 December 2015: 12) affiliated companies have been recognised. 1 (31 December 2015: 1) affiliated company is designated as held for sale and is measured in accordance with IFRS 5.15 at the lower of the carrying amount and fair value less the costs to sell. The joint ventures and additional affiliated companies are accounted for using the equity method.

The basis of consolidation compared to 31 December 2015 has changed as follows:
The NORD/LB AM ARB EUROPE special fund that was newly founded in May 2016 was fully consolidated as at 30 June 2016.

The effects resulting from the change in the basis of consolidation did not have a material influence on the net assets, financial position or results of operations of the NORD/LB Group.

Information on the subsidiaries, joint ventures and affiliated companies included in the consolidated financial statements can be found in the Note (36) Basis of consolidation.

Segment Reporting

The segment reporting provides information on the operational business segments of the Group. The segment reporting below is based on IFRS 8 operating segments, which follows the management approach. The segment information under IFRS is presented on the basis of internal reporting in the same way that it is regularly reported internally to assess performance and make decisions on the allocation of resources to the segments. Segment reporting includes a reclassification of the prior-year's figures to reflect the new allocation of the portfolio-based loan loss allowances that has been applied to the operating segments starting from 2016. The allocation of portfolio-based valuation allowances strengthens the holistic view of the risk provisioning of the business model. At the same time, this change in the methodology has reduced costs in the Group controlling / Others segment and thus increased the transparency of the results.

Segment Reporting by Business Segment

The segments are defined as the customer or product groups that reflect the organisational structures and therefore the internal management of the Group. The calculations are based on the internal data of Group companies. Internal management focuses on the operational units' earnings before tax (EBT).

An important criterion for the formation of segments is the greatest possible homogeneity of the customers aggregated in the segment in relation to financing and investment requirements and the range of products demanded. There are no dependencies on individual customers. The product ranges offered in the segments are described in the disclosures below, and the earnings generated with these products are shown in the overview. The product range offered comprises classical lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, liquidity and risk management, as well as services such as account management, payment transactions, securities business, brokering, documentary services, loan processing, sureties, guarantees and advisory services for asset management.

Net interest income generated by the individual segments is calculated based on the market interest rate method. This process involves calculating the contribution from the interest rate conditions for each customer transaction by reconciling the customer conditions with the similarly structured market interest rate for a fictitious counter transaction applicable at the time of completion. This market interest rate is also the cost rate for the balancing provision in the Treasury Division. As a result, interest income and interest expenses are not reported on a gross basis. The financing profit/loss from committed equity is allocated to the market segments.

The Bank allocates every interest-bearing customer transaction to the balancing provision of the Treasury Division as the central planning office. There are no direct business relations between the market divisions in the Bank. Inter-segment earnings are therefore not included in internal reporting.

Segment expenses comprise primary expenses, expenses allocated on the basis of cost and service charging, and allocated overhead costs. Risk provisioning is allocated to the segments based on actual costs incurred. In addition to specific valuation allowances, portfolio-based valuation allowances have also been reported here since 1 January 2016. The previous year's figures have been adjusted accordingly.

Income relating to the overall bank, such as profit/losses from hedge accounting and financial assets, is not allocated to the Bank's operational business segments. Instead, it is reported in the Group controlling / Others segment.

The segment report not only includes figures from the income statement but also the total risk exposures to be allocated, segment assets and liabilities, committed capital as well as the metrics Cost-Income Ratio (CIR), Return on Risk-adjusted Capital (RoRaC) and the Return on Equity (RoE). The total risk exposures of the business segments show the risk-weighted assets (RWA) to be allocated in accordance with the European Capital Requirements Regulation (CRR) and the European Capital Requirements Directive IV (CRD IV), including shortfall equivalents, as averages in the reporting period. The total risk exposure amount for the Group shows the RWA in accordance with CRR / CRD IV as at the reporting date. The CIR is defined as the ratio between administrative expenses and the sum of the following income items: net interest income, net commission income, profit/loss from financial instruments at fair value through profit or loss, profit/loss from hedge accounting, profit/loss from investments accounted for using the equity method and other operating profit/loss.

The calculation of RoRaC in the segments concerns the contribution to income after risk provisioning and the valuation on committed capital (here 9 per cent of the higher value of the RWA limit and utilisation).

The committed capital in the segments is determined based on the average annual values. The reconciling amount between the committed capital reported in the business segments and the long-term equity in the Group in accordance with commercial law is included in the reconciliations segment. A reconciliation of long-term equity under commercial law to equity reported in the balance sheet is shown separately at the end of the segment overview.

The following business segments are separately reported in segment reporting:

Private and Commercial Customers

This segment includes business with private, individual, commercial and small-business customers as well as business with middle-market corporate customers in the Braunschweig region. The product range for the private and commercial customers segment is based on the savings bank finance concept and comprises all of the usual banking services and products for account and lending business, savings and investment business, and the provision of Internet banking and direct brokerage. Expanded services for wealthy private customers range from the integrated advisory approach of asset structure analysis, financial planning and asset succession to inheritance and foundation management. The product range also includes investment loans and start-up advice for mid-size corporate customers.

Corporate Customers

The Corporate Customers segment not only includes the entire NORD/LB business with corporate customers in the core regions (without the old Braunschweig region) and in the neighbouring regions but also in particular the Agricultural Banking and Housing divisions.

The Bank is a full service provider that offers banking products and services. Its services include traditional transaction management, tailored corporate financing, management of interest and currency risk, and solutions for company pension schemes. In addition, comprehensive solutions are developed in the segment for complex corporate financing needs and for the strategic positioning of corporate customers. Professional liquidity and risk management, the structuring of equity measures and innovative financing instruments supplement the product range.

Markets

The markets segment covers the financial market activities carried out in Germany, the foreign branches and in the Group companies on behalf of customers. The Savings Bank Network division covers transactions with the public sector, institutional business with associated savings banks and syndicated business transacted with associated savings banks.

The segment’s offerings comprise alternative products detached from retail banking including derivatives, e.g. special kinds of debt securities that are not standardised in respect of their interest and repayment, but instead offer alternatives in relation to returns and the type or timing of repayment (structured securities). The secondary business includes sales and trading with all kinds of securities. Tailored solutions for institutional customers, such as the structuring of special funds, pool fund solutions, portfolio management mandates and institutional public funds, are also available.

The product range also includes offerings that the savings banks, as direct customers, request for their own trading business or to complete their product range in their own business with private or corporate customers. Examples include private banking prod-

ucts, investment products such as open or closed funds (real estate, aircraft), and products for individual asset management or inheritance/foundation management.
The Energy and Infrastructure Customers, Shipping Customers, Aircraft Customers and Real Estate Banking Customers segments offer traditional lending products, innovative products and financial engineering, usually irrespective of the specific industry. This primarily concerns financing for specific purposes.

Energy and Infrastructure Customers

This business segment summarises the global business relations of the Group companies NORD/LB and Bremer Landesbank in the infrastructure, energy (in particular renewable energy) and leasing divisions. The product offering primarily includes project financing, which is related to a specific project or asset and is tailored accordingly to meet the relevant individual need. The structure of this financing is developed on account of the relevant political and economic risks, legal and tax factors, social determinants and optimum equity structures. The aim is to tailor project requirements and cash flows to the respective customers.

Ship Customers

The national and international activities of NORD/LB and Bremer Landesbank in shipping finance are reported in this segment. The project needs of the customers reported in the Ship Customers segment are met with short to long-term financing, such as equity pre-financing, interim finance, construction period finance (short and medium term) and financing to completion (long term). Ships are financed through the provision of loans or guarantees on a property-related and normally property-secured basis. Products such as swaps, options, futures or forward transactions complete the product range.

Aircraft Customers

NORD/LB'S national and international activities in aircraft finance are reported in this segment. The focus within aircraft financing is on the property-related financing of passenger aircraft produced by well-known manufacturers. The target customers – airlines and leasing companies – are not only offered NORD/LB Group's outstanding expertise in core products but also tailored financing solutions. The segment also finances covered export business.

Real Estate Banking Customers

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

Group Controlling / Others

This segment covers all other performance data directly related to business activity, such as Group companies not included in the segments, components of income at Group level that are not allocated to the segments, profit/loss from financial instruments (in particular from key valuation effects) that is not reported in the economic profit/loss of the business segments, profit/loss from financial assets and hedge accounting, Bank-wide projects, consolidation items, profit/loss from the management of interest rate exposure, balancing provision, liquidity management and self-induced assets (in particular treasury and bank asset allocation), and alternative investment products (credit asset management). Other operating profit/loss includes the bank levy.

Reconciliations

This section shows two types of activity: the reconciling items between internal accounting and the consolidated figures in the income statement, and the reclassifications of profit and loss items that are reported differently in internal reporting compared to external reporting. The shortfall determined in the calculation of the regulatory capital backing is converted into risk-weighted assets within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory risk-weighted assets report flows into the reconciliation.

