

Condensed Interim
Financial Statements
according to IFRS

as at 30 June 2015

Performance	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (EUR million)	Increase/decrease (%)
Loans and advances to banks	1,663.6	1,398.8	264.8	19
Loans and advances to customers	6,315.0	6,199.1	115.9	2
Risk provisions	-39.9	-37.1	-2.8	8
Financial assets	6,483.8	7,313.5	-829.7	-11
Other assets	1,704.0	1,809.3	-105.3	-6
Balance sheet total – assets	16,126.5	16,683.7	-557.2	-3
Liabilities to banks	7,810.5	8,908.2	-1,097.7	-12
Liabilities to customers	3,513.6	3,139.4	374.1	12
Securitised liabilities	2,913.2	2,650.6	262.5	10
Other liabilities	1,170.3	1,255.3	-85.0	-7
Reported equity	718.9	730.0	-11.1	-2
Balance sheet total – liabilities	16,126.5	16,683.7	-557.2	-3
Profit/loss performance	1 st half year 2015 (KEUR)	1 st half year 2014 (KEUR)	Increase/decrease (KEUR)	Increase/decrease (%)
Net interest income	44,053	44,530	-477	-1
Net commission income	-12,907	-9,380	-3,527	38
Profit/loss from financial assets	2,781	20,812	-18,032	-87
Other profit/loss	12,111	656	11,455	> 100
Earnings before expenses	46,037	56,618	-10,582	-19
Administrative expenses	-21,328	-19,306	-2,022	10
Profit/loss from changes in valuation and risk provision	545	81	464	> 100
Taxes	-2,537	-6,234	3,697	-59
Earnings from continuing operations after taxes	22,717	31,159	-8,443	-27
Profit/loss from discontinued operations after income taxes	0	449	-449	-100
Earnings after taxes	22,717	31,609	-8,892	-28

Key Economic Data	1 st half year 2015	1 st half year 2014	Increase/decrease	Increase/decrease (%)
Cost-Income-Ratio in % *)	45.8 %	34.0 %	11.7 %	34
RoRaC in % **)	10.9 %	18.6 %	-7.8 %	-42

*) The Cost-Income Ratio (CIR) is equal to the quotients from administrative expenses and the earnings before costs – administrative expenses.

***) The RoRaC is equal to the quotients from the earnings before taxes and the maximum value from the limit for tied-up capital or tied-up capital.

Regulatory Law Key Figures	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (EUR million)	Increase/decrease (%)
Risk-weighted asset values	4,607.7	4,662.2	-54.6	-1
Core capital	637.2	658.1	-20.8	-3
Equity capital	695.6	723.2	-27.6	-4
Core capital ratio	13.8 %	14.1 %	-0.3 %	-2
Overall coefficient	15.1 %	15.5 %	-0.4 %	-3

Change in number of employees	30.06.2015	31.12.2014	Increase/decrease	Increase/decrease %
Number of employees	177	175	2	1

Summary of Key Data

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Interim Report

NORD/LB Luxembourg S.A. Covered Bond Bank

NORD/LB Luxembourg S.A. Covered Bond Bank (hereinafter referred to as “NORD/LB CBB” or “the Bank”) has its registered office in Luxembourg and is a wholly-owned subsidiary of NORD/LB Norddeutsche Landesbank Girozentrale, based in Hanover, Braunschweig and Magdeburg (hereinafter referred to as “NORD/LB”). The Bank is included in the consolidated financial statements of NORD/LB (hereinafter referred to as “NORD/LB Group” or the “Group” for short). The parent company has issued a letter of comfort for NORD/LB CBB. The consolidated financial statements of NORD/LB can be viewed on the Internet at www.nordlb.de. NORD/LB CBB results from the merger of Norddeutsche Landesbank Luxembourg S.A. (hereinafter referred to as NORD/LB Luxembourg) with NORD/LB Covered Finance Bank S.A. (hereinafter referred to as NORD/LB CFB). Until 31.12.2014, NORD/LB Luxembourg was the parent company of a group which included NORD/LB CFB, Galimondo S.à r.l., Luxembourg and Skandifinanz AG, Zurich. NORD/LB Luxembourg held 100% of the shares of each of the three subsidiaries. Due to their subordinate importance, Galimondo S.à r.l. and Skandifinanz AG were not included in the consolidated financial statements of the Bank for the year ended 31.12.2014.

The joint merger plan agreed on by the boards of directors of NORD/LB Luxembourg and NORD/LB CFB on 2 April 2015, which was notarised and published on 16 April 2015 in *Mémorial* was adopted at the extraordinary general meeting of NORD/LB Luxembourg held on 21 May 2015 and a reso-

lution confirming the merger was passed. The merger took place by way of universal succession by NORD/LB Luxembourg to the assets and liabilities of NORD/LB CFB with all rights and obligations by the dissolution without liquidation of NORD/LB CFB (simplified merger) with effect on 31 May 2015 (“time of the effectiveness of the merger”) with retrospective effect for accounting purposes to 1 January 2015. NORD/LB CFB has therefore ceased to exist as a legally independent entity.

The business purpose of NORD/LB CBB is to conduct all of the transactions of a covered bond bank (Pfandbriefbank) permitted in accordance with the law of the Grand Duchy of Luxembourg. In addition, there are the following business segments: Financial Markets & Sales, Loans and Client Services & B2B.

NORD/LB CBB holds 100% of the shares in Galimondo S.à r.l. Luxembourg. Galimondo S.à r.l. was established on 5 September 2014 as a limited liability company under Luxembourg law. The purpose of the company is to provide and coordinate services that are necessary to produce and maintain the operability and functioning of buildings and facilities (properties), including their infrastructure (facility management).

The shares in Skandifinanz AG, Zurich, were sold in the first quarter of 2015 to Nord-Ostdeutsche Bankbeteiligungs GmbH, a member of the NORD/LB Group of companies. Due to the subordinate importance of Galimondo S.à r.l. the Bank is not issuing consolidated interim financial statements as of 30 June 2015.

Against the background of the merger described above and the guarantee of a proper basis of comparison for purposes of the data for the period ended 31 December 2014 for the balance sheet figures, the present condensed interim financial statements of NORD/LB CBB as of 30 June 2015 refer to the consolidated and audited financial statements of NORD/LB Luxembourg for the period ended 31 December 2014, which were prepared in accordance with the International Financial

Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as implemented by the EU. The comparative figures of the profit and loss account are based on the published and unaudited consolidated figures of the NORD/LB Luxembourg Group for the period from 1 January 2014 to 30 June 2014 in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as implemented by the EU.

International Economic Development

Global Economic Environment

The world economy only grew moderately in the first half of 2015. The U.S. economy had to tackle the negative impact of special factors in the first quarter and then started to recover significantly as of the second quarter. Once again, private consumption provided crucial support. In China, the general economic development largely appeared strong at the beginning of the year. Nevertheless, the stabilisation of the Chinese economy became apparent, indicated among other things by GDP growth rates in the first two quarters. The extensive intervention from Beijing as a reaction to the turbulence on the stock market is therefore to be regarded critically because it is detrimental to the speed of reform.

Euroland

The overall economic situation in the Eurozone improved again in the first half of 2015. Real gross domestic product increased by 0.4% at the beginning of the year in comparison to the previous quarter. Economic development in the meantime indicates that the growth dynamic has also continued at a similar pace in the second quarter. Moreover, the general economic prospects focussing on the near future continue to be quite pleasing. In the meantime, the uncertainty regarding the progress of the situation in Greece put pressure on the mood indicators. The compromise reached between Greece and its international creditors and the associated opening of negotiations about an additional aid package, however, helped ease the situation considerably. Nevertheless, in real economic terms, the Eurozone appears to be fairly heterogeneous.

In Germany, the biggest economy is still in a sustained expansion process. The growth dynamic should improve slightly in the second quarter. Moreover, Spain is continuing to experience a convincingly strong upswing. According to an in-

itial estimate, real GDP rose by a vigorous 1.0% in comparison to the previous quarter. In France and Italy, the challenges remain, especially in view of the necessary structural reforms, some of which have already been undertaken. All the same, economic output in both countries also rallied in the second quarter. The general economic conditions for Greece remain difficult. The protracted negotiations regarding the ongoing reform process have also made themselves felt in real economic terms. While the resumption of negotiations regarding a further aid package has now appreciably reduced the probability of a disorderly exit of Greece from the euro ("Grexit"), the long-term sustainability of the country's debt situation is still not secured.

Germany

While the German economy only started 2015 with restrained dynamism, the signs of a strong economic dynamic in the recent second quarter have certainly consolidated lately. The indicators available to date on industrial production, order receipts, export trade and retail sales indicate that economic growth in the months from April to June has turned out to be slightly stronger than in the first three months of the year. In the first quarter, real gross domestic product grew by 0.3% in comparison to the previous quarter. In addition to the expansive impetus from export trade, the economic situation in Germany was primarily supported by domestic demand. Consumer spending by private households has been profiting for some time from the excellent mood of the employment market. Even if the increase in employment has slowed down in the meantime, conditions are decidedly favourable in view of the substantial increases in wages and the low rate of inflation.

Financial Markets and Movements in Interest Rates

The European Central Bank's (ECB) extensive security purchase programme had a determining influence on developments on the capital markets in the first half of 2015. The bank has been purchasing securities since March 2015 – primarily government bonds as well as securities from government-related issuers – to the tune of 60 billion euros a month. At the beginning of the second quarter, the fall in yields, which could be observed almost throughout the whole of the first quarter, continued at first as a result of these purchases. The yield low was recorded in the middle of April. Ten year government bonds were temporarily below the 0.10% mark. In the short and medium term maturity sectors the yields were in the negative range – temporarily up to a term to maturity of nine years. A noticeable and sustainable rise in yields began in mid-April. Several reasons, which took effect more or less simultaneously, were responsible for this. Firstly, profit taking contributed to the movement due to the price levels achieved. In addition, however, the improved fundamental data from the Eurozone – such as the rising credit expansion as well as notable monetary growth and inflation rates that were positive again – spurred the growth in yields. Furthermore, the prospects of at least medium-term rises in base rates, initially in the USA and later also in the UK, may well have contributed to the higher yields. At the end of the quarter, yields fell slightly again, which may be interpreted primarily as a moderate counter-reaction to the rise seen before. Against the background of the ECB's very expansive monetary policy, the yield potential may well remain initially limited over the coming months.

Meanwhile, the yield of ten year US government bonds is oscillating more clearly above the psychologically significant 2.00% mark. Following the end of the third programme of quantitative

easing (QE3), the expectations of a first base rate increase by the U.S. central bank still to come over the course of 2015 are indicative of a higher interest rate on the capital market. At the beginning of the year, a marked slowing of growth in the U.S. economy became apparent, but the slowdown remained a temporary phenomenon which was essentially attributable to detrimental special effects (e.g. the port strike). The most recently published figures accordingly indicate a recovery in the second quarter. This positive development should also continue in the second half of the year – at least looking at the trend – which would have to give the central bankers in Washington leeway for adjusting the Federal Funds Target Rate. The problems in Greece and the Chinese stock market crash had a temporary slowing effect on the U.S. interest rate level.

The DAX was able to perform satisfactorily at first, but then also suffered to a certain extent from the debt crisis in Athens and the turbulence on the Chinese stock market. German equity securities continue to profit from the ECB's very expansive monetary policy, which not only caused low interest rates and an investment emergency among the investors, but also had marked effects on the events on the foreign exchange market over the last few months. The euro therefore made significant losses against the U.S. dollar in the first quarter of 2015. The EUR/USD exchange rate is now hovering around the psychologically significant USD 1.10 per EUR mark.

After the EUR/USD basis swap spreads in the ten year maturity sector had expanded in March to nearly -40 base points, they have recently stabilised in a flat maturity band structure in a range of between -25 and -30 base points. This market development took place in conformity with the once again more stable exchange rate of the euro against the U.S. dollar.

Covered Bond Markets and Lettres de Gage Publiques

The first half of 2015 was greatly influenced by the purchases by the European Central Bank and the national central banks. Since the start of the programme on 20 October last year (settlement: 3 July 2015), for instance, covered bonds with a total volume of EUR 96.1 billion have been purchased within the scope of the covered bond purchase programme (or “CBPP3” for short). In addition to this, the financial markets continued to hold their breath due to the developments concerning the debt problems in Greece.

The primary market for benchmark transactions denominated in euros started the year satisfactorily, even though the dynamic had slowed down considerably by the end of the half-year. In the process, issue volumes ended up slightly below those of the comparable period of the previous year. German issuers were the most active in this regard, followed by French and Spanish issuers. In particular, the trend of a marked shift towards medium to long terms (upwards from 5 years) continued, while shorter term securities (below 3 years) were only issued in low quantities.

Although banks continue to be the most active investors in covered bonds, their share has declined in comparison to the previous year. This is due to the greatly increased importance of central banks, which now constitute the second most important group of investors. In third place are asset managers and funds. The movement towards decreasing spreads that have already been observed since 2012 continued in the first half of 2015. The downward trend in the share of public covered bonds is also still intact.

The trend towards rating deteriorations observed over the previous years did not persist. As a result of the recognition of the special status enjoyed by covered bonds within the scope of the BRRD (Bank Recovery and Resolution Directive), the ra-

ting agencies implemented this in their rating methods, so that many ratings improved.

The market for lettres de gage still remains characterised by the organised reduction in business activities by some market players. The amendment to the Luxembourg Covered Bond Law of 2013 was not able to reverse the declining trend in lettres de gage volumes.

Forecasts and other statements on anticipated developments

Global Economic Outlook

The US economy is now beginning to return to dynamic growth. Following the stronger second quarter, NORD/LB is accordingly also anticipating a relatively satisfactory growth rate in the second half of the year. In this environment, the US central bank should be in a position to undertake a first increase in the base rate in September. The Chinese economy remains on a respectable growth course, which is partly due to significant support measures through fiscal and monetary policy. A moderate economic recovery is becoming apparent in the Eurozone. Economic confidence is at a very steady level in the euro member states. General economic development will, however, continue to be characterised by a distinct growth differential between the individual countries of the common currency area.

Economic Forecast:

Germany and the Euro Area

In Germany and the euro area the mood indicators are at a high level. Economic expectations had temporarily suffered under the uncertainty caused by a possible payment default by Greece and the associated potential exit of the country from the common currency area (“Grexit”). Optimism recently gained the upper hand following the agreement reached in the meantime. The Ifo Business Climate Index, for example, improved in

July after declining for two consecutive months beforehand. The indicator may well have benefited from real economic aspects that moved back to the forefront following the resumption of negotiations regarding a further aid package for Greece. The general economic conditions in Germany can still be described as very favourable. Domestic demand should remain the main growth driver for real GDP in the process. The good mood in the German employment market on the one hand and the low interest rate on the other are indicative of this. Private consumption is also likely to continue to benefit from the ongoing growth in employment as well as from the solid development of nominal wages. In addition to private consumption, however, investment activity should also pick up. Overall, the German economy is experiencing a solid upswing. NORD/LB expects a rise in economic output of nearly 2% for 2015.

The economic recovery phase is also continuing in the Eurozone in 2015. The oil price, which was low by historical standards, the devaluation of the euro (trade-weighted) and the ECB's extremely expansive monetary policy direction over a long period of time primarily had a supportive effect. NORD/LB is anticipating a growth in real GDP of about 1.5% in the current year, provided there is no new escalation in the Greek debt crisis. While negotiations regarding a further aid package have started, political backing, especially in Greece itself, is not particularly apparent at the moment. Growth impulses in 2015 should primarily emanate from domestic demand, chiefly from private consumption. Although investment activity currently appears to be improving, only a gradual recovery can be expected here. The growth differential may well also continue to be quite distinct. Moreover, the still very high unemployment in large parts of the common currency area is limiting a more dynamic development.

Financial Market Development and Interest Rate Forecast

In view of the meanwhile quite sustained trend towards recovery on the employment market, the U.S. central bank should now want to slowly normalise its monetary policy direction following the end of the quantitative easing programme (QE3). Base rate increases are therefore on the decision makers' agenda. With the revival of the U.S. economy now emerging to a greater extent again, the central bankers in Washington may well have a certain amount of leeway for adjusting the Federal Funds Target Rate, although they will probably exercise great caution.

The monetary policy direction of the ECB will still remain very expansive. In the short term, neither price trends nor the general economic situation within the Eurozone will necessitate a departure from the course that has been started. Consequently, the central bank will initially adhere to its purchase programme for public and private assets, which was started in March 2015, to the tune of 60 billion euros a month. The purchase programme had led to significantly declining yields on the bond market before a noticeable counter-movement then took place. A sustained drop in the yield low recorded in the middle of April is not to be expected again, even though the developments in the coming months may well be characterised by increased volatility. In the view of NORD/LB, the purchases by the ECB restrict the yield potential for federal bonds. Nevertheless, the continuation of the general economic recovery process is indicative of moderately rising yields. Even after the agreement between Greece and its investors and a forthcoming third aid package, the Greek debt crisis will remain a factor of uncertainty – at least in the short term.

The devaluation of the euro should come to an end with the realignment of U.S. monetary policy. NORD/LB is accordingly anticipating a counter-movement in the medium term. The interest differential will likely be factored in the meanwhile and the emerging improvement of the general economic situation in the Eurozone is indicative of the euro being somewhat stronger again. Over the next twelve months, the USD 1.17 mark per euro could come back into view. The deve-

lopments on the foreign exchange market are a major driver for the trend of the EUR/USD basis swap spread. Calculations made using NORD/LB's econometric forecast models indicate that in the event of a more fixed exchange rate of the euro against the U.S. dollar in the medium term, the spreads should range between -30 base points in the short term segment and at -25 base points in the case of ten year terms.

Development of Business Segments

Financial Markets & Sales

Sales, funding and bank controlling are the core elements of Financial Markets & Sales at NORD/LB CBB. The particular focus here is on the expansion of sales, which is why the Investor & Public Relations employees are also assigned to this division.

Long Term Funding

Long Term Funding comprises the management of the cover pool for NORD/LB CBB, the issue of Pfandbriefe as well as the long-term uncovered liquidity take-up for the account of NORD/LB CBB. In the process, NORD/LB CBB uses an EMTN (Euro Medium Term Note) programme for its issues as well as standardised individual documentation such as registered covered bonds or bonded loans. The issuance business extends to the issue of covered bonds in benchmark values as well as customised private placements.

The focus of the issuance business, which is carried out in various marketable currencies, is predominantly on medium and long terms in the lettres de gage business segment; in the case of uncovered issues, the focus is on the short and medium term sector.

The covered bond business is being further strengthened from Luxembourg as a complementary component of the funding of NORD/LB, thus making a valuable contribution to refinancing the core business of the NORD/LB Group. The investor basis is also being expanded.

The predecessor institution of NORD/LB CBB (NORD/LB CFB) was able to place a benchmark issue (5 years, EUR 500 million) successfully on the market in March of this year, against the market trend. The basis of this issue, which was received very positively by the market, was a roadshow across Europe, which NORD/LB CFB held over nearly three weeks in eight countries.

The investors (mainly banks, asset managers and insurance companies) were convinced by the high

quality, well-diversified cover pool. The introduction of a voluntary commitment in addition to the statutory provisions (liquidity, transparency, excess cover and LCR capability) was acknowledged positively.

Long Term Funding is the contact partner for the rating agencies in the context of discussions concerning methods and their changes. It represents the Bank in important national and international bodies, committees and working parties with respect to any aspect of covered bonds.

ALM/Treasury

ALM/Treasury is a service provider for the Bank and provides solutions for all matters regarding the supply of liquidity and interest rate and currency management. It generates an additional contribution to the results within the framework of risk limits set by the Board of Directors through active management of the cash flows from the customer business.

ALM/Treasury is an integral component of the funding activities of the NORD/LB Group and is involved in committees and coordination processes across the whole institution. ALM/Treasury is characterised by a broad diversification of the refinancing sources for the lending business and a high degree of flexibility with regard to currencies and maturities.

Exclusive added value exists via the network developed in Switzerland. NORD/LB CBB participates on behalf of the NORD/LB Group in the open market business of the Swiss National Bank via the SIX Repo platform. Moreover, the Bank is an active participant in the Eurex Repo platform.

ALM/Treasury also manages the liquidity ratios and interest rate risks. In terms of derivatives, there is a concentration on interest rate swaps, futures, and forward exchange contracts. This takes place without risk exposures from complex derivative products.

Fixed Income/Structured Products

Sales Europe

The Fixed Income/Structured Products Sales Europe group is responsible for marketing the NORD/LB Fixed Income product range throughout Europe and in this connection serves end customers such as banks, central banks and institutional investors as well as asset managers and insurance companies in the non-German speaking parts of Europe. Standardised and structured financial products are sold in close cooperation with the Group.

The objectives in the standardised product segment (“flow products”) are to support primary market activities and increase the turnover ratio in the Group’s trading book. The most important flow products include Pfandbriefe and covered bonds from other jurisdictions, bonds from supranational issuers and agencies (SSAs) as well as issues from German federal states.

Furthermore, the intention is also to geographically diversify refinancing sources by recruiting European investors via NORD/LB CBB.

Structured loan products (“non-flow products”) are developed on the basis of the business activities of the various market units of the Group. The aim is to actively utilise the customer relationships of the NORD/LB lending divisions in order to meet customer requirements for “alternative investments”.

The Bank does not enter into its own risks in the process.

Business Development of Financial Markets & Sales

As before, the general economic conditions continued to be challenging in the first quarter of 2015. Following the restructuring at the beginning of the year, the Financial Markets & Sales business segment covers almost the entire direct business. Due to the ECB’s low interest rate policy, interest rate curves consistently remained at an extremely flat level, which continues to have a negative

impact on results. The essential components comprising the result in the Financial Markets & Sales business segment continue to be the transformation result as well as the results from financial assets and the financial instruments stated at fair value.

Financial Markets & Sales met the challenges with active interest rate management. This also led to a significant improvement in the revaluation reserve in terms of the securities portfolios used for liquidity management.

In addition to the income from the securities already mentioned, the results from the direct lending business now flow into this component of the results. Commission income from the securities and custodian business also performed positively. Fixed Income/Structured Products Sales Europe was once again able to increase business activities significantly in comparison to the same period in the previous year, and at 31.12.2014, already exceeds the value with a turnover of well over EUR 7 billion. Commission profit/loss accordingly also performed positively.

As per 30 June, the Bank independently and exclusively serves around 200 end customers in 23 European countries via this sales channel, including the most important central banks and asset managers in Europe.

From now on, the sale of corporate bonds originating from NORD/LB will also be advanced by the Luxembourg sales unit across Europe. In this connection, it was possible to acquire the first new customers and business. Due to the sustained low interest rate environment, we are anticipating lively demand and also see good sales opportunities internationally in this “loan” product.

The new issue activities of NORD/LB CFB in the first half of 2015 concentrated on a five year letter de gage benchmark transaction denominated in euros in the sum of EUR 500 million. This new issue was placed with banks, asset managers and insurance companies, among others, very successfully.

As at the reporting date on 30 June 2015, the cover pool exceeds the volume of issued public covered bonds by EUR 962.1 million (29.0%) nominal and EUR 1,085.8 million (31.0%) in cash terms, and therefore significantly exceeds the statutory excess cover level of 2%. As of the reporting date on 30 June 2015, about 13.9% of all assets in the cover pool are awarded the best rating: AAA (see page 13 of the report).

Loans

The lending business in Luxembourg comprises the Allied Lending Business unit along with other Group units and savings banks guaranteed lending business. The services provided by the lending business of NORD/LB CBB have a complementary character and therefore add to the range of services offered by the Group. The allied lending business represents the majority of the lending portfolio. As an experienced and efficient service provider in financing for corporate customers and structured transactions, the Bank delivers added value for the NORD/LB Group.

In terms of products, the Bank particularly concentrates on variable interest loans and short-term fixed rate loans in various currencies and accounts receivable purchases (single and pool purchases). Within NORD/LB, this business is served predominantly from NORD/LB CBB. In addition to bilateral credit lines, the Bank is also involved in assuming the role of facility agent within the scope of more complex consortium financing. The personnel and technical infrastructure of NORD/LB CBB is geared to the administration of these types of loans.

Business Development of Loans

The lending business concentrated on cooperation with partners from the Corporate Clients and Structured Finance segments at NORD/LB. New business development proceeded satisfactorily and led to a further expansion of the lending portfolio.

The business with near-municipal companies continues to have a play an important role. The sub-portfolio serves as a cover pool for the issue of lettres de gage. The Bank can offer competitive conditions in this highly competitive customer segment via covered refinancing.

The positive growth in volumes in the allied lending business is likewise reflected in the interest contribution, despite the pressure on margins in the corporate customer segment. The savings bank guaranteed lending business is of less importance in the lending portfolio in terms of volume and revenue. Current demand from customers is also low.

Client Services/B2B

The Client Services/B2B business segment uses the efficient IT infrastructure and know-how of the Bank as well as the existing internal supply of high quality services in order to offer services to third parties. The objective of this approach is to optimally use the resources of the bank as a service provider in order to generate additional revenue without RWA (risk-weighted assets) commitment and to increase the diversification of the earnings risk.

Client Services generates margins or commission income via cooperation with asset managers. Administrative expenses are optimised via B2B in that further services such as bookkeeping, sales controlling, compliance, and building administration are offered externally. The technical platform and human resources are therefore scaled with an effect on results. The first customer is NORD/LB Vermögensmanagement Luxembourg S.A., since financial year 2015. The business activities of Galimondo S.à r.l., Luxembourg, will likewise be allocated to this business segment.

Ratings for NORD/LB CBB

	FITCH RATINGS	STANDARD&POOR'S
NORD/LB Luxembourg Covered Bond Bank		
Long-term / outlook / short-term	A- / stable / F1	BBB / negativ / A-2
Lettres de Gage publiques / outlook	AAA / stabil	AA+ / negativ

On the basis of the cover pool values described above, NORD/LB CBB has received first-rate assessments from two rating agencies. The rating agency FITCH Ratings confirmed the AAA rating (with a stable outlook) of the Pfandbriefe of the predecessor bank, NORD/LB CFB, on 13 February 2015 in its rating update. On 1 June 2015 following the conclusion of the merger of NORD/LB S.A. and NORD/LB CFB into NORD/LB Luxembourg S.A. Covered Bond Bank, the Pfandbrief rating of NORD/LB CBB of AAA with a continued stable outlook was again confirmed by FITCH.

On 19 May 2015, both the Long Term IDR and the Senior Unsecured Rating were lowered by one grade by FITCH, from "A" to "A-" with a stable outlook. The Short Term Issuer Default Rating remained

unchanged at "F1". These ratings were confirmed by FITCH following the merger on 1 June 2015.

On 3 February 2015, Standard & Poors (S&P) rating agency confirmed the Lettres de Gage rating with an unchanged AA+ rating and negative outlook.

On 9 June 2015, S&P downgraded the ratings of various banks after applying its new rating criteria with respect to state support for banks and taking ALAC (Additional Loss Absorbing Capacity) into account.

The Long-term Senior Unsecured Rating of NORD/LB CBB was lowered from BBB+ to BBB in the process and removed from the watchlist. The outlook continues to be negative.

The Short-term Senior Unsecured rating is unchanged, at A-2 with a negative outlook.

Outlook

The first half of 2015 was a roller coaster in many respects in terms of the global economy – driven by the uncertainties surrounding the much-quoted “Grexit”. The marathon negotiations between Greece and its creditors, which have spanned months, have been changing the state of facts on a daily basis and the long-term effects for the currency union are still quite unclear. Even though the Hellenic Republic is relatively insignificant in terms of economic power and level of globalisation, the tug of war is straining the nerves of many investors. The equity market crash in the last days of June is telling proof of the mindframe. Nevertheless, investors can look back on a good first half of the year. Optimism gained the upper hand recently, following the agreement reached in the meantime. The Ifo Business Climate Index, for example, improved in July after having declined for two consecutive months beforehand. The economic recovery phase is also continuing in the Eurozone in 2015. The oil price, which was low by historical standards, the devaluation of the euro (trade-weighted) and the ECB’s extremely expansive monetary policy direction over a long period of time primarily had a supportive effect. NORD/LB Luxembourg also has an eventful first

half of 2015 behind it. NORD/LB Luxembourg and NORD/LB CFB merged with legal effect on 31 May 2015 to form a special bank (covered finance bank as defined by Article 12-1 et seq. of the Law of 5 April 1993 on the Financial Sector, as amended). The new bank is trading under the name of “NORD/LB Luxembourg S.A. Covered Bond Bank” and is expecting a satisfactory result for the second half of 2015. The coming half year will be characterised by working through the last details of the merger, special effects from the merger project and setting up new organisational structures.

The new covered finance bank will continue NORD/LB CFB’s task of generating additional covered refinancing for the core business of the NORD/LB Group by issuing covered bonds in accordance with Luxembourg law. As a frequent issuer, NORD/LB CBB will make various issues in the form of private placements and in benchmark values again in the second half of the year. The strict cost management strategy already started will continue to be pursued consistently through the merger of the two banks and the associated synergy effects.

Detailed information on the cover pool is published on a quarterly basis on the Bank’s website at www.nordlb.lu.

Earnings

NORD/LB CBB's interim financial statements as at 30 June 2015 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as implemented by the EU. The comparative figures of the profit and loss account are based on the published and unaudited consolidated figures of the NORD/LB Luxembourg Group for the period from 1 January 2014 to

30 June 2014, which were determined and presented in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as implemented by the EU.

For computational reasons, the following tables may contain rounding differences.

Items on the income statement changed as follows for the period under report:

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease*) (KEUR)
Net interest income	44,053	44,530	-477
Loan loss provisions	-2,242	2,910	-5,152
Commission expenses/net income	-12,907	-9,380	-3,527
Profit/loss from financial instruments stated at fair value through profit or loss, including hedge accounting	2,787	-2,829	5,615
Other operating profit/loss	12,111	656	11,455
Administrative expenses	-21,328	-19,306	-2,022
Profit/loss from financial assets	2,781	20,812	-18,032
Profit/loss from continuing operations before income taxes	25,254	37,394	-12,140
Income taxes	-2,537	-6,234	3,697
Profit/loss from continuing operations after income taxes	22,717	31,159	-8,443
Profit/loss from discontinued operations after income taxes	0	449	-449
Profit/loss for the year	22,717	31,609	-8,892

*) The prefix in the Increase/decrease column indicates the effects on the results.