(5) Segment Reporting by Business Segment

30 Jun. 2016 (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconcilations	NORD/LB Group
Net interest income before loan loss provisions	93	176	94	99	199	52	113	101	2	929
Loan loss provisions	– 2	87	–	–	954	– 1	– 4	– 31	–	1 003
Net interest income after loan loss provisions	**95**	**90**	**94**	**99**	**– 755**	**53**	**117**	**132**	**2**	**– 74**
Net commission income	31	33	44	51	16	7	2	– 32	– 34	117
Profit / loss from financial instruments at fair value through profit or loss	– 1	– 2	35	– 15	– 9	– 1	2	245	34	289
Profit / loss from hedge accounting	–	–	–	–	–	–	–	– 12	–	– 12
Profit / loss from financial assets	–	–	–	–	–	–	–	71	–	71
Profit / loss from investments accounted for using the equity method	2	–	–	–	–	–	–	– 9	– 1	– 7
Administrative expenses	92	72	67	48	57	13	32	184	7	572
Other operating profit / loss	– 6	1	2	1	–	–	–	– 143	– 23	– 168
Profit / Loss before reorganisation and taxes	**30**	**49**	**108**	**87**	**– 805**	**46**	**88**	**69**	**– 29**	**– 356**
Reorganisation expenses	–	–	–	–	–	–	–	– 8	–	– 8
Earnings before taxes (EBT)	**30**	**49**	**108**	**87**	**– 805**	**46**	**88**	**61**	**– 29**	**– 364**
Taxes	–	–	–	–	–	–	–	–	42	42
Consolidated profit	**30**	**49**	**108**	**87**	**– 805**	**46**	**88**	**61**	**– 71**	**– 406**
Segment assets	7 330	22 710	37 625	16 587	19 421	7 664	14 813	54 796	– 1 778	179 166
of which: from investments accounted for using the equity method	44	–	–	–	–	–	–	248	–	292
Segment liabilities	7 334	8 810	46 273	3 358	3 320	689	371	108 493	517	179 166
Total risk exposure amount	4 190	12 774	4 405	7 668	24 217	4 850	5 891	7 045	– 6 802	64 237
Capital employed[1)]	377	1 150	395	690	2 180	436	530	1 243	1 167	8 169
CIR	76,9%	34,8%	38,3%	35,7%	27,6%	21,6%	27,7%			49,8%
RoRaC / RoE[2)]	15,2%	7,9%	47,0%	21,8%	-69,3%	20,9%	24,0%			-8,9%

30 Jun. 2015 [1] (in € million)	Private and Commercial Customers	Corporate Customers	Markets	Energy and Infrastructure Customers	Ship Customers	Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconcilations	NORD/LB Group
Net interest income before loan loss provisions	105	165	101	97	217	56	118	127	13	1 000
Loan loss provisions	3	1	1	15	210	– 1	5	– 16	– 8	210
Net interest income after loan loss provisions	**102**	**164**	**100**	**82**	**7**	**57**	**113**	**143**	**21**	**789**
Net commission income	33	29	36	32	19	9	1	– 26	– 22	112
Profit / loss from financial instruments at fair value through profit or loss	–	10	33	6	2	2	1	– 3	– 46	6
Profit / loss from hedge accounting	–	–	–	–	–	–	–	90	–	90
Profit / loss from financial assets	–	–	–	–	–	–	–	30	– 4	26
Profit / loss from investments accounted for using the equity method	2	–	–	–	–	–	–	– 62	1	– 59
Administrative expenses	99	75	72	48	58	12	33	158	10	563
Other operating profit / loss	– 6	–	2	2	–	– 1	–	– 61	– 17	– 80
Profit / Loss before reorganisation and taxes	**34**	**129**	**99**	**74**	**– 31**	**56**	**84**	**– 46**	**– 77**	**321**
Reorganisation expenses	–	–	–	–	–	–	–	– 7	–	– 7
Earnings before taxes (EBT)	**34**	**129**	**99**	**74**	**– 31**	**56**	**84**	**– 53**	**– 77**	**314**
Taxes	–	–	–	–	–	–	–	–	24	24
Consolidated profit	**34**	**129**	**99**	**74**	**– 31**	**56**	**84**	**– 53**	**– 101**	**290**
Segment assets	7 343	22 407	38 472	16 772	21 273	8 260	15 193	51 716	– 439	180 998
of which: from investments accounted for using the equity method	45	–	–	–	–	–	–	245	–	290
Segment liabilities	7 457	9 003	48 100	3 599	4 585	763	469	103 588	3 434	180 998
Total risk exposure amount	4 233	12 134	5 032	8 081	33 534	5 111	7 235	15 130	– 21 558	68 931
Capital employed [1]	381	1 092	444	727	3 018	460	651	1 908	– 1 432	7 249
CIR	72,9%	36,4%	41,5%	35,0%	24,3%	18,0%	26,9%			52,7%
RoRaC / RoE [2]	15,9%	20,6%	44,0%	19,0%	-2,0%	24,2%	18,6%			8,7%

[1] The allocation of some previous year`s figures was adjusted as described at the beginning of this section.

(in € million)	30 Jun. 2016	30 Jun. 2015
Sustainable relating to german local GAAP equity	8 169	7 249
Revaluation reserve	406	467
Consolidated profit	– 813	580
Financial equity	**7 762**	**8 297**

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

[2] RoRaC at business level:
(earnings before taxes * 2) / committed core capital
(9% of the higher value of the limit and the utilisation of the total risk exposure amount)

RoE at company level:
(earnings before taxes * 2) / long-term equity under commercial law (= reported equity – revaluation reserve – earnings after taxes * 2)

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

Notes to the Income Statement

(6) Net Interest Income

Interest income and interest expenses comprise interest received and paid, deferred interest and pro-rata reversals of premiums and discounts relating to financial instruments. Due to the fact that under certain circumstances contributions from silent partners are to be classified as debt capital under IAS 32, payments to silent partners are recognised in interest expenses.

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	1 684	1 877	– 10
Interest income from debt securities and other fixed-interest securities	276	343	– 20
Interest income from financial instruments at fair value			
Interest income from trading profit / loss and hedge accounting derivatives	1 306	1 674	– 22
Interest income from fair value option	18	27	– 33
Current income			
from shares and other non fixed-interest securities	2	2	–
from investments	6	12	– 50
Income from silent participations	21	–	–
Interest income from other amortisations	356	341	4
Other interest income and similar income	7	1	> 100
	3 676	**4 277**	**– 14**
Interest expense			
Interest expenses from lending and money market transactions	709	848	– 16
Interest expenses from securitised liabilities	246	307	– 20
Interest expenses from financial instruments at fair value			
Interest expenses from trading profit / loss and hedge accounting derivatives	1 254	1 540	– 19
Interest expenses from fair value option	116	121	– 4
Interest expenses from subordinated capital	87	124	– 30
Interest expenses from other amortisations	304	309	– 2
Interest expenses from provisions and liabilities	28	27	4
Other interest expenses and similar expenses	3	1	> 100
	2 747	**3 277**	**– 16**
Total	**929**	**1 000**	**– 7**

Interest income from lending and money market transactions includes negative interest amounting to € 11 million. This negative interest is attributable to both loans and advances to banks and loans and advances to customers. Interest expenses from lending and money market transactions include positive interest amounting to € 19 million. This is attributable to the balance sheet items liabilities to banks and liabilities to customers.

The income from silent participations contains the valuation effect resulting from the application of IAS 39.AG8. This effect is caused by the reassessment of the cash flows associated with the contributions from silent participations (see Note (2) Accounting policies). The difference between the tax measurement of the contributions from silent participations and the measurement under IAS 39.AG8 results a decrease of a deferred tax asset amounting to € 7 million.

(7) Loan Loss Provisions

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Income from provisions for lending business			
Reversal of specific valuation allowance	266	343	– 22
Reversal of lumpsum specific loan loss provisions	2	2	–
Reversal of general loan loss provisions	119	95	25
Reversal of provisions for lending business	25	27	– 7
Additions to receivables written off	13	22	– 41
	425	**489**	**– 13**
Expenses for provisions for lending business			
Allocation to specific valuation allowance	1 211	581	> 100
Allocation to lumpsum specific loan loss provisions	1	2	– 50
Allocation to general loan loss provisions	126	86	47
Allocation to provisions for lending business	14	8	75
Direct write-offs of bad debts	76	21	> 100
Premium payments for credit insurance	–	1	– 100
	1 428	**699**	**> 100**
Total	**1 003**	**210**	**> 100**

(8) Net Commission Income

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	172	153	12
Commission income from non-banking transactions	6	7	– 14
	178	**160**	**11**
Commission expense			
Commission expense from banking transactions	61	49	24
	61	**49**	**24**
Total	**117**	**111**	**5**

(9) Profit/loss from Financial Instruments at Fair Value through Profit or Loss

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Trading profit / loss			
Profit / loss from debt securities and other fixed-interest securities	82	– 57	> 100
Profit / loss from shares and other non fixed-interest securities	– 4	4	> 100
Profit / loss from derivatives	286	38	> 100
Interest-rate risks	251	– 150	> 100
Currency risks	39	152	– 74
Share-price and other price risks	– 12	29	> 100
Credit derivatives	8	7	14
Profit / loss from receivables held for trading	130	– 79	> 100
	494	**– 94**	**> 100**
Foreign exchange profit/loss	43	– 41	> 100
Other income	–	1	– 100
	537	**– 134**	**> 100**
Profit / loss from the fair value option			
Profit / loss from receivables to customers and banks	11	– 6	> 100
Profit / loss from debt securities and other fixed-interest securities	43	– 19	> 100
Profit / loss from liabilities to banks and customers	– 299	191	> 100
Profit / loss from securitised liabilities	– 3	– 28	– 89
Profit / loss from other activities	–	1	– 100
	– 248	**139**	**> 100**
Total	**289**	**5**	**> 100**

(10) Profit/loss from Hedge Accounting

The profit/loss from hedge accounting includes netted fair value adjustments relating to the hedged risk on the underlying transactions and netted fair value adjustments to hedging instruments in effective fair value hedge relationships.