The individual items comprising the result are as follows:

Net interest income

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease*) (KEUR)
Interest income	312,128	284,607	27,520
Interest expense	-268,075	-240,077	-27,998
Net interest income	44,053	44,530	-477

*) The prefix in the Increase/decrease column indicates the effects on the results.

Interest profit/loss remained virtually constant at the level of the comparative period of the previous year.

While interest profit/loss from lending and money market transactions increased from KEUR 25,316 to KEUR 35,724, interest income from the securi-

ties business dropped from KEUR 97,354 to KEUR 81,004. The other major items are hedge derivatives (KEUR -52,149, previous year KEUR -55,144) and the interest expense from securitised liabilities (KEUR -20,373, previous year KEUR -23,006).

Loan loss provisions

Changes in loan loss provisions led to a loss of KEUR -2,242 (previous year income of KEUR 2,910). Allocations in the reporting period resulted essentially from the increase in provisions for claims (KEUR -2,137).

In the previous year, the reversal of provisions in the lending business and the reversal of portfolio-based valuation adjustments of liabilities were primarily responsible for the income (KEUR 2,910).

Net commission income

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease*) (KEUR)
Commission income	7,494	8,785	-1,291
Commission expense	-20,402	-18,165	-2,237
Net commission income	-12,907	-9,380	-3,527

*) The prefix in the Increase/decrease column indicates the effects on the results.

Net commission income decreased against the comparative period by KEUR 3,527 to KEUR -12,907. Commission income mainly relates to the lending and guarantee business (KEUR 4,711, previous year 7,054) as well as the securities and custodian business (KEUR 2,487, previous year KEUR 1,257). Other commission income (KEUR 296, previous year KEUR 462) is largely attributed to the account keeping and service business.

Commission expenses relate in particular to brokerage transactions (KEUR -10,178, previous year KEUR -9,177), the lending and guarantee business (KEUR -9450, previous year KEUR -7,995) and the securities and custodian business (KEUR -773, previous year KEUR -993).

The increase in expenses arising from the brokerage business results from the higher volume of arranged lending business.

Profit/loss from financial instruments stated at fair value through profit or loss and hedge accounting

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease ^{*)} (KEUR)
Trading profit/loss	784	-29,589	30,373
Profit/loss from fair value option	-2,900	26,377	-29,277
Profit/loss from hedge accounting	4,904	383	4,520
Profit/loss from financial instruments stated at fair value through profit or loss, including hedge accounting	2,787	-2,829	5,615

^{*)} The prefix in the Increase/decrease column indicates the effects on the results.

Profit/loss from financial instruments stated at fair value through profit or loss (KEUR 2,787, previous year KEUR -2,829) shows both trading profit/loss in the true sense and profit/loss from financial instruments that are voluntarily designated under the fair value option. The trading profit/loss (KEUR 784, previous year KEUR -29,589) and profit/loss from the fair value option (KEUR -2,900, previous year KEUR 26,377) partly balance each other out. The high gross amounts in the previous year are caused by the profit/loss from securities classified as dFV (category selected to avoid an accounting mismatch), which are in economic

hedging relationships with hedging derivatives. Interest income from dFV securities (shown in profit/loss from financial instruments stated at fair value through profit or loss) totalled KEUR 6,831 in the reporting period (previous year KEUR 3,045). Due to economic hedges, positive changes from AfS securities are also set against hedging derivatives which do not meet the restrictive requirements of hedge accounting. The changes in the profit/loss from hedge accounting (KEUR 4,904, previous year KEUR 383) result from market interest rate fluctuations as well as OIS and CVA/DVA effects.

Other operating profit/loss

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease ^{*)} (KEUR)
Other operating income	14,285	2,193	12,092
Other operating expenses	-2,174	-1,537	-638
Other operating profit/loss	12,111	656	11,455

*) The prefix in the Increase/decrease column indicates the effects on the results.

The other operating profit/loss increased by KEUR 11,455 to KEUR 12,111.

Other operating income (KEUR 14,285, previous year KEUR 2,193) was essentially characterised by the result of merging the two predecessor institutions to form NORD/LB CBB (KEUR 12,906, pre-

vious year KEUR 0). Other income mainly results from rental income and tax refunds. Other operating expenses (KEUR -2,174, previous year KEUR -1,537) mainly comprise accounting for services with the NORD/LB Group (KEUR -1,853.2, previous year KEUR -1,489).

Administrative expenses

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease ^{*)} (KEUR)
Staff expenses	-10,875	-10,685	-190
Wages and salaries	-9,473	-9,233	-240
Other staff expenses	-1,403	-1,452	50
Other administrative expenses	-8,530	-6,921	-1,608
Depreciation and value adjustments	-1,923	-1,700	-224
Administrative expenses	-21,328	-19,306	-2,022

*) The prefix in the Increase/decrease column indicates the effects on the results.

Administrative expenses are KEUR 2,022 higher than the previous year. This was mainly due to the merger of the two predecessor institutions to form NORD/LB CBB, which caused increased internal and external staff expenses.

Profit/loss from financial assets

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease ^{*)} (KEUR)
Profit/loss from financial assets classified as LaR, incl. portfolio value adjustments	-1,350	-1,322	-28
Profit/loss from financial assets classified as AfS (without participating interests)	4,131	15,821	-11,690
Profit/loss from affiliated companies	0	6,314	-6,314
Profit/loss from financial assets	2,781	20,812	-18,032

*) The prefix in the Increase/decrease column indicates the effects on the results.

Profit/loss from financial assets is broken down into profit/loss from financial assets classified as loans and receivables (LaR), (KEUR -1,350, previous year KEUR -1,322), profit/loss from financial assets classified as AfS (KEUR 4,131, previous year KEUR 15,821) and profit/loss from affiliated companies (KEUR 0, previous year KEUR 6,314). The profit loss from affiliated companies in the previous year resulted from the deconsolidation of Skandifinanz AG.

The negative result from financial assets in the LaR category in this period mainly resulted from securities sales, in the comparative period it is attributed to allocations to portfolio-based loan loss provisions. Profit/loss from financial assets classified as AfS resulted from sales of securities in both reporting periods. The majority of the securities sold were in an economic hedge with futures transactions at the portfolio level; the negative result of the related item was shown in the trading profit/loss.

Income taxes

	01.01.2015-30.06.2015 (KEUR)	01.01.2014-30.06.2014 (KEUR)	Increase/decrease ^{*)} (KEUR)
Current taxes	-2.498	-4.797	2.299
Deferred taxes	-39	-1.437	1.398
Income taxes	-2.537	-6.234	3.697

*) The prefix in the Increase/decrease column indicates the effects on the results.

Income taxes were calculated on the basis of the tax rate anticipated to apply to the reporting period.

Schedule of Assets and Financial Data

For the purpose of the comparability to the period ended 31 December 2014, the present condensed interim financial statements of NORD/LB CBB as at 30 June 2015 refer to the balance sheet figures of the consolidated and audited financial statements

of NORD/LB Luxembourg as at 31 December 2014, which were prepared in accordance with the International Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB) as implemented by the EU.

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (EUR million)
Loans and advances to banks	1,663.6	1,398.8	264.8
Loans and advances to customers	6,315.0	6,199.1	115.9
Risk provisions	-39.9	-37.1	-2.8
Financial assets at fair value through profit or loss	1,223.1	1,336.5	-113.4
Financial assets	6,483.8	7,313.5	-829.7
Other assets	480.9	472.9	8.1
Total assets	16,126.5	16,683.7	-557.2
Liabilities to banks	7,810.5	8,908.2	-1,097.7
Liabilities to customers	3,513.6	3,139.4	374.1
Securitised liabilities	2,913.2	2,650.6	262.5
Financial liabilities at fair value through profit or loss	203.8	178.4	25.3
Provisions	9.3	10.0	-0.7
Other liabilities	957.2	1,066.9	-109.6
Reported equity	718.9	730.0	-11.1
Total equity and liabilities	16,126.5	16,683.7	-557.2

The balance sheet total decreased by EUR 557.2 million as compared to the reporting date on 31 December 2014, from EUR 16,683.7 million to EUR 16,126.5 million.

The liabilities to banks item increased by EUR 264.8 million as compared to 31 December 2014. Within this item, the increase was primarily attributed to liabilities from money transactions (EUR 1,099.0 million, previous year EUR 972.4 million). In addition, the volume of repos grew from EUR 113.2 million to EUR 191.1 million.

In alignment with the Bank's strategy, liabilities to customers continued their positive development. An increase of EUR 115.9 million to EUR 6,315.0 million was recorded here. This increase results almost exclusively from a rise in the volume of loans to corporate customers.

The Bank's risk provisions were increased slightly to EUR 39.9 million (previous year EUR 37.1 million). This increase is almost exclusively attributed to portfolio loan loss provisions.

Assets at fair value through profit or loss decreased by EUR 113.4 million. The decline in this item mainly results from fluctuations in the market value of derivative transactions for hedging interest rates and currencies.

Financial assets likewise declined, by EUR 829.7 to EUR 6,483.8 million. This reduction mainly results from shifts within the portfolio as well as the targeted reduction of risk positions. While the securities held in the LaR category increased slightly (EUR 2,975.6 million, previous year EUR 2,952.6 million), the securities held in the AfS category decreased (EUR 3,508.2 million, previous year EUR 4,360.8 million).

Other assets increased by EUR 8.1 million to EUR 480.9 million, mainly due to the change in the cash reserve.

Liabilities to banks fell by EUR 1,097.7 million to EUR 7,810.5 million. While deposits from other banks decreased by EUR 358.7 million, liabilities from repo transactions declined significantly by EUR 1,728.2 million. This change mainly results from shifts within the product range and the scheduled reduction in the balance sheet total.

Liabilities to customers increased by EUR 374.1 million, from EUR 3,139.4 million to EUR 3,513.6 million, which is primarily attributable to an increased volume in money transactions.

Securitized liabilities increased by EUR 262.5 million as compared to the end of the previous year. This considerable increase is mainly attributable to the benchmark bond placed successfully in the first quarter of 2015 in the sum of EUR 500 million. Financial liabilities at fair value through profit or loss increased by EUR 25.3 million to EUR 203.8 million (previous year EUR 178.4 million).

Other liabilities stood at EUR 957.2 million. This equates to a decline of EUR 109.6 million. The main items here are fair values from hedge accounting (EUR 813.5 million, previous year EUR 916.4 million) and subordinate capital (EUR 111.8 million, previous year EUR 103.0 million). The rise in subordinate capital is almost exclusively a result of currency effects.

As at 30 June 2015, the reported equity of the Bank was EUR 718.9 million (previous year: EUR 730.0 million).

NORD/LB CBB does not have any branches and does not hold any of its own shares.

Risk Report

The risk report for NORD/LB CBB as at 30 June 2015 was prepared on the basis of IFRS 7.

The Bank does not enter into any noteworthy risks from complex structured derivatives.

NORD/LB CBB's risk management policy, the relevant organisational structure and operational procedures, implemented procedures and methods for risk measurement and monitoring were presented in detail in the opening balance sheet for NORD/LB CBB as at 1 January 2015. Therefore, only significant developments in the period under report will be addressed in these condensed interim financial statements. The Bank's opening balance sheet was published on the Internet at http://www.nordlbcbb.lu/online/www/menu_top/inv-rel/reports/DEU/index.html.

Risk-bearing capacity

The utilisation of the risk capital in the control-relevant going concern scenario increased slightly in the first half of the year, but at 39% is still con-

siderably below the internally defined maximum value of 80%. The Bank reduced its market price risks in the first half of the year, so a rise in credit risks caused by updating the risk parameters was partly balanced out. The slightly increased liquidity and operational risks are of secondary importance to the assessment of the risk-bearing capacity.

The decline in risk capital is mainly attributable to effects associated with the merger of the two predecessor institutions.

To date, NORD/LB CBB has not entered into any significant new risk positions over the course of the year. The requirements specified by the risk strategy with regard to allocating the risk capital to the individual types of risk were also met.

The utilisation of the risk capital in the going concern scenario for NORD/LB CBB as at 30 June 2015 and for its predecessor institutions as at 31 December 2014 is shown in the following table:

Risk-bearing capacity				
In EUR million	30.06.2015		31.12.2014	
Risk capital	246	100%	258	100%
Credit risks	39	16%	35	14%
Participation risks	0	0%	0	0%
Market price risks	39	16%	42	16%
Liquidity risks	17	7%	16	6%
Operational risks	3	1%	2	1%
Total risk potential	97		95	
Utilisation		39%		37%

The regulatory requirements for risk management have been steadily tightened and expanded in the recent past and will continue to become stricter in future. Of these, the regulations concerning compliance with liquidity and funding ratios and the requirements regarding bail-in debt and other associated capital ratios should especially

be noted. Moreover, the ECB has announced that it will execute its role of financial supervisor consistently and strictly. The European Banking Authority (EBA) published a consultation paper on the "Guidelines for common procedures and methodologies for the SREP (supervisory review and evaluation process)" on 7 July 2014.

The guidelines provide a common framework for the work of supervisors in the assessment of risks to banks' business models, their solvency and liquidity. The competent authorities have to integrate these guidelines into their supervisory processes and procedures by 1 January 2016. It is generally assumed that the ECB will at least par-

tially apply the new SREP process this year. The Bank has therefore already begun to analyse the resultant requirements for risk management in cooperation with NORD/LB and to identify gaps that exist in this regard; further work to implement them will be undertaken over the course of the year.