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Profit / loss from micro fair value hedges			
from hedged underlying transactions	302	127	> 100
from derivatives employed as hedging instruments	– 300	– 99	> 100
	2	**28**	**– 93**
Profit / loss from portfolio fair value hedges			
from hedged underlying transactions	– 127	170	> 100
from derivatives employed as hedging instruments	113	– 108	> 100
	– 14	**62**	**> 100**
Total	**– 12**	**90**	**> 100**

(11) Profit/loss from Financial Assets

Profit/loss from financial assets shows the profit/loss from disposals and the valuation profit/loss recognised in profit and loss relating to securities and shares in companies in the financial asset portfolio.

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**5**	**– 4**	**> 100**
Profit / loss from financial assets classified as AfS (excluding investments)			
Profit/ loss from the disposal of			
Debt securities and other fixed-interest securities	10	64	– 84
Shares and other non fixed-interest securities	1	18	– 94
Other financial assets classified as AfS	–	– 7	– 100
Profit / loss from allowances for losses on			
Debt securities and other fixed-interest securities	53	– 18	> 100
Shares and other non fixed-interest securities	– 2	– 3	– 33
Other financial assets classified as AfS	2	– 23	> 100
	64	**31**	**> 100**
Profit / loss from shares in companies (not consolidated)	**2**	**– 1**	**> 100**
Total	**71**	**26**	**> 100**

(12) Administrative Expenses

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

	1 Jan. – 30 Jun. 2016 (in € million)	1 Jan. – 30 Jun. 2015 (in € million)	Change (in %)
Staff expenses	287	297	– 3
Other administrative expenses	253	231	10
Amortisation and depreciation	32	34	– 6
Total	**572**	**562**	**2**

(13) Other Operating Profit/loss

	1.1. – 30.6. 2016 (in € million)	1.1. – 30.6. 2015 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	2	7	– 71
from other business	82	105	– 22
	84	**112**	**– 25**
Other operating expenses			
from allocation to provisions	3	70	– 96
from other business	249	122	> 100
	252	**192**	**31**
Total	**– 168**	**– 80**	**> 100**

Income from other business includes income from the disposal of receivables (€ 34 million (€ 27 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 19 million (€ 34 million)), and income from the repurchase of own debt securities (€ 1 million (€ 7 million)).
Expenses from other business primarily include expenses from the disposal of liabilities to banks and customers (€ 104 million (€ 36 million)), the bank levy in the sum of € 55 million (€ 70 million), and unbudgeted depreciation totalling € 23 million (€ 5 million). This is primarily due to the lower market values of ships resulting from the ongoing crisis in the shipping market.
Furthermore, this also contain expenses to generate charter income from ships (€ 15 million (€ 20 million)) and in particular expenses from other business associated with the disposition of receivables (€ 3 million (€ 12 million)).

(14) Restructuring Expenses

Restructuring expenses relate to measures aimed at securing the long-term future and maintaining the competitiveness of the NORD/LB Group. The material and staff costs included in these expenses are reported separately due to their importance. The need for a restructure is related to the efficiency improvement programme launched in 2011 and a capital-boosting programme initiated to meet EU requirements. The restructuring expenses include expenses in the sum of € 8 million (€ 7 million) from new allocations to restructuring provisions for agreements concerning the termination of employment contracts already concluded. The items recognised under restructuring expenses are non-recurring in nature and are not part of the ordinary business activities of the NORD/LB Group.

(15) Income Taxes

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

Notes on the Balance Sheet

(16) Loans and Advances to Banks

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	2 693	2 509	7
Foreign banks	3 111	2 873	8
	5 804	**5 382**	**8**
Other loans and advances			
German banks			
Due on demand	1 196	856	40
With a fixed term or period of notice	11 397	11 957	– 5
Foreign Banks			
Due on demand	1 842	1 857	– 1
With a fixed term or period of notice	898	1 142	– 21
	15 333	**15 812**	**– 3**
Total	**21 137**	**21 194**	**–**

(17) Loans and Advances to Customers

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1 941	1 207	61
Customers abroad	479	310	55
	2 420	**1 517**	**60**
Other loans and advances			
Domestic customers			
Due on demand	3 186	3 233	– 1
With a fixed term or period of notice	70 519	71 836	– 2
Customers abroad			
Due on demand	705	730	– 3
With a fixed term or period of notice	30 310	30 562	– 1
	104 720	**106 361**	**– 2**
Total	**107 140**	**107 878**	**– 1**

(18) Risk Provisioning

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Specific valuation allowance	3 037	2 482	**22**
Lumpsum specific loan loss provisions	6	7	**– 14**
General loan loss provisions	437	430	**2**
Total	**3 480**	**2 919**	**19**

The risk provisions reported under assets and loan loss provisions developed as follows:

(in € million)	Specific valuation allowances 2016	Specific valuation allowances 2015	Lumpsum specific loan loss provisions 2016	Lumpsum specific loan loss provisions 2015	General loan loss provisions 2016	General loan loss provisions 2015	Loan loss provisions 2016	Loan loss provisions 2015	Total 2016	Total 2015
1 January	**2 482**	**2 243**	**7**	**7**	**430**	**497**	**55**	**74**	**2 974**	**2 821**
Allocations	1 211	581	1	2	126	86	14	8	1 352	677
Reversals	266	343	2	2	119	95	25	27	412	467
Utilisation	348	222	–	–	–	–	–	–	348	222
Unwinding	– 35	– 38	–	–	–	–	–	– 1	– 35	– 39
Effects of changes of foreign exchange rates and other changes	– 7	71	–	–	–	–	–	1	– 7	72
30 June	**3 037**	**2 292**	**6**	**7**	**437**	**488**	**44**	**55**	**3 524**	**2 842**

(19) Financial assets at Fair Value through Profit or Loss

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	1 437	1 815	– 21
Shares and other non fixed-interest securities	50	63	– 21
Positive fair values from derivatives	6 979	7 646	– 9
Trading portfolio claims	2 520	2 729	– 8
	10 986	**12 253**	**– 10**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	212	200	6
Debt securities and other fixed-interest securities	1 489	1 582	– 6
	1 701	**1 782**	**– 5**
Total	**12 687**	**14 035**	**– 10**

(20) Financial Assets

Financial assets include all debt securities and other fixed-interest securities classified as available for sale (AfS), shares and other non-fixed interest securities, shares in companies that are not measured in accordance with IFRS 10, IFRS 11 or IAS 28 as well as financial assets classified as loans and receivables (LaR).

Investments in the equity of other companies as well as silent participations and participatory capital with loss sharing are assigned to the AfS category.

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Financial assets classified as LaR	3 231	3 423	– 6
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	30 584	30 493	-
Shares and other non fixed-interest securities	169	161	5
Shares in companies (not consolidated)	313	301	4
Other financial assets classified as AfS	134	137	– 2
	31 200	**31 092**	**–**
Total	**34 431**	**34 515**	**–**

(21) Property and Equipment

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Land and buildings	278	283	– 2
Operating and office equipment	52	45	16
Ships	167	200	– 17
Other property and equipment	58	45	29
Total	**555**	**573**	– 3

(22) Intangible Assets

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Software			
Purchased	63	25	> 100
Internally developed	9	19	– 53
	72	**44**	**64**
Other intangible assets			
Intangible assets – under development	50	85	– 41
Other intangible assets	28	20	40
Total	**150**	**149**	**1**

Intangible assets under development refer primarily to internally generated software. The increase in purchased software is mainly due to the reclassification of intangible assets under development.

(23) Assets held for sale

Assets held for sale in accordance with IFRS 5 with a carrying amount totalling € 60 million (€ 58 million) as at 30 June 2016 include property and equipment in the sum of € 21 million (€ 18 million), financial assets totalling € 36 million (€ 36 million) and other assets amounting to € 3 million (€ 2 million).

Property and equipment held for sale include four ships from the shipping customers segment, which were initially consolidated and reported at fair value as at 31 December 2014 and 3 December 2015. Two of these ships were reported as assets held for sale for the first time as at the financial reporting date. An impairment of € 9 million (€ 4 million) was recognised under the other operating profit/loss in the first half of 2016 in accordance with IFRS 5.20. The Group aims to dispose of the ships in the current financial year.

The financial assets held for sale in the amount of € 36 million are an investment in an associated company, which was classified as held for sale for the first time on 28 May 2015. Until then it was accounted for using the equity method. The financial assets held for sale are allocated to the Group Controlling / Others segment. The sale of these shares is expected to take place in the third quarter of 2016.

(24) Liabilities to Banks

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Deposits from other banks			
German banks	2 294	2 169	6
Foreign banks	1 324	1 236	7
	3 618	**3 405**	**6**
Liabilities resulting from money market transactions			
German banks	9 632	9 971	– 3
Foreign banks	11 407	10 150	12
	21 039	**20 121**	**5**
Other liabilities			
German banks			
Due on demand	1 698	2 751	– 38
With a fixed term or period of notice	21 860	21 062	4
Foreign banks			
Due on demand	523	759	– 31
With a fixed term or period of notice	625	712	– 12
	24 706	**25 284**	**– 2**
Total	**49 363**	**48 810**	**1**

(25) Liabilities to Customers

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	1 212	1 293	– 6
Customers abroad	12	13	– 8
With an agreed notice period of more than three months			
Domestic customers	28	34	– 18
Customers abroad	1	1	–
	1 253	**1 341**	**– 7**
Liabilities resulting from money market transactions			
Domestic customers	11 383	12 254	– 7
Customers abroad	2 223	3 141	– 29
	13 606	**15 395**	**– 12**
Other liabilities			
Domestic costumers			
Due on demand	16 181	16 519	– 2
With a fixed term or period of notice	23 068	24 496	– 6
Customers abroad			
Due on demand	1 261	713	77
With a fixed term or period of notice	1 819	2 133	– 15
	42 329	**43 861**	**– 3**
Total	**57 188**	**60 597**	**– 6**

(26) Securitised Liabilities

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Issued debt securities			
Covered bonds	10 477	10 968	– 4
Municipal debentures	9 744	10 472	– 7
Other debt securities	14 500	12 618	15
	34 721	**34 058**	**2**
Money market instruments			
Commercial paper	1 078	1 452	– 26
Certificates of deposit	409	367	11
	1 487	**1 819**	**– 18**
Total	**36 208**	**35 877**	**1**

Repurchased debt securities issued by the Bank itself in the amount of € 5 440 million (€ 4 720 million) have been deducted directly from securitised liabilities.

The nominal volume of issues in the NORD/LB Group amounted to € 7 706 million in the first six months of the 2016 financial year. Repurchases totalled € 3 146 million, while repayments amounted to € 5 311 million. The amount for issues includes both original issues and securities resold as a profit/loss of repurchases. The figures include money market securities, issued debt securities for securitised liabilities, Financial liabilities at fair value through profit or loss (see Note (27)) and Subordinated capital (see Note (29)).

(27) Financial Liabilities at Fair Value through Profit or Loss

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	6 637	7 742	– 14
Delivery obligations from short-sales	88	12	> 100
	6 725	**7 754**	**– 13**
Financial liabilities designated at fair value			
Liabilities to banks and customers	6 610	6 098	8
Securitised liabilities	2 718	2 205	23
	9 328	**8 303**	**12**
Total	**16 053**	**16 057**	**–**

(28) Provisions

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Provisions for pensions and other obligations	2 605	2 122	23
Other provisions	311	306	2
Total	**2 916**	**2 428**	**20**

The increase of the provisions for pensions and other obligations in the amount of € 483 million is mainly due to a decrease of the discount rate from 2.65 per cent to 1.80 per cent.
Other provisions include a provision of € 2 million (€ 70 million) for the contribution to the European bank levy. This item also includes provisions for restructuring measures amounting to € 5 million (€ 5 million).

(29) Subordinated Capital

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Subordinated liabilities	3 262	3 101	5
Participatory capital	64	152	– 58
Silent participations	513	1 046	– 51
Total	**3 839**	**4 299**	**– 11**

Contributions from silent partners were revalued as at 30 June 2016 in accordance with IAS 39.AG8 (see Note (2) Accounting policies).

Other Disclosures

(30) Fair Value Hierarchy

The NORD/LB Group applies the three-stage fair value hierarchy using the Level 1, Level 2 and Level 3 terminology set out in IFRS 13.

The respective level is determined by the input data used in the measurement and reflects the market proximity of the variables included in the calculation of the fair value. If input data from multiple levels of the fair value hierarchy are used to calculate the fair value, the resulting fair value of the respective financial instrument is assigned to the lowest level – the input data of which has a significant influence on the fair value measurement.

Level 1

The fair value hierarchy stipulates that a financial instrument is categorised in Level 1 if it is traded on an active market and if publicly listed market prices or prices actually traded on the over-the-counter market (OTC market) are used to determine the instrument's fair value. If no market prices or prices actually traded on the OTC market are available, executable prices quoted by dealers or brokers are used to calculate the fair value. Quotes from other banks or market makers are applied whenever observable price sources other than exchanges are used. The instruments in these circumstances are then assigned to Level 1 if there is an active market for these broker quotations, i.e. if only minor bid-ask spreads exist and there are several price suppliers with prices that only deviate marginally. If the broker quotations are for (mixed) prices or if the price is set on an inactive market, the instruments are not assigned to Level 1, but to Level 2 of the measurement hierarchy, if the quotations relate to binding offers, observable prices or market transactions.

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

Level 2

If no price quotes are available on an active market, the fair value is calculated using recognised valuation methods or models as well as by means of external pricing services if the measurement in this case is carried out either fully or to a significant degree using observable input data such as spread curves (Level 2). To measure financial instruments in these situations, valuation methods are used that are widely recognised on the market under normal market conditions (e.g. discounted cash flow methods and the Hull & White model for options) and that are calculated fundamentally on the basis of inputs available on an active market. Variables that market participants would consider in the pricing must be included in the measurement process. Wherever possible, the relevant inputs are taken from the markets on which the instruments are issued or acquired.

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

In the case of securities on the asset side of the balance sheet for which there is no active market and for which market prices cannot be used, for measurement purposes fair value must be determined using discounted cash flows. All payments are discounted in these discounted cash flow methods using the risk-free interest rate curve adjusted for the credit spread. Spreads are determined on the basis of comparable financial instruments (for example, taking account of the relevant market segment and the issuer's credit rating).

The financial instruments in the NORD/LB Group to be measured in this manner are identified on the basis of individual securities and a subsequent separation into active and inactive markets. Changes in market assessments are used consistently in the measurement. Several divisions in the Group identify, analyse and evaluate financial instruments in inactive markets. This approach makes it possible to assess inactivity in the most objective manner. The measurement model for financial instruments for which listed prices in active markets cannot be used is based on term-specific interest rates, the credit rating of the relevant issuer and, where applicable, further components such as foreign currency surcharges.

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

Level 3

Financial instruments for which there is no active market and which cannot be measured completely on the basis of observable market parameters are allocated to Level 3. Unlike the Level 2 measurement, the Level 3 valuation fundamentally uses both institution-specific models and market-based discounted cash flow models as well as significant amounts of data that cannot be observed on the market. The input parameters used in these methods include assumptions regarding cash flows, loss estimates and the discount interest rate, and are compiled as close to the market as possible.

Level 3 procedures are sometimes used for portfolios of interest-bearing securities and derivatives for which the market has been classified as inactive. In addition, loans designated for syndication and the derivatives associated with these are assigned to Level 3. Individual tranches of collateralised debt obligations (CDO) and equity vehicles are likewise included in Level 3 measurements. Level 3 financial instruments include trading assets and liabilities, financial instruments designated at fair value and financial assets recognised at fair value.

Establishing Fair Values

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

All relevant factors are taken into account appropriately when determining fair value. These factors include the bid-ask spread, counterparty risks and business-specific discounting factors. In terms of the bid-ask spread, the average exchange rate / mid-market price is always used for the measurement. The financial instruments that are particularly impacted by this include securities or liabilities with fair values based on prices listed on active markets and financial instruments, such as OTC derivatives with fair values that are determined using a valuation method and for which the mid-market price is an observable input parameter in the valuation method.

In addition, the Bank exercises its option to calculate the counterparty risk (credit value adjustment (CVA) / debit value adjustment (DVA)) based on the net risk position in accordance with IFRS 13.48. The CVA/DVA is allocated to individual transactions in the balance sheet using the relative credit adjustment approach.

There are generally no listed prices available for derivatives of OTC markets; their fair values are therefore determined using other valuation methods. The fair values are initially measured using cash flow models without taking account of the credit default risk. The credit default risk of the counterparty (CVA) and the Bank's own credit default risk (DVA) are incorporated into the fair value calculation using an add-on method.