Credit Risk

At NORD/LB CBB, the maximum credit default risk amount for reported and off-balance sheet finan-

cial instruments is EUR 17.6 billion as at the reporting date. The slight drop in the first half of the year results in particular from financial assets:

Risk-bearing financial instruments in EUR million	Maximum default risk amount	
	30.06.2015	31.12.2014
Loans and advances to banks	1,663.6	1,398.8
Loans and advances to customers	6,315.0	6,199.1
Financial assets stated at fair value through profit or loss	1,223.1	1,336.5
Positive fair values from hedge accounting	351.4	360.2
Financial assets	6,483.8	7,313.5
Sub-total	16,036.8	16,608.0
Guarantees on behalf of third parties	178.8	179.3
Non-utilised loan commitments	1,430.7	1,422.2
Total	17,646.4	18,209.5

In comparison to the following tables on overall exposure, which are based on the data provided internally to management, the maximum credit default risk amount in the above table is shown at book value. The differences between the total overall exposure according to internal reporting and the maximum credit default risk amount result from the different areas of application and from the definition of the overall exposure for internal purposes. The basis for the calculation of the credit exposure is the drawdown (in the case of guarantees, the nominal value; in the case of securities, the book value) and the credit equivalents from derivatives (including add-on and taking netting

into account). Irrevocable lending commitments are included in the credit exposure at 42.5 % and revocable lending commitments at 37.5 %, while securities are not taken into account. The credit exposure of NORD/LB CBB used for internal control fell slightly in the first half of the year as compared to the two predecessor institutions, to EUR 19.0 billion, due to the declining repo business. The following table shows the rating structure of the entire credit exposure as at 30 June 2015 – divided into product categories and the totals compared with the structure of the predecessor institutions:

Rating Structure ^{1) 2)} in EUR million	Loans ³⁾	Securities ⁴⁾	Derivatives ⁵⁾	Other ⁶⁾	Total	
					30.06.2015	01.01.2014
Very good to good	8,660.8	6,634.8	266.8	0.0	15,562.4	17,282.2
Good / satisfactory	871.9	802.9	0.0	0.0	1,674.8	1,658.1
Still good / adequate	311.4	194.7	10.0	0.0	516.1	509.4
Increased risk	683.9	318.8	0.0	0.0	1,002.7	949.4
High risk	77.5	0.0	0.0	0.0	77.5	126.6
Very high risk	47.5	0.0	0.0	0.0	47.5	12.6
Default (= NPL)	77.6	16.9	0.0	0.0	94.5	138.2
Total	10,730.6	7,968.0	276.8	0.0	18,975.5	20,676.6

¹⁾ Classification in accordance with IFD rating categories

²⁾ Differences in amount are rounding differences

³⁾ Includes loans taken up or loan commitments, guarantees and other non-derivative off-balance sheet assets, the irrevocable credit commitments being included at 42.5% and the revocable ones at 37.5%, as in the internal reporting⁴⁾ beinhaltet den Wertpapier-eigenbestand fremder Emittenten (nur Anlagebuch)

⁵⁾ Includes derivative financial instruments, such as financial swaps, options, futures, forward rate agreements and currency transactions

⁶⁾ Includes other products such as transmitted loans and administrative loans

The quality of NORD/LB CBB's credit portfolio is equivalent to those of the two predecessor institutions. The majority of total exposure (82.0 %) is in the "very good to good" rating category. The very high proportion of this rating, the best rating ca-

tegorie, can be explained by the major importance of the business conducted with financing institutions and public administrative offices and at the same time is a reflection of NORD/LB CBB's risk policy.

The classification of total credit exposure into sectors is as follows:

Sectors ¹⁾²⁾ in € million	Loans ³⁾	Securities ⁴⁾	Derivatives ⁵⁾	Other ⁶⁾	Total	
					30.06.2015	
Financial institutes / insurers	4,929.9	4,388.7	261.0	0.0	9,579.6	10,931.7
Service industry / other	2,039.2	3,212.6	4.6	0.0	5,256.4	5,783.3
of which real estate and residential	358.8	0.0	0.0	0.0	358.8	423.3
of which public administration	0.0	3,150.4	0.4	0.0	3,150.8	3,760.6
Transport / news broadcasting	663.3	62.7	0.7	0.0	726.7	724.9
of which shipping	2.3	0.0	0.0	0.0	2.3	14.2
of which air transport	33.9	0.0	0.0	0.0	0.0	33.9
Processing industry	1,412.8	0.0	0.1	0.0	1,412.9	1,347.0
Energy, water supply, mining	1,091.2	304.0	0.4	0.0	1,395.6	1,387.4
Trade, maintenance, repair	457.2	0.0	10.0	0.0	467.3	379.5
Agriculture, forestry and fishing	10.8	0.0	0.0	0.0	10.8	13.2
Construction industry	126.2	0.0	0.0	0.0	126.2	109.4
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	10,730.6	7,968.0	276.8	0.0	18,975.5	20,676.6

¹⁾Classification same as internal reporting according to economic criteria

^{2)to 6)}See previous table on rating structure

The table shows that the business with financing institutions and public administrations, at an overall proportion of 67.1%, continues to make up a significant share of the overall exposure.

A breakdown of the total credit exposure by region is as follows:

Regions ¹⁾²⁾ in € million	Loans ³⁾	Securities ⁴⁾	Derivatives ⁵⁾	Other ⁶⁾	Total	
					30.06.2015	
Euro states	8,457.7	4,551.0	203.2	0.0	13,211.9	15,099.3
of which Germany	7,528.1	1,842.2	194.1	0.0	9,564.4	10,298.9
Other Europe	1,316.8	1,086.3	58.8	0.0	2,461.8	2,428.7
North America	941.1	1,922.6	14.2	0.0	2,877.9	2,742.6
Central and South America	0.5	14.4	0.0	0.0	14.9	18.7
Middle East / Africa	3.3	0.0	0.0	0.0	3.3	6.2
Asia / Australia	11.3	393.8	0.6	0.0	405.6	399.1
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total	10,730.6	7,968.0	276.8	0.0	18,975.5	20,676.6

¹⁾Classification same as internal reporting according to economic criteria

^{2)to 6)}See previous table on rating structure

The Bank invests almost exclusively in economically strong regions. The country risk tends to be of low importance due to the good country ratings. With a high proportion (69.6%) of the loans, the Eurozone is by far the most important business region.

Non-performing Loans (NPL)

In accordance with the impairment policy, specific value adjustments are established at the Bank for acute borrower's default risks in the event of the presence of objective indications. Loan loss provision requirements are based on a cash equivalent consideration of anticipated interest and redemption payments as well as on earnings from the realisation of collateral.

The latent borrower's default risk for the total amount of reported and off-balance sheet transactions, for which there are no specific value adjustments, is accounted for by means of portfolio-based provisions for impairments which have already occurred, but were not known on the reporting date.

The Bank's risk provisions (including loan loss provisions) total EUR 40.9 million on 30 June 2015 and in addition to portfolio-based loss provisions in the amount of EUR 3.6 million, includes specific value adjustments in the sum of EUR 36.4 million. EUR 17.9 million of that amount is attributable to one borrower from the processing industry and EUR 18.1 million to one borrower from the service industry. The remaining EUR 0.3 million was allocated for a borrower in the construction industry.

In addition, provisions for off-balance sheet risks were allocated in the sum of EUR 0.5 million for one borrower from the processing industry. In addition, there are portfolio provisions for off-balance sheet risks in the sum of EUR 0.4 million.

With regard to securities, there are impairment effects in the sum of EUR 32.5 million which are not reported under the risk provisions.

Participation Risk

The Group's sale of Skandifinanz AG to Nord-Ost-

deutsche Bankbeteiligungs GmbH took place in the first quarter. NORD/LB CBB therefore only has one participation now, Galimondo S.à r.l., which is insignificant in terms of risk.

Market Price Risk

NORD/LB CBB has slightly reduced the market price risks taken over from the two predecessor institutions. As at the reporting date, the value-at-risk is EUR 2.4 million.

Against the background of the scheduled change in equity investment, the value-at-risk limit of EUR 3.8 million was increased to EUR 4.3 million. The average utilisation of the value-at-risk limit was 51.7% in the first half of the year, the maximum utilisation was 71.1% and the minimum utilisation was 38.3%.

The security positions in connection with the interest rate and liquidity control of the Financial Markets & Sales division lead to a focus on the market price risks arising from credit spreads. Interest rate risks mainly result from transactions in EUR.

As per 30 June 2015, interest rate risks were measured in the amount of EUR 0.9 million, foreign currency risks in the amount of EUR 0.1 million, volatility risks in the amount of EUR 0.02 million and credit spread risks in the amount of EUR 1.8 million.

With regard to the interest rate risks in the investment book, the effects of a standardised interest rate shock are also analysed monthly in accordance with the requirements of CSSF Circular 08/338. The result continues to be far below the regulatory threshold, which provides for a maximum proportion of 20% of authorised equity capital.

For calculating the capital required for interest, currency and price risks, the Bank uses the standard method according to CRR. Taking into account the requirements based on the adjustment of the credit assessment (CVA), a capital requirement in the amount of EUR 12.1 million was calculated for the market price risk as at 30 June 2015.

In contrast to the credit spread risks of the IFRS categories HfT, AfS and dFV, the credit spread risks of the LaR stocks are not included in the value-at-risk for market price risks, since this focuses on the going concern perspective of the risk-bearing capacity model. They are therefore measured and limited separately via the credit spread value-at-risk with a confidence level of 95% and a holding time of 250 days. The limit is derived from the going concern perspective of the risk-bearing capacity model.

On 30 June 2015, the credit spread value-at-risk of the LaR portfolio at NORD/LB CBB was EUR 66.8 million with a limit of EUR 147 million. The average utilisation of the limit in the first half year was 51.2%, the maximum utilisation was 66.9% and the minimum utilisation 39.3%.

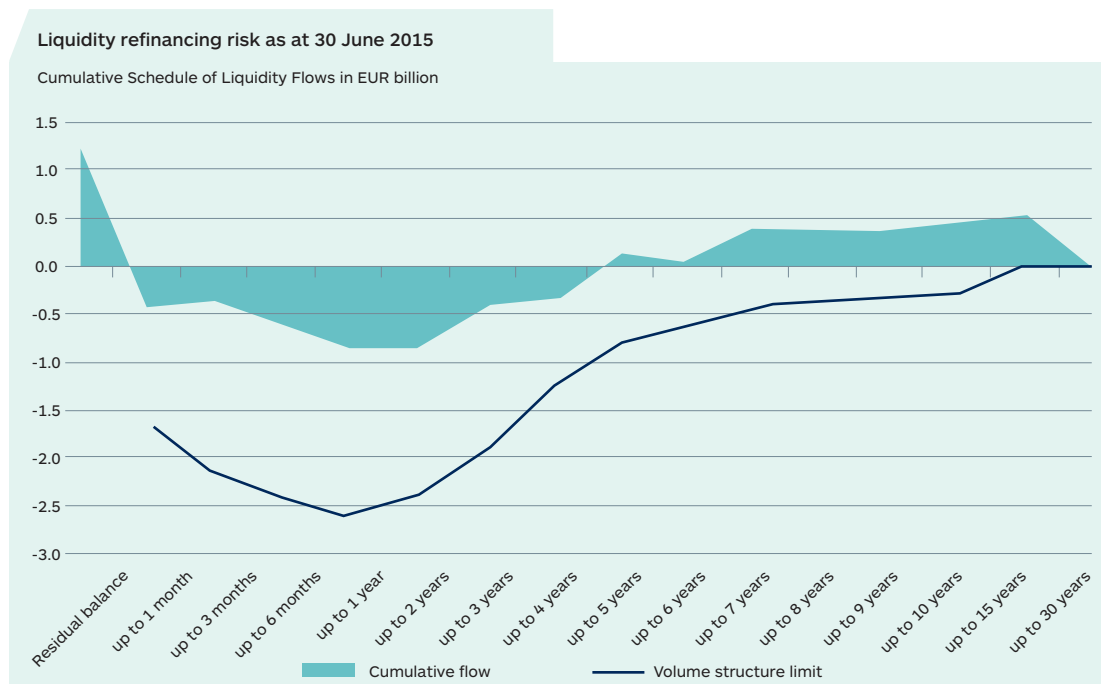
NORD/LB CBB is not expecting any significant increase in the market price risk during the rest of the year. With respect to the future development of the credit spread risks, the Bank anticipates a sideways movement. Furthermore, it remains the Bank's aim to acquire assets eligible for the cover pool mainly from the lending business and less from the securities business.

Liquidity Risk

The liquidity situation on the markets has eased again in the first half of the year. Nevertheless, there is a threat of further risks from current trouble spots in the world, in particular Ukraine and the Middle East, as well as from the high level of government debt in various EU countries.

The Bank has a balanced funding mix to tackle these risks. Due to the business strategy and the local characteristics of the Luxembourg banking centre, there are concentrations with regard to refinancing via banks. Transactions in the area of fixed term deposits with corporate customers also comprise another substantial proportion of the refinancing of the Bank. In addition, the coverage of the refinancing requirement in the "more than two years" segment is predominantly carried out via NORD/LB (uncovered funding).

As at 30 June 2015, the aggregated liquidity progress review used for internal control of the refinancing risk – (as a structural (long-term) liquidity risk – and the volume structure limits derived from the risk-bearing capacity for NORD/LB CBB were as follows:



In the control-relevant dynamic scenario, the distance-to-illiquidity (DTI) from the Bank's internal liquidity stress test (LST) in relation to the classic short-term liquidity risk is 278 days on 30 June 2015. The DTI was well above 150 days throughout the first half of the year.

By managing its liquidity risk to an extent beyond that required by regulatory provisions through conservative modelling of the LST, the Bank ensures that it is always in a position to fulfil its payment obligations on time and that it can raise refinancing funds on the market at reasonable terms conditions. The risk assessment methods and the reporting processes are continuously being improved. In particular, the development and expansion of methods for the validation and control of regulatory provisions will be a focus in 2015. As well as increasing the reporting frequency for the LCR (Liquidity Coverage Ratio), which has been reported on a daily basis since mid-May, further progress will be made in the second half of the year with regard to the operationalisation of the regulatory provisions (in particular "delegated acts"). The regulatory provisions are complied with at NORD/LB CBB as at 30 June 2015.

Operational Risk

As per 30 June 2015, the risk potential for the operational risk according to the internal model (confidence level 95%, holding period one year) was EUR 2.8 million at NORD/LB CBB.

The path to integrated OpRisk management at the

Bank that has already begun was continued in the first half of the year with the close involvement of the risk control function. The objective is a consistent risk assessment for the OpRisk, ICS and Compliance areas. NORD/LB has already started to introduce this. Introduction at NORD/LB CBB is scheduled for the third quarter of 2015.

Summary and Outlook

NORD/LB CBB has accounted for all known risks appropriately by employing precautionary measures. The appropriate tools have been implemented in order to identify risks at an early stage.

The utilisation calculated in the risk-bearing capacity model shows that the risks were covered at NORD/LB CBB as at 30 June 2015. This was also the case for the predecessor institutions as at 31 December 2014. According to the estimation of the Bank, there are currently no risks that threaten its existence.

As at 30 June 2015, NORD/LB CBB fulfilled the applicable regulatory provisions on capital stock and liquidity at all times, as did its predecessor institutions in the previous year.

The methods and processes that are currently used to control significant risks are subject to ongoing verification and are refined as necessary. The improvements for particular types of risk which were specifically targeted in 2015 have been covered in the relevant sections.

Personnel Report

Number of employees

The number of personnel at NORD/LB CBB changed in the first half of 2015 as follows in comparison to the NORD/LB Luxembourg Group:

30.06.2015	31.12.2014	Increase/decrease absolute	Increase/decrease (%)
177	175	2	1

The Bank takes the further development, training and qualifications of its staff very seriously. Flat hierarchies enable faster response times, which in a dynamic environment are absolutely essential for lasting success. By offering performance-

related pay plus appropriate fringe benefits and promoting an innovative and dynamic team culture, the Bank aims to create opportunities for the personal development of its staff and a motivating and constructive working environment.

Internal Controls and Risk Management within the Framework of Establishing Financial Data and Organisation

Definition and Objectives

The aim of the internal control system and risk management with respect to financial reporting is for the interim financial statements of NORD/LB CBB to convey a true and fair view of the financial position and performance in accordance with the applicable accounting principles according to the International Financial Reporting Standards, as they are to be applied in the European Union. The term "ICS" (Internal Control System) is used hereinafter.

The aim of proper financial reporting is put at risk by the existence of risks that have an effect on financial reporting. These risks are understood to be the possibility that the abovementioned aim might not be achieved and substantial information in the financial reports could be erroneous. The Bank rates information as substantial if its omission or incorrect statement could influence the economic decisions of the addressees. No distinction is made here between individual or cumulative substantial facts.

Risks to financial reporting can arise through errors in business processes. In addition fraudulent conduct can lead to a misrepresentation of information. Therefore the Bank must ensure that the risks in relation to erroneous presentation, assessment or reporting of information in financial reports are minimised.

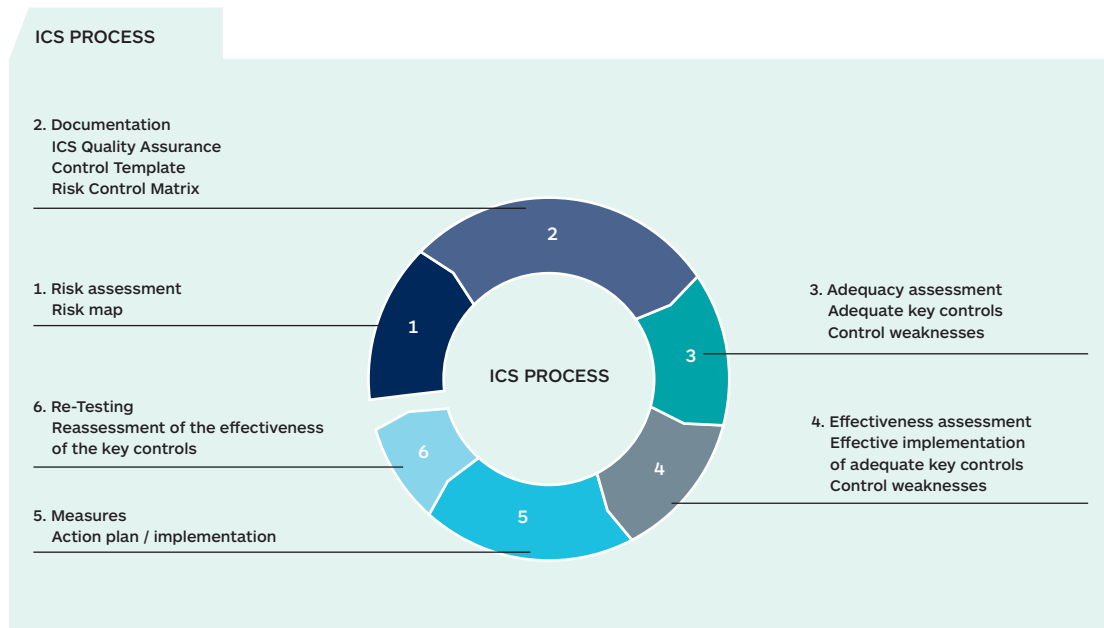
The Bank's ICS is designed to ensure adequate reliability in relation to compliance with applicable legal requirements, regularity and sound financial management of the business activities and the completeness and accuracy of the financial reports.

At the same time it must be taken into account that despite all of the Bank's measures, the implemented methods and processes of the ICS can never provide absolute reliability, but can offer adequate reliability. No substantial changes have been made to the ICS for financial reporting since the reporting date.

Summary of the Internal Control System (ICS)

The ICS at NORD/LB CBB is based on the group-wide methodology of the ICS control loop. This en-

ures a uniform process for assessing the ICS with reference to the key audits.



The existing audits are identified using process mapping and/or documentation (scoping). Each key audit is tested with respect to its audit aims (adequacy) and its effectiveness. Measures for rectifying audit weaknesses are created for possible audit gaps and monitored by the ICS officers. Optimised audits are then tested with respect to their adequacy and effectiveness.

The Bank's ICS is based on the requirements of the banking supervisory body (CSSF), mainly in the updated circular 12/552, and provides for the following four audit levels:

- daily audits by the personnel performing transactions,
- constant critical audits by the persons entrusted with the administrative processing of transactions,
- audits that the members of the authorised management perform with regard to the business activities and functions under their direct responsibility,
- audits by the internal auditors.

The structural organisation of the Bank is defined in an organisational chart, which was created according to the principle of the separation of functions. The joint overall responsibility of the Board of Directors in exercising its powers is borne by the mutual representation of the Member of the Board, among other measures.

The procedures are regulated in the written organisational rules. They are continually monitored and adjusted with respect to changes in the markets, work procedures and external regulations. Organisational charts, work instructions, process descriptions, forms and informative communications form constituent parts. These binding documents are compiled in the Bank's organisational handbook.

The essential business transactions are processed using the "four eyes principle". The required separation of functions in the business processes is also safeguarded from an IT point of view. Personal and technical capacities are adapted to the scope and nature of the business activity.

Risk Control Function

The risk control function is responsible for anticipating, identifying, measuring, following up, monitoring and reporting all risks that the Bank is or could be exposed to. The results of these activities are compiled in an annual report by the risk control function that is submitted to the Board of Directors and Supervisory Board of the Bank.

Compliance Function

The compliance function performs its activities in accordance with an audit plan approved by the Board of Directors. The Compliance Officer informs the Board of Directors about the audits carried out and their results on a regular basis.

Internal Auditing

The Bank has internal auditors whose aims, functions, duties and position within the organisation of the Bank are defined by the Board of Directors in an auditing charter. The internal auditors report to the Board of Directors on an ongoing basis about each audit they have conducted and their findings. The implementation of the necessary measures to rectify any identified deficiencies are followed up by the internal auditors.



Sustainability Report

Sustainability Report

Our Conviction

In 2013, NORD/LB Luxembourg decided to establish a sustainability management system. The sustainability officer also started his work with a small team the same year. NORD/LB Luxembourg S.A. Covered Bond Bank is continuing this work. The team's work focuses on the requirements of the Group.

The success of NORD/LB CBB can only be sustained in a stable natural environment and only in a society with balanced economic and social relations. This understanding shapes the strategic focus of NORD/LB CBB and the organisation of our business model. At the same time, it is an important contribution to aligning our daily actions with the requirements of our interest groups. Conduct and actions aligned with high standards therefore contribute to our future viability – both in the interests of corporate success as much as out of our responsibility to our customers, staff, the environment and society.

Sustainability as a Strategic Factor

The sustainability strategy forms the basis for our actions. The main focuses of the individual fields of action and specific objectives that we want to achieve by 2020 are documented in the strategy. In a sustainability programme that is continuously updated, we describe the measures we are using to strive towards achieving these focuses and objectives. We will be informing our interest groups regularly on our website about the results of our sustainability activities.

Governance

For us, acting with integrity is synonymous with responsible corporate management. This also continuously strengthens the trust that interest groups have in NORD/LB CBB. Our work guidelines contain voluntary commitments which broaden corporate actions to include environmental, social and ethical aspects.

Customers

We want to actively support our customers as they look to the future. We support them in utilising opportunities and reducing possible risks arising from sustainable development and global change. This increases customer satisfaction and ensures customer loyalty to NORD/LB CBB in the sense of lasting partnerships.

Staff

We create the conditions in which our staff can develop their potential – for their own benefit and to the advantage of customers and the Bank. These include offers that foster professional and personal development and a work-life balance as well as providing a healthy, anti-discriminatory work environment where people enjoy working.

Environment

Active corporate environmental protection is an important part of our actions and the corporate responsibility we practice. We reduce our corporate environmental impact through various measures, reduce our energy and resource costs, and thus put less of a burden on both our corporate balance sheet and on the environment. To achieve this, we use state of the art technologies, such as a photovoltaic system.

Company

We are committed to improving the living conditions of people within our sphere of influence and thus also to ensuring the future viability and sustainability of the social environment and community. This includes the training and education of bank employees just as much as supporting community organisations and initiatives. The Bank supports social organisations and counselling centres as well as cultural societies and associations with money and material donations. We will be reporting on our current projects, objectives and future focuses on our website in the future.

Supplementary Report

There were no significant events between the balance sheet reporting date on 30 June 2015 and the preparation of these financial statements on 21 August 2015 by the Board of Directors.

Future-related Statements

This report contains future-related statements. They can be recognised through terms such as “expect”, “intend”, “plan”, “seek”, and “estimate”, and relate to current plans and estimates. These statements contain uncertainties, since a large number of factors that have an effect on the business lie outside of NORD/LB Luxembourg S.A. Covered Bond Bank’s sphere of influence. These primarily include the development of the financial

markets and the changes in interest rates and market prices. The actual results and developments can differ considerably from the statements made today. NORD/LB Luxembourg S.A. Covered Bond Bank assumes no responsibility and does not intend to update the future-related statements or to correct them if developments are other than expected.

Luxembourg, 21 August 2015

NORD/LB Luxembourg S.A. Covered Bond Bank

Christian Veit

CEO

Chairman of the Board of Directors

NORD/LB Luxembourg S.A. Covered Bond Bank

Thorsten Schmidt

Deputy CEO

Member of the Board of Directors

NORD/LB Luxembourg S.A. Covered Bond Bank



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Condensed Interim Financial Statements

For computational reasons, the following tables may contain rounding differences.

The Notes that follow are an integral component of the condensed interim financial statement.

Condensed Profit and Loss Account

NORD/LB CBB, for the period from 1 January to 30 June 2015 in comparison to the NORD/LB Luxem-

bourg Group, for the period from 1 January 2014 to 30 June 2014:

	Notes	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)
Net interest income and current income	(6)	44,053	44,530
Net interest income and current income		312,128	284,607
Interest expense		-268,075	-240,077
Loan loss provisions	(7)	-2,242	2,910
Net commission income	(8)	-12,907	-9,380
Profit/loss from financial instruments at fair value through profit or loss	(9)	-2,117	-3,212
Profit/loss from hedge accounting	(10)	4,904	383
Profit/loss from financial assets	(11)	2,781	20,812
Administrative expenses	(12)	-21,328	-19,306
Other operating profit/loss	(13)	12,111	656
Profit/loss from continuing operations before income taxes		25,254	37,394
Income taxes	(15)	-2,537	-6,234
Profit/loss from continuing operations after income taxes		22,717	31,159
Profit/loss from discontinued operations after income taxes	(16)	0	449
Interim result		22,717	31,609
of which due to the shareholders		22,717	31,609
of which not attributable to controlling shares		0	0

The following Notes constitute an integral part of the condensed interim financial statements.

Condensed Overall Profit and Loss Account

The total income for the first half of 2015 comprises the income and expenses recorded in the profit and loss account and the income and expenses recorded directly in the equity.

NORD/LB CBB, for the period from 1 January to 30 June 2015 in comparison to the NORD/LB Luxembourg Group, for the period from 1 January 2014 to 30 June 2014:

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)
Interim result	22,717	31,609
Other profit/loss	-4,101	14,229
Other profit/loss, which will not be reclassified to the P&L account in subsequent years	0	0
Revaluation of net liability from performance-related (defined benefit) pension plans	0	0
Deferred taxes	0	0
Other profit/loss, which will not be reclassified to the P&L account in subsequent periods	-4,101	14,229
Changes from AfS financial instruments	-5,794	29,020
Translation differences of foreign business units	0	-6,312
Deferred taxes	1,693	-8,480
Total profit/loss in the first half year	18,616	45,838
of which due to the shareholders	18,616	45,838
of which not attributable to controlling shares	0	0

The following Notes constitute an integral part of the condensed interim financial statements.

Balance Sheet

NORD/LB CBB for the reporting date 30 June 2015 in comparison to the NORD/LB Luxembourg Group, for the reporting date 31 December 2014:

Assets	Notes	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Cash reserve		39.2	2.5
Loans and advances to banks	(17)	1,663.6	1,398.8
Loans and advances to customers	(18)	6,315.0	6,199.1
Risk provisions	(19)	-39.9	-37.1
Financial assets at fair value through profit or loss	(20)	1,223.1	1,336.5
Derivatives – fair values from hedge accounting		351.4	360.2
Financial assets	(21)	6,483.8	7,313.5
Property, plant and equipment	(22)	68.0	68.9
Intangible assets	(23)	12.4	11.2
Assets available for sale	(24)	0.0	12.2
Current income tax assets		2.7	0.0
Deferred income tax claims		1.0	15.3
Other assets	(25)	6.3	2.6
Total assets		16,126.5	16,683.7

Liabilities	Notes	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Liabilities to banks	(26)	7,810.5	8,908.2
Liabilities to customers	(27)	3,513.6	3,139.4
Securitised liabilities	(28)	2,913.2	2,650.6
Financial liabilities at fair value through profit or loss	(29)	203.8	178.4
Derivatives – fair values from hedge accounting		813.5	916.4
Provisions	(30)	9.3	10.0
Current income tax liabilities		0.0	0.5
Deferred income tax liabilities		10.7	27.5
Other liabilities	(31)	21.3	19.4
Subordinated capital	(32)	111.8	103.0
Equity			
Issued capital		205.0	205.0
Capital reserves		0.0	0.0
Revenue reserves		501.0	508.0
Revaluation reserve		12.9	17.0
Total equity		718.9	730.0
Equity attributable to shareholders		718.9	730.0
Equity allocated to shares without a controlling influence		0.0	0.0
Total equity and liabilities		16,126.5	16,683.7

The following Notes constitute an integral part of the condensed interim financial statements.

Abridged Cash Flow Statement

NORD/LB CBB, for the period from 1 January to 30 June 2015 in comparison to the NORD/LB Luxembourg Group, for the period from 1 January 2014 to 30 June 2014:

	01.01.2015- 30.06.2015 (EUR million)	01.01.2014- 30.06.2014 (EUR million)
Cash and cash equivalents at the beginning of the period	2.5	55.7
Cash flow from operating activities	-852.4	-1,129.9
Cash flow from investment activities	889.4	1,097.4
Cash flow from financing activities	-0.3	-16.2
Total cash flow	36.7	-48.7
Effects from exchange rate changes and changes in the basis of consolidation	0.0	0.0
Cash and cash equivalents at the end of the period	39.2	7.1

The following Notes constitute an integral part of the condensed interim financial statements.

Condensed Statement of Changes in Equity

NORD/LB CBB, for the period from 1 January to 30 June 2015:

EUR million	Issued capital	Capital reserves	Revenue reserves	Revaluation reserve	Currency translation reserve	Equity before shares without controlling influence	Shares without controlling influence	Equity
Equity on 01.01.2015	205.0	0.0	478.3	17.0	0.0	700.3	0.0	700.3
Total profit/loss for the period	0.0	0.0	22.7	-4.1	0.0	18.6	0.0	18.6
Distribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity on 30.06.2015	205.0	0.0	501.0	12.9	0.0	718.9	0.0	718.9

The NORD/LB Luxembourg Group for the period from 1 January to 30 June 2014:

EUR million	Issued capital	Capital reserves	Revenue reserves	Revaluation reserve	Currency translation reserve	Equity before shares without controlling influence	Shares without controlling influence	Equity
Equity on 01.01.2014	205.0	0.0	504.5	-17.2	6.3	698.6	0.0	698.6
Total profit/loss for the period	0.0	0.0	31.6	20.5	-6.3	45.8	0.0	45.8
Distribution	0.0	0.0	-15.0	0.0	0.0	-15.0	0.0	-15.0
Equity on 30.06.2014	205.0	0.0	521.1	3.3	0.0	729.4	0.0	729.4

The following Notes constitute an integral part of the condensed interim financial statements.