The NORD/LB Group primarily measures secured OTC derivatives in accordance with the current market standard of overnight index swap discounting (OIS discounting). This means that secured derivatives are no longer discounted using the term-specific interest rate, but instead using the OIS interest rate curve. Unsecured derivatives continue to be discounted with the term-specific interest rate to establish their fair value. In addition, the NORD/LB Group applied a funding valuation adjustment (FVA) for the first time in the first quarter of 2016. This adjustment represents the market-implied refinancing costs for unsecured derivative items. This new approach resulted in an effect of € -26 million on the trading result for the reporting period.

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

(in € million)	30 Jun. 2016 Fair Value	30 Jun. 2016 Carrying amount	30 Jun. 2016 Difference	31 Dec. 2015 Fair Value	31 Dec. 2015 Carrying amount	31 Dec. 2015 Difference
Assets						
Cash reserve	845	845	–	872	872	–
Loans and advances to banks	20 815	21 137	– 322	21 842	21 194	648
Loans and advances to customers	109 451	107 140	2 311	108 607	107 878	729
Risk provisioning	[1]	– 3 480	3 480	–[1]	– 2 919	2 919
Sub-total of loans and advances to banks / customers (net after loan loss provisions)	**130 266**	**124 797**	**5 469**	**130 449**	**126 153**	**4 296**
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	340	– 340	[2]	91	– 91
Financial assets at fair value through profit or loss	12 687	12 687	–	14 035	14 035	–
Positive fair values from hedge accounting derivatives	3 056	3 056	–	2 507	2 507	–
Financial assets not reported at fair value	3 017	3 281	– 264	3 205	3 471	– 266
Financial assets reported at fair value	31 150	31 150	–	31 044	31 044	–
Financial assets held for sale not reported at fair value	73	37	36	74	38	36
Financial assets held for sale reported at fair value	23	23	–	20	20	–
Other assets not reported at fair value	50	50	–	35	35	–
Other assets reported at fair value	15	15	–	36	36	–
Total	**181 182**	**176 281**	**4 901**	**182 277**	**178 302**	**3 975**
Liabilities						
Liabilities to banks	50 153	49 363	790	49 439	48 810	629
Liabilities to customers	60 486	57 188	3 298	63 622	60 597	3 025
Securitised liabilities	37 558	36 208	1 350	36 330	35 877	453
Balancing items for financial instruments hedged in the fair value hedge portfolio	[2]	1 410	– 1 410	[2]	753	– 753
Financial liabilities at fair value through profit or loss	16 053	16 053	–	16 057	16 057	–
Negative fair values from hedge accounting derivatives	3 821	3 821	–	3 148	3 148	–
Financial liabilities held for sale not reported at fair value	9	9	–	7	7	–
Other liabilities not reported at fair value	67	67	–	29	29	–
Other liabilities reported at fair value	2	2	–	1	1	–
Subordinated capital	3 807	3 839	– 32	4 726	4 299	427
Total	**171 956**	**167 960**	**3 996**	**173 359**	**169 578**	**3 781**

[1] Amounts relating to risk provisioning are shown in the corresponding fair values of loans and advances to banks and loans and advances to customers.
[2] Amounts relating to the assets and liabilities item “Balancing items for financial instruments hedged in the fair value hedge portfolio” are shown in the fair values of the respective items of hedged financial instruments.

It was not possible to reliably determine a fair value for € 50 million (€ 48 million) of financial instruments because there is no active market for these financial instruments and the necessary estimates are not possible within reasonable fluctuation margins and appropriate probabilities of occurrence. This mainly concerns investments. The Group intends to retain ownership of these financial instruments.

The following table shows the breakdown of assets and liabilities recognised at fair value based on the fair value hierarchy:

	Level 1		Level 2		Level 3		Total	
(in € million)	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015
Assets								
Assets held for trading	532	725	10 381	11 463	73	65	10 986	12 253
Debt securities and other fixed-interest securities	482	662	955	1 153	–	–	1 437	1 815
Shares and other non fixed-interest securities	50	63	–	–	–	–	50	63
Positive fair values from derivatives	–	–	6 978	7 645	1	1	6 979	7 646
Interest-rate risks	–	–	6 164	7 035	–	–	6 164	7 035
Currency risks	–	–	787	576	1	1	788	577
Share-price and other price risks	–	–	3	10	–	–	3	10
Credit derivatives	–	–	24	24	–	–	24	24
Trading portfolio claims	–	–	2 448	2 665	72	64	2 520	2 729
Financial assets as at fair value through profit or loss	829	946	872	836	–	–	1 701	1 782
Loans and advances to customers	–	–	212	200	–	–	212	200
Financial assets	829	946	660	636	–	–	1 489	1 582
Debt securities and other fixed-interest securities	829	946	660	636	–	–	1 489	1 582
Positive fair values from hedge accounting derivatives	–	–	3 056	2 507	–	–	3 056	2 507
Positive fair values from employed micro fair value hedge derivatives	–	–	1 959	1 882	–	–	1 959	1 882
Interest-rate risks	–	–	1 900	1 836	–	–	1 900	1 836
Currency risks	–	–	59	46	–	–	59	46
Positive fair values from employed portfolio fair value hedge derivatives	–	–	1 097	625	–	–	1 097	625
Interest-rate risks	–	–	1 097	625	–	–	1 097	625
Financial assets at fair value	9 634	11 234	21 137	19 437	379	373	31 150	31 044
Debt securities and other fixed-interest securities	9 450	11 059	21 130	19 430	4	4	30 584	30 493
Shares and other non fixed-interest securities	168	161	–	–	–	–	168	161
Shares in companies (not consolidated)	16	14	7	7	241	232	264	253
Other financial assets classified as AfS	–	–	–	–	134	137	134	137
Financial assets held for sale reported at fair value	–	–	23	20	–	–	23	20
Other financial assets reported at fair value	15	16	–	20	–	–	15	36
Total assets	**11 010**	**12 921**	**35 469**	**34 283**	**452**	**438**	**46 931**	**47 642**

(in € million)	Level 1 30 Jun. 2016	Level 1 31 Dec. 2015	Level 2 30 Jun. 2016	Level 2 31 Dec. 2015	Level 3 30 Jun. 2016	Level 3 31 Dec. 2015	Total 30 Jun. 2016	Total 31 Dec. 2015
Liabilities								
Trading liabilities	58	11	6 666	7 742	1	1	6 725	7 754
Negative fair values from derivatives relating to	6	3	6 630	7 738	1	1	6 637	7 742
interest-rate risks	1	–	5 146	5 915	–	–	5 147	5 915
currency risks	–	–	1 465	1 807	1	1	1 466	1 808
share-price and other price risks	5	3	8	5	–	–	13	8
credit derivatives	–	–	11	11	–	–	11	11
Delivery obligations from short-sales and other trading assets	52	8	36	4	–	–	88	12
Financial liabilities reported at fair value	475	22	8 849	8 277	4	4	9 328	8 303
Liabilities to banks	–	–	423	442	–	–	423	442
Liabilities to customers	–	–	6 187	5 656	–	–	6 187	5 656
Securitised liabilities	475	22	2 239	2 179	4	4	2 718	2 205
Negative fair values from hedge accounting derivatives	–	–	3 821	3 148	–	–	3 821	3 148
Negative fair values from employed micro fair value hedge derivatives	–	–	3 345	2 871	–	–	3 345	2 871
interest-rate risks	–	–	2 989	2 497	–	–	2 989	2 497
currency risks	–	–	356	374	–	–	356	374
Negative fair values from employed portfolio fair value hedge derivatives	–	–	476	277	–	–	476	277
interest-rate risks	–	–	476	277	–	–	476	277
Other financial liabilities reported at fair value	2	1	–	–	–	–	2	1
Total liabilities and equity	**535**	**34**	**19 336**	**19 167**	**5**	**5**	**19 876**	**19 206**

The Level 3 financial assets currently recognised at fair value are measured using the counterparty price.

The assets held for sale at fair value are non-recurring fair value measurements (see Note (23) Assets held for sale).

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

1 Jan. – 30 Jun. 2016 (in € million)	From Level 1 to Level 2	From Level 1 to Level 3	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 1	From Level 3 to Level 2
Assets held for trading	6	–	1	–	–	–
Debt securities and other fixed-interest securities	6	–	1	–	–	–
Financial assets as at fair value through profit or loss	14	–	–	–	–	–
Financial assets	14	–	–	–	–	–
Debt securities and other fixed-interest securities	14	–	–	–	–	–
Financial assets at fair value	1 928	–	844	–	–	–
Debt securities and other fixed-interest securities	1 928	–	844	–	–	–
Trading liabilities	– 2	–	–	–	–	–
Delivery obligations from short-sales and other trading assets	– 2	–	–	–	–	–
Financial liabilities reported at fair value	– 13	–	–	–	–	–
Securitised liabilities	– 13	–	–	–	–	–

A level assessment of asset-side financial instruments takes place on an individual transaction basis in accordance with HFA 47. This regulation specifies how financial instruments are to be classified in the various levels and stipulates, for example, that (mixed) prices calculated by price service agencies on the basis of reported prices are to be allocated to Level 2. Broker quotations must originate from an active market in order to be allocated to Level 1. If there are only a few broker quotations or if these have large bid-ask spreads or major price differences between them, it is assumed that the market is inactive. Based on the above, most transfers between levels as at the reporting date compared to the end of the previous year have taken place between Level 1 and Level 2.