Abridged Notes

54	(1) Principles for the preparation of the condensed interim financial statements	73	(24) Assets available for sale
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63	(8) Net commission income	76	(31) Other liabilities
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68	(17) Loans and advances to banks	87	(38) Regulatory Information
68	(18) Loans and advances to customers	88	(39) Contingent liabilities and other obligations
69	(19) Risk provisions	89	(40) Events after the reporting date
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70	(21) Financial assets	90	(42) Members of executive bodies and their positions
73	(22) Property, plant and equipment		
73	(23) Intangible assets		



Abridged Notes

Accounting Policies

(1) Principles for the preparation of the condensed interim financial statements

The condensed interim financial statements of NORD/LB CBB on the reporting date of 30 June 2015 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 (IAS regulation) in agreement with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) applicable in the EU. In particular, IAS 34 was applied in order to meet the requirements for condensed interim financial statements. The condensed interim financial statements are to be read in conjunction with the information in the published and attested consolidated financial statements of NORD/LB Luxembourg as of 31 December 2014.

The condensed interim financial statements for the period ended 30 June 2015 comprise the condensed profit and loss account, condensed overall profit and loss account, balance sheet, condensed capital flow statement, condensed statement of changes in equity and selected explanatory notes. The segment reporting is included in the notes.

The present condensed interim financial statements for NORD/LB CBB for the period ended 30 June 2015 relate to the balance sheet figures on this reporting date as well as the information relating to the profit and loss account in the period from 1 January 2015 to 30 June 2015, on an unconsolidated basis in each case.

The reporting currency in the condensed interim financial statements is the euro. Unless stated otherwise, all amounts are shown in millions of euros (EUR million) rounded to one decimal place. In order to provide comparability with the period in the previous year, the annual financial statements and interim financial statements for the NORD/LB Luxembourg Group for the period

ended 31 December 2014 and 30 June 2014 respectively were used. The figures for the relevant dates and periods in the previous year are shown in brackets in the text below.

The present condensed interim financial statements were signed by the Board of Directors on 21 August 2015 and released for publication.

(2) Adopted and New IFRS

All IFRS, interpretations and their respective amendments have been applied in these condensed interim financial statements where they have been recognised by the EU within the scope of its endorsement process and are pertinent to NORD/LB CBB in the 2015 reporting year.

The accounting policies used in the interim financial statements are based on those of the consolidated statements for the period ended 31 December 2014, unless stated otherwise.

Changes have been made to the three standards, IFRS 3, IFRS 13 and IAS 40 within the scope of the “annual improvement process”. A clarification of existing standards is to be achieved through the adjustment of the wording in individual IFRS. There is no significant impact on these financial statements from the annual improvements of the IFRS.

NORD/LB CBB will not be prematurely applying any other published standards, interpretations or changes that are not yet obligatory to apply.

The following major discretionary decisions by management relating to accounting and valuation at the Bank should be mentioned: The use of the fair value option for financial instruments, the decision not to categorise financial instruments as Held to Maturity (HtM) and the application of the re-categorisation rules of IAS 39 for selected investments.

(3) Merger Principles

In accordance with the joint merger plan dated 2 April 2015, which the merger is based on, it was agreed that all business activities of NORD/LB CFB would be deemed to be business activities of NORD/LB Luxembourg with effect from 1 January 2015 in terms of accounting. In line with this decision, the opening balance of NORD/LB CBB was compiled from the closing balances as at 31 December 2014 of the aforementioned companies involved in the merger. The merger took place with the book value of the cancelled shares in NORD/LB CFB.

All existing receivables and payables between the two merging institutions were eliminated. Any differences (for example different valuation categories or balancing of hedges) were offset against the results of the merger.

Balanced hedges in the merger institutions were terminated if the underlying or hedging transaction was an internal transaction between the merging institutions. Where an internal underlying transaction was to be eliminated, the remaining hedge derivative was assigned to the trading derivatives (balance sheet item: Financial assets/liabilities at fair value through profit or loss). Where an internal hedging derivative was to be eliminated, the underlying transaction was incorporated into the merger balance sheet at the hedge fair value at the time of the merger.

In view of the fact that NORD/LB Luxembourg had documented additional hedging relationships with external hedge derivatives in the case

of several hedging relationships with an internal hedge derivative for purposes of consolidated accounting, the balancing of these hedges was continued after the merger by swapping the hedge derivative.

For the purpose of the merger, the effects of the payment moratorium issued on 1 March 2015 by the Austrian Financial Market Authority ("FMA") on the non-subordinated issues from HETA Asset Resolution AG ("Heta") in NORD/LB CBB's portfolio were taken into account. This concerns an issue by the former Hypo Alpe Adria International AG, which got into financial difficulties, which was provided with a deficiency guarantee by the Austrian state of Carinthia. The liabilities in these debt securities were transferred to Heta by a transfer order based on the federal Austrian law on creating a liquidation entity. The latter was placed under the control of the FMA on 1 March 2015; the FMA, acting as the liquidation authority, will conduct an orderly liquidation of Heta. In this connection a debt moratorium for all debt instruments transferred to Heta, including interest, was set and limited to the end of May 2016. Based on the provisional results of an asset quality review of Heta initiated by the FMA, which indicates major underfunding, an impending deterioration of the Heta bonds and a debt haircut with creditor participation are to be expected. What happens next depends greatly on the future decisions and measures of the FMA and the Austrian government regarding the liquidation of Heta.

Against this background, the amounts in the opening balance of NORD/LB CBB were adjusted to reflect the impairment taken into account at the level of the consolidated financial statements for

NORD/LB Luxembourg for the Heta bonds in the portfolio (nominal 25.0 million) to EUR 9.4 million. At the item level, the following adjustments have therefore been made:

EUR million	NORD/LB CBB 01.01.2015	Adjustment	NORD/LB CBB 01.01.2015 adjusted
Financial assets	7,324.8	-1.9	7,322.9
Income tax receivables	10.9	0.5	11.5
Revaluation reserve	31.6	-7.6	24.1
Deferred taxes on the revaluation reserve	4.8	2.2	7.0
Revenue reserves	461.6	-6.7	454.9

4) Presentation of the comparative figures The information for NORD/LB CBB for the reporting period ending on 30 June 2015 is affected by the merger of NORD/LB CFB into NORD/LB Luxembourg on 1 January 2015 (with retrospective effect in terms of accounting). With regard to the figures for the previous year, for the purpose of comparability and to ensure a proper basis of comparison with regard to the balance sheet figures, the consolidated and audited annual financial statements of NORD/LB Luxembourg for the year ended 31 December 2014 (consolidated financial statements of NORD/LB Luxembourg for the year ended 31 December 2014), which were prepared in accordance with the International Financial Reporting Standards (IFRS) from the International Accounting Standards Board (IASB),

were taken as the basis. The information in the profit and loss account for the comparative period of 1 January 2014 to 30 June 2014 is based on the published and unaudited consolidated figures of NORD/LB Luxembourg for the period from 1 January 2014 to 30 June 2014, which were determined and presented in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as implemented by the EU.

These consolidated financial statements were prepared in accordance with group-wide uniform accounting and valuation methods and include the financial statements of the former parent company (NORD/LB Luxembourg) and the company it controlled, NORD/LB CFB.

Disclosures according to IFRS 12:

Subsidiaries not included in the consolidated fi-

ancial statements of NORD/LB Luxembourg for the year ended 31 December 2014:

company	Registered office of the company	Business segment	Amount of participation in EUR	Profit/loss for the year in EUR
Galimondo S.à r.l.	Luxembourg	Facility Management	12,500.00	17,777.69
Skandifinanz AG	Zurich	Provision of financial services	12,206,533.40	-718,737.40

Segment Reporting

Classification by business segment

Segment reporting is carried out in accordance with IFRS 8. It is designed to provide information about the business segments; it is undertaken in compliance with the Bank's business model and on the basis of the internal reporting system. The segments are defined as customer or product groups that are aligned with the Bank's organisational structures.

Net interest income for the individual segments is determined in accordance with the market interest rate method. Segment expenditure comprises original expenses as well as expenses allocated on the basis of cost and accounting for services.

Financial Markets & Sales

The segments that have the responsibility for bank controlling are recorded here in particular (liquidity supply, interest rate and currency management). In addition, sales activities in which the European sales capacities of the NORD/LB Group are bundled are assigned to this segment. Furthermore, following the restructuring at the beginning of the year, the direct lending business with savings banks and the other direct lending business are also allocated to this division.

Loans

This segment primarily includes the lending business conducted in close cooperation with the other units of the Group and the associated contributions to profit/loss.

Client Services & B2B

NORD/LB Luxembourg hived off the Private Banking business segment at the end of 2014 (see Note 16 Profit/loss from discontinued operations). The account keeping and custodian function as well as the lending business with private banking clients will remain at the Bank, as will the associated income, and will be allocated to the Client Services / B2B business segment. Some of the expenses deriving from the former Private Banking business segment are shown in the administrative expenses. These arise from accounting for costs and services for service areas which are not allocated to the profit/loss from discontinued operations.

Bank Controlling & Other

This segment covers other items and reconciliatory items. The contributions to profit/loss resulting from the holding of investments are shown here.

Affiliated Savings Banks

The direct lending business with savings banks and the other direct lending business were recorded here until 31.12.2014, inclusive. As of 2015, this segment is part of the Financial Markets & Sales segment.

(5) Segmentation of NORD/LB CBB and NORD/LB Luxembourg respectively, by business segment

In KEUR (01.01.2015 – 30.06.2015 / 01.01.2014 – 30.06.2014)	Segments						Profit/ loss from continuing operations	Profit/ loss from discontinued operations	Total
	Financial Markets & Sales	Loans	Client Services & B2B	Bank Con- trolling & Other	Affiliated Savings Banks				
Net interest income	13,045	38,194	1,033	-8,219	0	44,053	0	44,053	
ditto previous year Group	17,382	33,499	785	-8,283	1,147	44,530	319	44,850	
Loan loss provisions	154	-2,450	54	0	0	-2,242	0	-2,242	
ditto previous year Group	-42	1,819	0	1,133	0	2,910	0	2,910	
Net interest income after loan loss provisions	13,198	35,744	1,087	-8,219	0	41,811	0	41,811	
ditto previous year Group	17,341	35,318	785	-7,150	1,147	47,440	319	47,759	
Net commission income	1,436	-13,868	-372	-103	0	-12,907	0	-12,907	
ditto previous year Group	-11	-9,411	622	-133	-447	-9,380	3,181	-6,199	
Profit/loss from financial instruments at fair value through profit or loss	-2,117	0	0	0	0	-2,117	0	-2,117	
ditto previous year Group	-3,261	57	0	-7	0	-3,212	0	-3,212	
Profit/loss from hedge accounting	0	0	0	4,904	0	4,904	0	4,904	
ditto previous year Group	0	0	0	383	0	383	0	383	
Profit/loss from financial assets	2,780	0	0	0	0	2,781	0	2,781	
ditto previous year Group	15,868	8	0	4,936	0	20,812	0	20,812	
Administrative expenses	-6,078	-5,972	-1,557	-7,721	0	-21,328	0	-21,328	
ditto previous year Group	-4,792	-3,930	-1,898	-8,605	-81	-19,306	-2,865	-22,172	
Other income/expenses	-1,785	-142	1,329	12,710	0	12,111	0	12,111	
ditto previous year Group	-2,310	-1,104	-2	4,072	0	656	0	656	
Earnings before taxes (EBT)	7,435	15,763	486	1,570	0	25,254	0	25,254	
ditto previous year	22,834	20,937	-493	-6,504	619	37,394	635	38,028	

Segments								
In KEUR (01.01.2015 – 30.06.2015 / 01.01.2014 – 30.06.2014)	Financial Markets & Sales	Loans	Client Services & B2B	Bank Con- trolling & Other	Affiliated Savings Banks	Profit/ loss from contin- ing opera- tions	Profit/ loss from disconti- nued opera- tions	Total
EUR million 30.06.2015 / 31.12.2014								
Segment assets	9,867.9	6,022.7	152.7	83.2	0.0	16,126.5	0.0	16,126.5
ditto previous year Group	10,407.1	5,838.9	158.1	101.7	177.8	16,683.7	0.0	16,683.7
Segment liabilities (incl. equity)	14,104.4	969.7	176.6	875.8	0.0	16,126.5	0.0	16,126.5
ditto previous year Group	14,779.1	945.3	155.2	804.0	0.0	16,683.7	0.0	16,683.7
Risk assets	2,214.0	2,236.6	64.0	93.0	0.0	4,607.6	0.0	4,607.6
ditto previous year Group	2,232.6	1,937.6	148.3	159.8	61.1	4,539.4	0.0	4,539.4
Equity commitment	199.3	201.3	5.8	8.4	0.0	414.7	0.0	414.7
ditto previous year Group	178.6	155.0	11.9	12.8	4.9	363.2	0.0	363.2
CIR	44.98 %	27.48 %	76.21 %	83.10 %	-	45.79 %	-	45.79 %
ditto previous year Group	17.34 %	15.80 %	135.04 %	409.45 %	11.55 %	34.05 %	81.86 %	36.83 %
RoRaC*	6.81 %	14.95 %	6.08 %	16.22 %	-	10.87 %	-	10.87 %
ditto previous year Group	25.65 %	28.19 %	-4.76 %	-22.97 %	4.28 %	18.33 %	n.a.	18.64 %

* RoRaC = Earnings before taxes/max (Limit for locked-up capital or locked-up capital)

Notes to the Condensed Profit and Loss Account

(6) Net interest income and current income

The Interest income and Income expense items include amortisation of premiums and discounts at effective interest rates as well as income and expense from interest and dividend income.

Interest profit/loss and dividends from items on the trading book allocated to the Held for Trading (HfT) category and financial instruments voluntarily allocated to the designated at Fair Value

through Profit or Loss (dFV) category are excluded from this since they are reported in the trading profit/loss or the profit/loss from the fair value option.

Negative interest is offset against the other interest income. No material negative interest was incurred in the first half of the 2015 financial year or in the comparative period in 2014.

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Interest income	312,128	284,607	10
Interest income from lending and money market transactions	99,237	90,737	9
Interest income from fixed income and book entry securities	81,004	97,354	-17
Current income	0	0	-
from shares and other variable yield securities	0	0	-
from participating interests	0	0	-
Interest income from hedge derivatives	131,711	96,251	37
Interest income from other amortisation	0	0	-
Other interest income and similar income	175	266	-34
Interest expense	-268,075	-240,077	12
Interest expense from lending and money market transactions	-63,513	-65,421	-3
Interest expense from securitised liabilities	-20,373	-23,006	-11
Interest expense from subordinated capital	-326	-253	29
Interest expense from hedge derivatives	-183,860	-151,395	21
Interest expense from other amortisation	0	0	-
Other interest expense and similar expense	-3	-3	-5
Total	44,053	44,530	-1

(7) Loan loss provisions

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Income from loan loss provisions	815	10,296	-92
Reduction in provisions for claims	172	583	-71
Reductions in portfolio-based provisions for receivables	149	1,039	-86
Reversal of provisions in lending business	495	8,673	-94
Additions to receivables written off	0	0	-
Loan loss provision expense	-3,057	-7,386	-59
Allocations to provisions for claims	-2,308	-7,386	-69
Allocation to portfolio-based provisions for claims	-520	0	> 100
Allocation to provisions in lending business	0	0	-
Direct write-offs of claims	-229	0	> 100
Total	-2,242	2,910	< -100

(8) Net commission income

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Commission income	7,494	8,785	-15
from security and custody transactions	2,487	1,257	98
from the brokerage business	0	13	-97
from lending and guarantee transactions	4,711	7,054	-33
Other commission income	296	462	-36
Commission expense	-20,402	-18,165	12
from the brokerage business	-10,178	-9,177	11
from lending and guarantee transactions	-9,450	-7,995	18
Other commission expense	-773	-993	-22
Total	-12,907	-9,380	38

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

Trading profit/loss includes the measurement gains/losses from trading activities (defined as unrealised expense and income from fair value

measurement) as well as the realised profit/loss (defined as the difference between disposal proceeds and carrying amount at the last reporting date).