When measuring the Group's own structured issues in the fair value option, the use of market prices is reviewed as at the reporting date. Following this review, some issues generally move between Level 1 and 2 due to changes in trading activity.

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

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

	Trading assets			
	Positive fair values from derivatives Currency risks		Trading portfolio claims and other trading assets	
(in € million)	2016	2015	2016	2015
1 Jan.	**1**	**–**	**64**	**197**
Effect on the income statement[1)]	–	–	–	– 45
Addition from purchase or issuance	–	–	71	54
Disposal from sale	–	–	58	–
Repayment / exercise	–	–	5	62
30 Jun.	**1**	**–**	**72**	**144**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1)]	–	–	–	– 23

[1)] The effects reported include the valuation result, realised profit/losses and deferred interest; these are reported in the income statement under the items **(6)** Net interest income and **(9)** Profit/loss from financial instruments at fair value through profit or loss.

	Financial assets at fair value					
	Debt securities and other fixed-interest securities		Shares in companies (not consolidated)		Other financial assets classified as AfS	
(in € million)	2016	2015	2016	2015	2016	2015
1 Jan.	**4**	**5**	**232**	**231**	**137**	**129**
Effect on the income statement[1)]	–	–	–	–	6	–
Effect on the equity capital	–	–	9	53	– 1	– 1
Addition from purchase or issuance	–	–	14	15	–	–
Disposal from sale	–	1	14	–	7	–
Repayment / exercise	–	–	–	–	1	–
Disposal to Level 1 and 2	–	–	–	–	–	77
30 Jun.	**4**	**4**	**241**	**299**	**134**	**51**
Profit / losses result from measurement effects, realisation and deferred interest and are shown in the respective items in the income statement[1)]	–	–	–	–	5	–

[1)] The effects reported include valuation gains/losses, realised profit/loss and deferred interest; these are reported in the income statement under the items **(6)** Net interest income and (11) Profit/loss from financial assets.

	Financial assets held for sale reported at fair value	
(in € million)	2016	2015
1 Jan.	**–**	**–**
Addition from purchase or issuance	**16**	**–**
Disposal from sale	**16**	**–**
30 Jun.	**–**	**–**

	Trading liabilities			
	Trading liabilities Interest-rate risk		Trading liabilities Currency risks	
(in € million)	2016	2015	2016	2015
1 Jan.	–	**16**	**1**	**1**
Addition from purchase or issuance	–	1	–	–
Disposal from sale	–	16	–	–
30 Jun.	–	**1**	**1**	**1**

	Financial liabilities at fair value through profit or loss	
	Securitised liabilities	
(in € million)	2016	2015
1 Jan.	**4**	**9**
Disposal to Level 1 and 2	–	4
30 Jun.	**4**	**5**

The fair values of the financial instruments in Level 3 were determined using the following significant, unobservable input data.

Product	Fair Value 30 Jun. 2016 (in € million)	Significant non-observable input data in the fair value measurement	Spread of the used input data	Weighted average
Interest-bearing bonds (assets)	4	Fair Value	-	-
Interest-bearing bond (liabilities)	– 4	historical volatilities	15 - 89 %	34%
Participations	241	Discount rate	5 - 9 %	8%
Silent participations	129	Discount rate	4 - 10 %	8%
Other financial assets	5	Fair Value	-	-
Loans	72	Rating	Rating Class (25er DSGV-Skala) 3 - 12	Averaged Rating 7
Derivatives (assets)	1	historical volatilities	11 - 89 %	21%
Derivatives (liabilities)	– 1	historical volatilities	11 - 36 %	12%

A significant input parameter that cannot be observed in the market used in the Level 3 fair value measurement of interest-bearing securities is the fair value itself. Due to a lack of market data the measurement uses counterparty prices that qualify as Level 3 input parameters. The sensitivity of the fair value measurement is approximated via a price change of 10 per cent and amounts to € 0.3 million (€ 0.4 million). The above-mentioned amount would have a corresponding effect on other comprehensive income (OCI).

A significant input that cannot be observed in the market used in the fair value measurement of investments is the discount rate. Major changes in this input parameter result in a significantly higher or lower fair value. The sensitivity of the fair value measurement was analysed by increasing and decreasing the discount rate by 50 basis points. This analysis showed that an imputed change in the assumed parameter would result in a change of € 8.1 million (€ 7.8 million) in the fair value of the investments in Level 3, with a corresponding effect on other comprehensive income (OCI).

A significant input parameter that cannot be observed in the market used in the fair value measurement of contributions from silent participations is the discount rate. Major changes in this input parameter result in a significantly higher or lower fair value. The sensitivity of the fair value measurement was analysed by increasing and decreasing the discount rate by 100 basis points. This analysis showed that an imputed change in the assumed parameter would result in a change of € 3.2 million (€ 3.5 million) in the fair value of the contributions from silent participations in Level 3, with a corresponding effect on other comprehensive income (OCI).

A significant input that cannot be observed in the market used in the fair value measurement of other financial assets in Level 3 is the fair value. This is a claim from a purchase price component. As permitted under accounting regulations, disclosures describing the sensitivity of this item are not provided because the claim is based on the original sales transaction.

A significant input that cannot be observed in the market used in the fair value measurement of loans is the internal rating. Major changes in this input parameter result in a significantly higher or lower fair value. The sensitivity of the fair value measurement was analysed by increasing and decreasing the rating by one rating class. This analysis showed that an imputed change in the assumed parameter would result in a change of € 0.1 million (€ 0.1 million) in the fair value of the loans in Level 3, with a corresponding effect on the income statement.

There are currently no derivatives that have been measured as part of syndicated loans and allocated to Level 3.

There are also derivatives that have been allocated to Level 3 based on historic volatility.

A significant input that cannot be observed in the market used in the fair value measurement of these derivatives is historical volatility. As permitted under accounting regulations, disclosures describing the sensitivity of historical volatility are not provided because historical volatility is not based on the company itself, but on the original market transactions.

Interest-bearing securities, investments and contributions from silent participations are mainly reported under financial assets, while derivatives and loans are reported under financial assets and liabilities at fair value through profit or loss.

There are no relevant correlations between significant Level 3 input parameters used in the fair value measurement of Level 3 financial instruments. As a result, there is no impact on the fair value.

(31) Derivative Financial Instruments

Unlike their presentation in the balance sheet, the market values are specified prior to offsetting in the balance sheet in accordance with IAS 32.42.

	Nominal values		Fair value positive		Fair value negative	
(in € million)	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016[1]	31 Dec. 2015
Interest-rate risk	287 668	287 093	16 027	13 331	15 426	12 590
Currency risk	53 513	50 469	1 141	624	2 127	2 180
Share price and other price risks	163	200	3	10	13	8
Credit risk	2 918	2 894	24	24	11	11
Total	**344 262**	**340 656**	**17 195**	**13 989**	**17 577**	**14 789**

(32) Disclosures concerning Selected Countries

The following table shows, in contrast to the exposures in the risk report (see the interim management report), the values recognised in the balance sheet for transactions relating to selected countries (including credit derivatives). The disclosures by country include regional governments, municipalities and companies associated with the state.

	Financial Instruments Held for Trading		Financial Instruments designated at Fair Value through Profit or Loss		Available for Sale Assets	
(in € million)	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015
Ireland						
Country	–	9	–	–	23	22
Financing institutes / insurance companies	– 14	13	–	–	25	24
Companies / other	77	37	–	–	1	–
	63	**59**	**–**	**–**	**49**	**46**
Italy						
Country	–	–	88	84	1 126	1 071
Financing institutes / insurance companies	– 5	1	–	–	113	124
Companies / other	9	4	–	–	90	90
	4	**5**	**88**	**84**	**1 329**	**1 285**
Portugal						
Country	– 4	– 2	–	–	48	51
Financing institutes / insurance companies	– 1	– 1	–	–	1	1
Companies / other	–	–	–	–	13	–
	– 5	**– 3**	**–**	**–**	**62**	**52**
Slowenia						
Country	–	4	–	–	2	–
	–	**4**	**–**	**–**	**2**	**–**
Spain						
Country	–	1	–	–	170	138
Financing institutes / insurance companies	–	17	–	–	1 055	1 239
Companies / other	10	9	–	–	42	28
	10	**27**	**–**	**–**	**1 267**	**1 405**
Hungary						
Country	–	–	–	–	114	113
	–	**–**	**–**	**–**	**114**	**113**
Cyprus						
Companies / other	18	1	–	–	–	–
	18	**1**	**–**	**–**	**–**	**–**
Total	**90**	**93**	**88**	**84**	**2 823**	**2 901**

For financial instruments categorised as available for sale with acquisition costs amounting to € 1 702 million (€ 2 582 million), the cumulative valuation profit/loss reported in equity for the selected countries amounts to € 129 million (€ 118 million). In addition to this, depreciation (€ 1 million) was not recognised in the income statement for the period.