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Trading profit/loss	784	-29,589	< -100
Realised profit/loss	-8,478	-30,972	-73
from debt securities and other fixed interest securities	5,323	97	> 100
from shares and other variable yield securities	0	-2	-91
from derivatives	-13,800	-31,067	-56
Measurement gains/losses	344	554	-38
from debt securities and other fixed interest securities	-4,412	4,093	< -100
from shares and other variable yield securities	0	0	-
from derivatives	4,756	-3,539	< -100
Foreign exchange profit/loss	8,586	-294	< -100
Other profit/loss	331	1,123	-71
Profit/loss from fair value option	-2,900	26,377	< -100
Profit/loss achieved from	5,692	988	> 100
Debt securities and other fixed interest securities	5,692	988	> 100
from shares and other variable yield securities	0	0	-
other business	0	0	-
Measurement gains/losses	-15,423	22,344	< -100
Debt securities and other fixed interest securities	-15,423	22,344	< -100
from shares and other variable yield securities	0	0	-
other business	0	0	-
Other profit/loss	6,831	3,045	> 100
Total	-2,117	-3,212	-34

(10) Profit/loss from hedge accounting

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

Bank utilises micro fair value hedge accounting to hedge interest rate and currency risks. Hedged underlying transactions are loans and advances and liabilities to banks and customers, financial assets, and own issues.

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Profit/loss from micro fair value hedge transactions	4,904	383	> 100
from hedged underlying transactions	9,176	99,047	-91
from derivatives used as hedging instruments	-4,272	-98,663	-96
Total	4,904	383	> 100

(11) Profit/loss from financial assets

Profit/loss from financial assets includes gains/losses from disposals and measurement gains/

losses through profit or loss from securities in the financial asset portfolio and participating interests.

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/ decrease (%)
Profit/loss from financial assets classified as LaR, incl. portfolio value adjustments	-1,350	-1,322	2
Profit/loss from financial assets classified as AfS (without participating interests)	4,131	15,821	-74
Profit/loss from disposal	5,095	15,821	-68
from debt securities and other fixed interest securities	5,095	15,821	-68
from repurchases of own bonds	0	0	-
Profit/loss from value adjustments	-964	0	> 100
from debt securities and other fixed interest securities	-964	0	> 100
Profit/loss from affiliated companies	0	6,314	-100
Total	2,781	20,812	-87

Skandifinanz AG, Zurich, was sold to Nord-Ost-deutsche Beteiligungs GmbH on 5 March 2015. The transaction was conducted at book value.

(12) Administrative expenses

The administrative expenses comprise staff expenses, other administrative expenses as well as

depreciation on tangible assets and intangible assets.

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/decrease (%)
Staff expenses	-10,875	-10,685	2
Other administrative expenses	-8,530	-6,921	23
Depreciation and impairments	-1,923	-1,700	13
Total	-21,328	-19,306	10

(13) Other operating profit/loss

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/decrease (%)
Other operating income	14,285	2,193	> 100
from the reversal of provisions	1,202	0	> 100
Other income	13,084	2,193	> 100
Other operating expenses	-2,174	-1,537	41
from the allocation of provisions	0	0	-
Other expenses	-2,174	-1,537	41
Total	12,111	656	> 100

See also Note (14) "Merger results" regarding the explanation of the other operating income.

(14) Merger results

The table below shows the merger results for the two predecessor institutions of NORD/LB CBB:

In KEUR	01.01.2015
Effect from the consolidation of business	-3,742
Effect from NORD/LB CFB's revenue reserves	16,648
Merger result before taxes	12,906
Income taxes	1,093
Merger result after taxes	13,999

The merger result is shown in other operating profit/loss (see Note (13)).

No income tax is incurred on the increase of the revenue reserves, since this was already collected

from the predecessor institution NORD/LB CFB. The positive income tax results from the effects of the business consolidation.

(15) Income taxes

The income taxes in the interim financial statements are calculated on the basis of anticipated

tax rates for the whole year. The underlying tax rate is based on the statutory provisions applicable or adopted on the reporting date.

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)	Increase/decrease (%)
Current income taxes	-2,498	-4,797	-48
Deferred taxes	-39	-1,437	-97
Total	-2,537	-6,234	-59

(16) Profit/loss from discontinued operations

Since the special bank principle for Luxembourg covered finance banks does not allow the operation of private customer business (consultancy, asset management), the spin-off of Private Banking was a strict auxiliary condition for carrying out the merger of the NORD/LB Luxembourg with NORD/LB CFB to form NORD/LB CBB. In order to meet this condition, the Private Banking segment was already hived off into its own Luxembourg company with effect from 31 December 2014 (professional in the financial sector = Professionnel du Secteur Financier). This PSF bears the name "NORD/LB Vermögensmanagement Luxembourg S.A." and was set up as a subsidiary of NORD/LB. The account keeping and custodian function and lending business with private banking customers

will therefore also remain at NORD/LB Luxembourg, as will the associated income. Since that time, customer support has been provided by NORD/LB Vermögensmanagement Luxembourg S.A. In this connection, the new company will place future customer transactions with the Bank and be responsible for asset management mandates itself. NORD/LB Vermögensmanagement Luxembourg S.A. is pursuing a growth strategy and planning the further expansion of volume and income. New customer relations will be developed by arranging finance, especially in the area of collateralised private customer loans. In addition, the holistic customer support approach will be pushed further into the foreground and the penetration of the existing customer relationships will also be strengthened.

The profit/loss from discontinued operations is broken down as follows:

	01.01.2015- 30.06.2015 (KEUR)	01.01.2014- 30.06.2014 (KEUR)
Net interest income	0	319
Loan loss provisions	0	0
Net commission income	0	3,181
Profit/loss from financial instruments stated at fair value through profit or loss, including hedge accounting	0	0
Other operating profit/loss	0	0
Administrative expenses	0	-2,865
Profit/loss from financial assets	0	0
Earnings before income taxes	0	635
Income taxes	0	-186
Profit/loss in the reporting period	0	449

Balance sheet transactions were not transferred to the new company. Only minor effects on the balance sheet have arisen in the pension provisions and equity.

Notes to the Balance Sheet

(17) Loans and advances to banks

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Receivables from money market transactions	1,223.0	1,044.9	17
Luxembourg banks	203.6	115.0	77
Foreign banks	1,019.4	929.9	10
Other receivables	440.6	353.9	25
Luxembourg banks	80.3	1.8	> 100
due on demand	80.3	1.8	> 100
deferred	0.0	0.0	< -100
Foreign banks	360.3	352.1	2
due on demand	76.6	38.9	97
deferred	283.7	313.2	-9
Total	1,663.6	1,398.8	19

(18) Loans and advances to customers

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Receivables from money market transactions	0.0	9.1	-100
Luxembourg customers	0.0	0.0	-
Foreign customers	0.0	9.1	-100
Other receivables	6,315.0	6,190.0	2
Luxembourg customers	187.2	209.0	-10
due on demand	100.2	109.3	-8
deferred	87.0	99.7	-13
Foreign customers	6,127.8	5,981.0	2
due on demand	111.1	3.3	> 100
deferred	6,016.7	5,977.8	1
Total	6,315.0	6,199.1	2

(19) Risk provisions

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Individual value adjustments for receivables	-36.4	-34.2	6
Portfolio-based provisions for receivables	-3.5	-2.9	21
Total	-39.9	-37.1	8

On the assets side, risk provisions and provisions in the lending business have changed as follows:

EUR million	Specific value adjustments	Portfolio-based provisions	Provisions in lending business	Total
01.01.2014	40.6	5.0	9.6	55.3
Allocations	7.2	0.0	0.0	7.2
Reductions	-5.4	-2.1	-8.8	-16.4
Utilisation	-7.9	0.0	0.0	-7.9
Effects from currency translation, unwinding and other changes	-0.2	0.0	0.2	0.0
Transfers	0.0	0.0	0.0	0.0
31.12.2014	34.2	2.9	1.0	38.2
Allocations	2.3	0.5	0.0	2.8
Reductions	-0.2	0.0	0.0	-0.2
Utilisation	0.0	0.0	0.0	0.0
Effects from currency translation, unwinding and other changes	0.1	0.1	0.0	0.2
Transfers	0.0	0.0	0.0	0.0
30.06.2015	36.4	3.5	1.0	40.9

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

This item contains trading assets (HfT) and financial assets designated at fair value (dFV). Trading

activities comprise trading in debt securities and other fixed interest securities, shares and other variable yield securities, and derivatives that are not used in hedge accounting.

EUR million	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Trading assets	92.7	302.4	-69
Debt securities and other fixed interest securities	9.6	137.5	-93
Shares and other variable yield securities	0.0	0.0	-
Positive fair values from derivatives	83.1	164.9	-50
Financial assets designated at fair value	1,130.4	1,034.1	9
Loans and advances to banks and customers	0.0	0.0	-
Debt securities and other fixed interest securities	1,130.4	1,034.1	9
Shares and other variable yield securities	0.0	0.0	-
Total	1,223.1	1,336.5	-8

(21) Financial assets

The “financial assets” balance sheet item essentially includes all debt securities and other fixed-

interest securities and shares and other variable-yield securities that are classified as available for sale (AFS) and are not held for trading.

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Financial assets in the LaR category	2,975.6	2,952.6	1
Financial assets classified as AFS	3,508.2	4,360.8	-20
Debt securities and other fixed interest securities	3,508.2	4,360.8	-20
Shares and other variable yield securities	0.0	0.1	-34
Shares in companies	0.0	0.0	0
Total	6,483.8	7,313.5	-11

The financial assets in the LaR category include portfolio-based loan loss provisions in the sum of EUR 21.8 million.

No reclassifications were made in the year under report.

The predecessor institution, NORD/LB CFB, utilised the options under IAS 39.50E and reclassified 19 AfS securities (bonds and debt securities) as LaR in 2008. At the same time, bonds and debt securities that were clearly not intended to be sold or traded in the short-term on the reclassification date, but were rather intended to be kept in the inventory for the foreseeable future instead, were re-categorised. In accordance with the amended IAS 39, the re-categorisation took place with effect from 1 July 2008 or the purchase date in the third quarter of 2008 at the fair value determined on the

respective effective date. The book value on the reclassification day was reduced pro rata by relevant maturities. The book value also fluctuated due to changes in the hedge fair values. Between 2009 and 2014, no further re-categorisations were undertaken in the predecessor institutions.

In conjunction with the re-categorisation, the balance sheet presentation was also changed (reclassification). The table below shows the book values and the fair values of the reclassified assets in the predecessor institution NORD/LB CFB and the status on 30 June 2015 at NORD/LB CBB:

in (EUR million)	30.06.2015			31.12.2014			31.12.2013		
	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value
Reclassified financial assets	645.6	577.6	551.4	645.6	629.7	595.8	645.6	580.6	508.9

in (EUR million)	31.12.2012			31.12.2011			31.12.2010		
	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value
Reclassified financial assets	645.6	644.5	510.3	645.6	698.4	569.7	645.6	660.3	627.9

in (EUR million)	31.12.2009			31.12.2008			01.07.2008		
	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value	Book value on transfer date	Book value	Fair Value
Reclassified financial assets	645.6	731.4	712.1	645.6	746.7	719.5	544.4	544.4	544.4

The reclassification was based on the book value with anticipated achievable future cash flows of EUR 1,038.5 million. The results not affecting profit/loss recorded in the equity from the reclassified securities amounted to EUR -13.2 million at the

time of the reclassification. The pro rata reduction of this item is in accordance with IAS 39.54 in relation to net interest income. The effective interest rates for each security was determined for this purpose. These are in a range between 2.53% - 6.46%.

in KEUR	30.06.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008	01.07.2008
Unrealised profit/loss before taxes at time of reclassification									-13.194
Pro rata reductions in accordance with IAS 39.54	182	327	388	433	610	703	676	316	

In the 2015 reporting year, the pro rata reduction amounted to KEUR 182 (previous year KEUR 327) charged to the interest profit/loss. Without reclas-

sification, the following additional effects in equity would have occurred (cumulative as at the reporting date in each case):

EUR million	30.06.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008	01.07.2008
Unrealised profit/loss before taxes	-28.2	-36.1	-71.9	-135.2	-128.7	-32.4	-19.3	-27.1	-13.2
Deferred taxes	8.2	10.5	21.0	39.5	37.1	9.3	5.5	8.0	3.9
Net effect in equity from reclassified financial assets available for sale	-19.9	-25.6	-50.9	-95.7	-91.6	-23.1	-13.8	-19.1	-9.3

The shares in affiliated companies include the value of the participation in Galimondo S.à r.l. as at the reporting date. The following table shows the

equity before the revaluation reserve and the profit/loss for the financial year of the participation valued at amortised costs.

Name/registered office	Equity share	Book value of participation as at 31.12.2014 (KEUR)	Equity before revaluation reserve as at 31.12.2014 (KEUR)	Profit/loss as at 31.12.2014
Galimondo S.à r.l., Luxemburg	100 %	13.0	30.0	18.0
Total		13.0	30.0	18.0

The equity before revaluation reserve of the participation is at or above the book value of the participation.

(22) Property, plant and equipment

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Land and buildings	63.6	63.9	0
Operating and office equipment	4.4	5.1	-13
Investments under construction	0.0	0.0	-
Other property, plant and equipment	0.0	0.0	-
Total	68.0	68.9	-1

(23) Intangible assets

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Software	10.3	11.2	-8
Intangible assets under development	2.1	0.0	> 100
Other	0.0	0.0	-
Total	12.4	11.2	10

NORD/LB CBB continues to use fully depreciated software.

(24) Assets available for sale

The assets available for sale item shown for the period ended 31 December 2014 includes the book

value of the participation in Skandifinanz AG, the sale of which took place in the first half of 2015.

(25) Other assets

Other assets mainly consists of accruals and deferred income items as well as receivables within the Group.