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair Value	
(in € million)	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015
Greece								
Companies / other	6	21	–	–	–	– 1	7	19
	6	**21**	**–**	**–**	**–**	**– 1**	**7**	**19**
Ireland								
Financing institutes / insurance companies	170	193	–	–	–	–	170	198
Companies / other	2 252	2 332	–	–	2	– 2	2 294	2 148
	2 422	**2 525**	**–**	**–**	**2**	**– 2**	**2 464**	**2 346**
Italy								
Financing institutes / insurance companies	81	83	–	–	–	–	65	69
Companies / other	264	213	–	–	–	–	269	216
	345	**296**	**–**	**–**	**–**	**–**	**334**	**285**
Portugal								
Companies / other	23	25	–	–	–	–	23	25
	23	**25**	**–**	**–**	**–**	**–**	**23**	**25**
Russia								
Financing institutes / insurance companies	145	148	–	–	–	–	146	148
Companies / other	49	43	–	–	–	–	48	41
	194	**191**	**–**	**–**	**–**	**–**	**194**	**189**

	Loans and Receivables							
	Gross book value		Specific valuation allowances		General loan loss provisions		Fair Value	
(in € million)	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015	30 Jun. 2016	31 Dec. 2015
Spain								
Country	53	52	–	– 4	–	–	55	54
Financing institutes / insurance companies	72	84	–	–	–	–	69	84
Companies / other	205	249	19	24	–	–	214	254
	330	**385**	**19**	**20**	**–**	**–**	**338**	**392**
Hungary								
Financing institutes / insurance companies	1	1	–	–	–	–	1	1
Companies / other	29	33	–	–	–	–	27	32
	30	**34**	**–**	**–**	**–**	**–**	**28**	**33**
Cyprus								
Companies / other	1 066	1 072	14	– 49	21	6	833	779
	1 066	**1 072**	**14**	**– 49**	**21**	**6**	**833**	**779**
Total	**4 416**	**4 549**	**33**	**– 29**	**23**	**3**	**4 221**	**4 068**

The nominal value of credit derivatives relating to the selected countries in the NORD/LB Group's portfolio is € 562 million (€ 567 million). Of this amount, sovereigns account for € 378 million (€ 378 million), financing institutions/insurance companies for € 105 million (€ 125 million) and companies/others for € 79 million (€ 64 million). The Group acts as both a provider and recipient of collateral. The netted fair value of the credit derivatives is € -6 million (€ -4 million).

Further information

(33) Regulatory data

The following consolidated regulatory capital data for the Group was calculated as at the reporting date in accordance with the provisions of EU Regulation No. 575/2013 on regulatory requirements for banks and securities firms (CRR).

(in € million)	30 Jun. 2016	31 Dec. 2015
Total risk exposure amount	**64 237**	**63 675**
Capital requirements for credit risk	4 412	4 352
Capital requirements for operational risks	409	419
Capital requirements for market risks	239	251
Capital requirements for loan amount adjustments	80	73
Capital requirements	**5 139**	**5 095**

The following overview shows the composition of regulatory equity for the group of institutions in accordance with art. 25 et. seq. of the CRR:

(in € million)	30 Jun. 2016	31 Dec. 2015
Paid-up capital including premium	4 930	4 930
Reserves	2 386	2 908
Eligible components of CET 1 capital at subsidiaries	705	837
Other components of CET 1 capital	– 111	36
– Deductible items (from CET 1 capital)	– 735	– 964
Adjustments due to transition rules	525	573
Common Equity Tier 1 capital	**7 700**	**8 320**
Grandfathered AT1 instruments	429	451
Adjustments due to transition rules	– 142	– 331
Additional Tier 1 capital	287	**120**
Tier 1 capital	**7 897**	**8 440**
Paid-up instruments of Tier 2 capital	2 657	2 616
Eligible components of Tier 2 capital at subsidiaries	205	270
– Deductible items (from Tier 2 capital)	– 25	– 25
Adjustments due to transition rules	– 471	– 654
Tier 2 capital	**2 367**	**2 207**
Own funds	**10 353**	**10 647**

(in %)	30 Jun. 2016	31 Dec. 2015
Common equity tier 1 capital ratio	11,99%	13,07%
Tier 1 capital ratio	12,43%	13,25%
Total capital ratio	16,12%	16,72%

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

(34) Contingent Liabilities and other Obligations

	30 Jun. 2016 (in € million)	31 Dec. 2015 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	4 206	4 271	– 2
Other obligations			
Irrevocable credit commitments	9 441	9 409	-
Total	**13 647**	**13 680**	**–**

(35) Related Parties

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

30 Jun. 2016 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Assets					
Loans and advances to banks	**–**	**–**	**332**	**–**	**89**
of which: money market transcations	–	–	158	–	–
of which: loans	–	–	163	–	89
other loans	–	–	163	–	89
Loans and advances to customers	**2 431**	**7**	**384**	**1**	**539**
of which: money market transcations	–	–	12	–	–
of which: loans	2 424	7	293	1	538
public-sector loans	2 306	–	14	–	519
mortage-backed loans	–	6	90	1	11
other loans	118	1	189	–	8
Financial assets at fair value through profit or loss	**319**	**–**	**46**	**–**	**23**
of which: Debt securities and other fixed-interest securities	113	–	–	–	–
of which: Positive fair values from derivatives	113	–	46	–	2
of which: Trading portfolio claims	93	–	–	–	21
Positive fair values from hedge accounting derivatives	**107**	**–**	**–**	**–**	**–**
Financial assets	**1 686**	**–**	**17**	**–**	**–**
of which: Debt securities and other fixed-interest securities	1 686	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	17	–	–
Total	**4 543**	**7**	**779**	**1**	**651**

30 Jun. 2016 (in € million)	Companies with significant influence	Subsidiaries	Joint Ventures	Associated companies	Persons in key positions	Other related parties
Liabilities						
Liabilities to banks	**–**	**–**	**–**	**359**	**–**	**98**
Liabilities to customers	**939**	**49**	**2**	**321**	**4**	**725**
of which: money market transactions	–	–	–	–	1	–
of which: saving deposits	572	1	–	32	–	109
Securitised liabilities	**–**	**–**	**–**	**–**	**–**	**1**
Financial liabilities at fair value through profit or loss	**96**	**–**	**–**	**15**	**–**	**255**
of which: negative fair values from derivatives	70	–	–	15	–	–
Negative fair values from hedge accounting derivatives	**20**	**–**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**125**	**–**	**–**	**–**	**16**
Total	**1 056**	**174**	**2**	**695**	**4**	**1 095**
Guarantees / sureties received	309	–	–	–	–	–
Guarantees / sureties granted	–	–	–	16	–	16

1 Jan. – 30 Jun. 2016 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Interest expenses	19	6	10	–	8
Interest income	62	–	5	–	12
Other income and expenses	– 24	–	– 10	– 3	– 6
Total contributions to income	**19**	**– 6**	**– 15**	**– 3**	**– 2**

31 Dec. 2015 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Assets					
Loans and advances to banks	**–**	**–**	**276**	**–**	**247**
of which: money market transcations	–	–	116	–	20
of which: loans	–	–	160	–	227
of which: public-sector loans	–	–	–	–	13
other loans	–	–	160	–	214
Loans and advances to customers	**2 575**	**6**	**314**	**1**	**655**
of which: money market transactions	177	–	13	–	–
of which: loans	2 352	6	300	1	655
public-sector loans	2 270	–	15	–	643
mortgage-backed loans	–	5	89	1	4
other loans	82	1	196	–	8
Financial assets at fair value through profit or loss	**343**	**–**	**74**	**–**	**27**
of which: Debt securities and other fixed-interest securities	62	–	–	–	–
of which: Positive fair values from derivatives	115	–	74	–	2
of which: Trading portfolio claims	166	–	–	–	25
Positive fair values from hedge accounting derivatives	**97**	**–**	**–**	**–**	**–**
Financial assets	**1 892**	**–**	**16**	**–**	**–**
of which: Debt securities and other fixed-interest securities	1 892	–	–	–	–
of which: Shares and other non fixed-interest securities	–	–	16	–	–
Total	**4 907**	**6**	**680**	**1**	**929**

31 Dec. 2015 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Liabilities					
Liabilities to banks	**–**	**17**	**346**	**–**	**113**
Liabilities to customers	**1 397**	**32**	**368**	**5**	**863**
of which: money market transactions	–	–	–	1	–
of which: saving deposits	893	1	44	–	159
Securitised liabilities	**–**	**–**	**–**	**–**	**2**
Financial liabilities at fair value through profit or loss	**47**	**–**	**1**	**–**	**156**
of which: negative fair values from derivatives	22	–	1	–	28
Negative fair values from hedge accounting derivatives	**8**	**–**	**–**	**–**	**–**
Subordinated capital	**1**	**588**	**–**	**–**	**15**
Total	**1 453**	**637**	**715**	**5**	**1 149**
Guarantees / sureties received	371	–	–	–	–
Guarantees / sureties granted	–	–	14	–	11

1 Jan. – 30 Jun. 2015 (in € million)	Companies with significant influence	Subsidiaries	Associated companies	Persons in key positions	Other related parties
Interest expenses	27	29	17	–	5
Interest income	68	–	12	–	19
Commission income	–	–	1	–	–
Other income and expenses	2	–	3	– 3	7
Total contributions to income	**43**	**– 29**	**– 1**	**– 3**	**21**

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

(36) Basis of Consolidation

Company name and registered office	Shares (%) indirect	Shares (%) direct
Subsidiaries included in the consolidated financial statements		
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg - Girozentrale -, Bremen	–	54.83
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Hannover	–	100.00
KreditServices Nord GmbH, Braunschweig	–	100.00
Nieba GmbH, Hannover	–	100.00
NOB Beteiligungs GmbH & Co. KG, Hannover	100.00	–
NORD/FM Norddeutsche Facility Management GmbH, Hannover	–	100.00
NORD/LB Asset Management AG, Hannover	100.00	–
NORD/LB Asset Management Holding GmbH, Hannover	–	100.00
NORD/LB Luxembourg S.A. Covered Bond Bank, Luxemburg-Findel / Luxemburg	–	100.00
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hannover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
TLN-Beteiligung Anstalt öffentlichen Rechts & Co. KG, Hannover	–	100.00

Company name and registered office	Shares (%) indirect	Shares (%) direct
Special Purpose Entities included in the consolidated financial statements		
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg	–	–
Fürstenberg Capital II GmbH, Fürstenberg	–	–
Hannover Funding Company LLC, Dover (Delaware) / USA	–	–
KMU Gruppe	–	–
Beteiligungs- Kommanditgesellschaft MS "Buxmelody" Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
MT "BALTIC CHAMPION" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "BALTIC COMMODORE" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC SCORPIUS" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC SOLAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT "NORDIC STAR" Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
"OLIVIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"OLYMPIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"PANDORA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"PRIMAVERA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
"QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
MS "HEDDA SCHULTE" Shipping GmbH & Co. KG, Hamburg	–	–
NORD/LB Objekt Magdeburg GmbH & Co. KG, Pullach im Isartal	–	–
Investment funds included in the consolidated financial statements		
NORD/LB AM ARB EUROPE	100.00	–
NORD/LB AM ALCO	–	100.00

Company name and registered office	Shares (%) indirect	Shares (%) direct
Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint ventures		
Bremische Wohnungsbaubeteiligungsgesellschaft mbH	50.00	–
caplantic GmbH, Hannover	–	45.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
GSG OLDENBURG Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hannover	44.00	–
LINOVO Productions GmbH & Co. KG, Pöcking	–	45.17
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hannover	–	28.66
SALEG Sachsen-Anhaltinische-Landesentwicklungsgesellschaft mbH, Magdeburg [1)]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hannover	49.85	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig [2)]	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig [2)]	–	75.00
Investment funds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
After IFRS 5 valuated companies		
Subsidiaries		
Happy Auntie S.A., Majuro / Marshallinseln		
Nordic Buxtehude Schifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
Nordic Stade Schifffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
NORD/LB Vermögensmanagement Luxembourg S.A., Luxemburg-Findel / Luxemburg	–	100.00
Proud Parents Investment Co., Majuro / Marshallinseln	–	–
Associated companies		
Deutsche Factoring Bank Deutsche Factoring GmbH & Co., Bremen	27.50	–

1) This company is classified as an affiliated company due to the potential voting rights of third parties.
2) This company is classified as an affiliated company due to its structure under company law.

Preparation and Review

Report of the Supervisory Board

We declare to the best of our knowledge and in accordance with applicable accounting principles, that the interim consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations and that the Group management report presents a true and fair view of the development of business, including the operating profit/losses and the position of the Group, and also describes the significant opportunities and risks relating to the probable development of the Group over the remainder of the financial year.

Hanover / Braunschweig / Magdeburg, 16 August 2016

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Bürkle
Forst	Dr. Holm	Schulz

Review Report

To NORD/LB Norddeutsche Landesbank – Girozentrale – Hanover, Braunschweig and Magdeburg
We have reviewed the condensed interim consolidated financial statements of Norddeutsche Landesbank - Girozentrale – comprising the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes – together with the interim group management report of Norddeutsche Landesbank - Girozentrale – for the period from 1 January to 30 June 2016, which form part of the interim financial report in accordance with § 37w of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRSs) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German standards for the review of financial statements set out by the Institute of Public Auditors in Germany (IDW). These standards require us to plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is primarily limited to surveys of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. As we were not required to perform an audit, we cannot issue an audit opinion.
Based on our review, no matters have come to our attention that lead us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hanover, 19 August 2016
KPMG AG
Wirtschaftsprüfungsgesellschaft

Ufer	Leitz
Auditor	Auditor

Other Information

Members of Governing Bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman)

Ulrike Brouzi

Thomas S. Bürkle

Eckhard Forst

Dr. Hinrich Holm

Christoph Schulz

2. Members of the Supervisory Board

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

Thomas Mang (First Deputy Chairman)
President of Sparkassenverband Lower Saxony

Jens Bullerjahn (Second Deputy Chairman)
Finance Minister of Saxony-Anhalt
(to 25 April 2016)

André Schröder (Second Deputy Chairman)
Finance minister of Saxony-Anhalt
(since 25 April 2016)

Frank Berg
Chairman of the Managing Board,
Ostsee Sparkasse Rostock

Norbert Dierkes
Chairman of the Managing Board,
Sparkasse Jerichower Land

Edda Döpke
Bank employee,
NORD/LB Hanover

Ralf Dörries
Senior Bank Director,
NORD/LB Hanover

Dr. Elke Eller
Head of HR and Director of Human Resources
TUI AG

Frank Hildebrandt
Bank employee,
NORD/LB Braunschweig

Frank Klingebiel
Mayor of Salzgitter
(to 31 May 2016)

Prof. Dr. Susanne Knorre
Management Consultant

Ulrich Mägde
Mayor of the Hanseatic City of Lüneburg

Ulrich Markurth
Mayor of Braunschweig
(since 1 June 2016)

Ludwig Momann
Chairman of the Managing Board
Sparkasse Emsland
(since 1 Januar 2016)

Felix von Nathusius
Chairman of the Managing Board
IFA ROTORION- Holding GmbH
(since 1 November 2015)

Antje Niewisch- Lennartz
Justice Minister of Lower Saxony

Freddy Pedersen
ver.di Trade Union

Jörg Reinbrecht
ver.di Trade Union

Stefanie Rieke
Bank employee
NORD/LB Magdeburg
(since 1 June 2016)

Ilse Thonagel
Bank employee, Landesförderinstitut
Mecklenburg- Vorpommern
(to 31 May 2016)

Forward-looking Statements

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

Finance calendar 2016

25 August 2016	Publication of the figures as at 30 June 2016
24 November 2016	Publication of the figures as at 30 September 2016

Our annual and interim reports can be downloaded from www.nordlb.de/reports and ordered from geschaeftsbericht@
nordlb.de.

Please contact Investor Relations to order a report or in the case of any questions.
Tel.: +49 511 361 - 43 38
Email: ir@nordlb.de

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hanover
Tel.: +49 511 361 – 0
Fax: +49 511 361 – 25 02
Email: info@nordlb.de

Branches (including Braunschweigische Landessparkasse)

Braunschweig	Bad Harzburg	Düsseldorf
Hamburg	Helmstedt	Holzminden
Magdeburg	Munich	Salzgitter
Schwerin	Seesen	Stuttgart
Wolfenbüttel		

There are over 100 branches and self-service centres in the business region of Braunschweigische Landessparkasse.
Details can be found at https://www.blsk.de

Foreign branches
London, New York, Singapore, Shanghai

Significant participations
Bremer Landesbank Kreditanstalt Oldenburg – Girozentral, Bremen and Oldenburg
Deutsche Hypothekenbank (Aktiengesellschaft), Hanover
NORD/LB Asset Management Holding AG, Hanover
NORD/LB Luxembourg S.A. Covered Bond Bank, Luxembourg-Findel
Öffentliche Versicherung Braunschweig, Braunschweig

Die norddeutsche Art.

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover

Telefon: +49 (0) 511/361-0
Telefax: +49 (0) 511/361-2502
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