(26) Liabilities to banks

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Deposits from other banks	2,789.2	3,147.8	-11
Luxembourg banks	24.2	0.0	> 100
Foreign banks	2,764.9	3,147.8	-12
Liabilities arising from money market transactions	4,956.4	5,758.9	-14
Luxembourg banks	341.0	1,402.5	-76
Foreign banks	4,615.4	4,356.4	6
Other liabilities	64.9	1.5	> 100
Luxembourg banks	0.0	0.0	-100
due on demand	0.0	0.0	-100
deferred	0.0	0.0	-
Foreign banks	64.9	1.5	> 100
due on demand	64.9	1.5	> 100
deferred	0.0	0.0	-
Total	7,810.5	8,908.2	-12

(27) Liabilities customers

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Savings deposits	0.0	0.0	-
Liabilities arising from money market transactions	2,350.6	2,004.1	17
Luxembourg customers	1,441.6	1,167.6	23
Foreign customers	909.0	836.5	9
Other liabilities	1,163.0	1,135.3	2
Luxembourg customers	48.5	29.3	66
due on demand	48.5	29.3	66
deferred	0.0	0.0	-
Foreign customers	1,114.5	1,106.1	1
due on demand	154.6	120.0	29
deferred	959.9	986.0	-3
Total	3,513.6	3,139.4	12

(28) Securitised liabilities

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Issued debt securities	2,913.2	2,650.6	10
Money market papers / Commercial papers	0.0	0.0	-
Other securitised liabilities	0.0	0.0	-
Total	2,913.2	2,650.6	10

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

This item contains trading liabilities (HfT) and financial liabilities designated at fair value (dfV). The trading liabilities item comprises negative fair values from derivative financial instruments that

are not used within the scope of hedge accounting and delivery obligations from the short selling of securities.

The category comprising financial liabilities designated at fair value is not currently used.

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Trading liabilities	203.8	178.4	14
Negative fair values from derivatives in connection with:	203.8	178.4	14
Interest rate risks	127.5	135.9	-6
Currency risks	76.3	42.5	79
Financial liabilities designated at fair value	0.0	0.0	-
Total	203.8	178.4	14

(30) Provisions

Provisions are broken down as follows:

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Provisions for pensions and similar obligations	3.8	3.8	0
Other provisions	5.5	6.2	-12
Total	9.3	10.0	-7

Pension provisions

NORD/LB CBB has decided against a revaluation of its pension provisions as at 30 June 2015. The applicable discounting interest for pension obligations increased with effect on the reporting date from 2.20% to 2.54%. On the basis of a sensitivity analysis, this results in a reduction of pension

obligations by approx. KEUR 333. The significant share of this increase is posted directly against equity and is not included in the profit and loss account for the period. Due to the secondary importance, an adjustment of the pension obligations was decided against.

(31) Other liabilities

Other liabilities mainly consists of deferred income items as well as liabilities within the Group.

(32) Subordinated capital

Subordinated liabilities are only repaid after the claims of all senior lenders have been settled. They meet the conditions of the CRR with regard to offsetting as regulatory supplementary capital

Offsetting takes place depending on the remaining term.

The changes illustrated in the table result from accrued interest and exchange rate fluctuations.

	30.06.2015 (EUR million)	31.12.2014 (EUR million)	Increase/decrease (%)
Subordinated liabilities	111.8	103.0	9
Profit participation capital	0.0	0.0	-
Contributions from silent partners	0.0	0.0	-
Total	111.8	103.0	9

Other Disclosures

Notes to Financial Instruments

Fair Values of financial instruments

The three-tier fair value hierarchy with the Level 1 (Mark to Market), Level 2 (Mark to Matrix) and Level 3 (Mark to Model) terminology stipulated in IFRS 13 is used at NORD/LB CBB.

The respective level is determined in accordance with the input data, which is used for the measurement, and reflects the market proximity of the parameters used in the determination of the fair value. If input data from various levels of the hierarchy is used in the measurement of the fair value, the resultant fair value of the respective financial instrument is assigned to the lowest level whose input parameters have a major influence on the measurement of the fair value.

Level 1

Within the scope of the fair value hierarchy, a financial instrument is classified as Level 1 if it is traded on an active market and publicly quoted exchange prices or actual traded prices on the over-the-counter market (OTC market) are used to determine the fair value. If no exchange prices or actual traded prices on the OTC market are available, price quotations from dealers or brokers that are executable in principle are used to determine the values. At the same time, quotations may be used that are set by other banks or market makers if recourse is made to observable price sources other than exchanges. These instruments are then assigned to Level 1 if there is an active market for these broker quotations, meaning that just narrow bid-ask spreads exist and several price suppliers with only slightly deviating prices exist. If the broker quotations are (mixed) prices or if the price is not defined on an active market, they are not assigned to Level 1 but rather to Level 2 of the valuation hierarchy, unless these are binding offers or observed prices or market transactions. The transfer of Level 1 prices is done without adjustment.

Level 1 financial instruments include trading assets and liabilities, financial instruments designated at fair value as well as financial assets reported at fair value and other assets.

Level 2

If no prices quoted on active markets can be drawn on, the fair value is determined using recognised measurement methods or models as well as external pricing services, unless the valuation is performed there wholly or partially via observed input data such as spread curves (Level 2). In terms of the valuation of financial instruments, these include measurement models established on the market under normal market conditions (for example discounted cash flow methods or the Hull & White model for options), where the calculations are essentially based on input parameters available on an active market. Impact factors which a market participant would take into account when fixing the price must be included in the measurement. Wherever possible, the corresponding parameters are taken from the market where the instrument was issued or acquired.

Measurement models are used mainly for OTC derivatives and for securities listed on inactive markets. Various input data are incorporated into the valuation models, such as market prices and other market listings, no-risk interest rate curves, risk premiums, exchange rates and volatilities. A standard market approach is always selected for necessary model parametrisations. Level 2 valuations generally utilise the market data that is already used as a basis for risk controlling.

A fair value measurement according to the mark to matrix method is carried out for valuation purposes on the basis of discounted cash flows for securities on the assets side for which there is no active market and where market prices cannot be drawn upon for their valuation. In the discounted cash flow method, all payments are discounted at

the risk-free interest curve adjusted by the credit spread. The spreads are determined on the basis of comparable financial instruments (for example taking into account the respective market segment and creditworthiness of the issuer).

The determination of which financial instrument at NORD/LB CBB is to be valued in this manner is done on the basis of individual securities and a distinction between active and inactive markets based on this. A changing estimation of the market is used continually in the valuation. The identification, analysis and assessment of financial instruments on inactive markets are carried out in various areas of the Bank, thus ensuring an estimate of the inactivity that is as objective as possible. The measurement model for financial instruments for which no quoted prices on active markets can be used is based on fixed term interest rates, the credit rating of the respective issuer and if applicable, other components such as foreign currency surcharges.

The fair value of OTC derivatives is measured using cash flow models without considering the credit default risk. Both the credit default risk of the counterparty (CVA) and the Bank's own credit default risk (DVA) are taken into account in addition. For the measurement of hedged OTC derivatives, the Bank has essentially switched to the current market standard:

For the measurement of hedged OTC derivatives, NORD/LB CBB uses the current market standard: Overnight Index Swap discounting (OIS discounting). This means that hedged derivatives are no longer discounted using the maturity-specific interest rate, but rather using the OIS interest curve. Discounting in terms of the fair value measurement of unhedged derivatives continues to be carried out at a maturity-specific interest rate.

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

Level 3

Financial instruments for which no active market exists and for which no market prices or observable market parameters can be utilised fully for their measurement are to be assigned to Level 3. For Level 3 measurement, in contrast to and unlike the Level 2 measurement, institution-specific models are generally used or a significant amount of data is included which cannot be observed on the market. The input parameters used in these methods include assumptions regarding payment flows, loss estimates and the discounting rate and to this extent, they are obtained in as close alignment to the market as possible.

Furthermore, other interest-bearing securities are also assigned to Level 3. Level 3 measurement also includes individual tranches of collateralized debt obligations (CDO) and equity structures. Level 3 financial instruments include trading assets and liabilities, hedge accounting derivatives, financial instruments designated at fair value and financial assets reported at fair value.

All measurement models used at the Bank are reviewed periodically. The fair values are subject to internal controls and procedures at NORD/LB CBB. These controls and procedures are implemented or coordinated in the Finance department or in Risk Controlling. The models, data used and resulting fair values are reviewed regularly.

As in the previous year, there are no Level 3 assets at the Bank as at 30 June 2015.

(33) Fair Value of financial instrument

The fair values of financial instruments that are recognised in the balance sheet at amortised cost

(LaR) or with the hedge fair value (LaR) are contrasted with the carrying amounts in the following table:

in EUR million	Fair value 30.06.2015	Book value 30.06.2015	Difference 30.06.2015	Fair value 31.12.2014	Book value 31.12.2014	Difference 31.12.2014
Assets	10,988.0	10,953.5	34.5	10,498.4	10,516.0	-26
Cash reserve	39.2	39.2	0.0	2.5	2.5	0.0
Loans and advances to banks	1,668.4	1,663.6	4.8	1,401.0	1,398.8	2.2
Loans and advances to customers	6,596.1	6,315.0	281.1	6,422.3	6,199.1	223.2
Financial assets	2,724.1	2,975.6	-251.4	2,701.2	2,952.6	-251.5
Risk provisions	-39.9	-39.9	0.0	-37.1	-37.1	0.0
Loans and advances after risk provisions	10,948.8	10,914.3	34.5	10,487.5	10,513.5	-26.0
Liabilities	14,706.0	14,349.0	356.9	15,035.4	14,801.3	234.2
Liabilities to banks	8,129.6	7,810.5	319.1	9,148.9	8,908.2	240.7
Liabilities to customers	3,560.3	3,513.6	46.8	3,128.3	3,139.4	-11.1
Securitised liabilities	2,904.3	2,913.2	-8.9	2,655.2	2,650.6	4.6
Subordinated capital	111.8	111.8	0.0	103.0	103.0	0.0

Fair values were determined in accordance with the discounted cash flow method on the basis of the interest structure curve effective on the balance sheet date.

The amounts listed in the “Book value” column include the assets and liabilities reported on the balance sheet at amortised cost or with the hedge

or full fair value. If a hedge or full fair value is shown as a book value, the value is also shown in the “Fair Value” column.

Hidden liabilities (before risk provisions) in the financial assets in the sum of EUR 251.4 million remained almost unchanged in comparison to the previous year (EUR 251.5 million).

(34) Fair Value Hierarchy

The following tables show the application of the fair value hierarchy of the financial assets and li-

abilities at fair value through profit or loss and not affecting profit or loss:

30.06.2015 EUR million	Level 1 (Mark-to-Market)	Level 2 (Mark-to-Matrix)	Level 3 (Mark-to-Model)	Total
Trading assets	0.0	92.7	0.0	92.7
Debt securities and other fixed interest securities	0.0	9.6	0.0	9.6
Positive fair values from derivatives	0.0	83.1	0.0	83.1
Interest rate risks	0.0	44.8	0.0	44.8
Currency risks	0.0	38.3	0.0	38.3
Financial assets designated at fair value	848.0	282.4	0.0	1,130.4
Positive fair values from hedge accounting derivatives	0.0	351.4	0.0	351.4
Interest rate risks	0.0	351.4	0.0	351.4
Currency risks	0.0	0.0	0.0	0.0
Financial assets (measured at fair value)	2,622.1	886.1	0.0	3,508.2
Debt securities and other fixed interest securities	2,622.1	886.1	0.0	3,508.2
Shares and other variable yield securities	0.0	0.0	0.0	0.0
Assets	3,470.1	1,612.6	0.0	5,082.7
Trading liabilities	0.0	203.8	0.0	203.8
Negative fair values from derivatives	0.0	203.8	0.0	203.8
Interest rate risks	0.0	127.5	0.0	127.5
Currency risks	0.0	76.3	0.0	76.3
Financial liabilities designated at fair value	0.0	0.0	0.0	0.0
Negative fair values from hedge accounting derivatives	0.0	813.5	0.0	813.5
Interest rate risks	0.0	813.5	0.0	813.5
Currency risks	0.0	0.0	0.0	0.0
Liabilities	0.0	1,017.2	0.0	1,017.2

31.12.2014 EUR million	Level 1 (Mark-to-Market)	Level 2 (Mark-to-Matrix)	Level 3 (Mark-to-Model)	Total
Trading assets	130.2	172.2	0.0	302.4
Debt securities and other fixed interest securities	130.2	7.3	0.0	137.5
Positive fair values from derivatives	0.0	164.9	0.0	164.9
Interest rate risks	0.0	62.5	0.0	62.5
Currency risks	0.0	102.4	0.0	102.4
Financial assets designated at fair value	934.6	99.5	0.0	1,034.1
Positive fair values from hedge accounting derivatives	0.0	360.2	0.0	360.2
Interest rate risks	0.0	294.1	0.0	294.1
Currency risks	0.0	66.1	0.0	66.1
Financial assets (measured at fair value)	3,547.9	813.0	0.0	4,360.8
Debt securities and other fixed interest securities	3,547.8	812.9	0.0	4,360.8
Shares and other variable yield securities	0.1	0.0	0.0	0.1
Assets	4,612.6	1,444.8	0.0	6,057.5
Trading liabilities	0.0	178.4	0.0	178.4
Negative fair values from derivatives	0.0	178.4	0.0	178.4
Interest rate risks	0.0	135.9	0.0	135.9
Currency risks	0.0	42.5	0.0	42.5
Financial liabilities designated at fair value	0.0	0.0	0.0	0.0
Negative fair values from hedge accounting derivatives	0.0	916.4	0.0	916.4
Interest rate risks	0.0	823.1	0.0	823.1
Currency risks	0.0	93.4	0.0	93.4
Liabilities	0.0	1,094.9	0.0	1,094.9

There are no Level 3 securities in the Bank's portfolio on the valuation date.

The transfers within the fair value hierarchy are as follows:

01.01.2015 - 30.06.2015 EUR 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
Trading assets	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets designated at fair value	188.4	0.0	8.3	0.0	0.0	0.0
Financial assets (measured at fair value)	295.4	0.0	180.3	0.0	0.0	0.0
Assets	483.8	0.0	188.6	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0

Eight securities in the AfS category and four securities in the DFV category moved from Level 1 to Level 2 due to lower market liquidity. Nine securities in the AfS category and one security in the

DFV category moved from Level 2 to Level 1 due to improved liquidity. With respect to the total portfolio of securities, the level transfers at NORD/LB CBB were approximately 9%.

In the previous year there were the following level transfers:

01.01.2014 - 31.12.2014 EUR 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
Trading assets	0.0	0.0	40.6	0.0	0.0	0.0
Financial assets (measured at fair value)	0.0	0.0	770.4	0.0	0.0	0.0
Assets	0.0	0.0	811.0	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0	0.0	0.0	0.0

In the previous year, 35 securities moved from the matrix valuation (Level 2) into the market valuation (Level 1). With respect to the total portfolio of securities, the level transfers in the NORD/LB Lux-

embourg Group were approx. 15 %.

There were no financial assets or financial liabilities in Level 3 either in the reporting period or the previous year.

(35) Derivative financial instruments

The Bank uses derivative financial instruments for hedging purposes as part of asset/liability management.

Derivative financial instruments denominated in foreign currencies are mainly negotiated in the form of forward exchange transactions, currency swaps, and interest rate/currency swaps. Interest

rate derivatives are primarily interest rate swaps.

The nominal values are the gross volume of all purchases and sales. This value is a reference amount used to determine mutually agreed-on adjustment payments, but does not include receivables or liabilities that are eligible for recognition on the balance sheet. The composition of the derivative portfolio is as follows:

EUR million	Nominal values 30.06.2015	Nominal values 31.12.2014	Market values, positive 30.06.2015	Market values, positive 31.12.2014	Market values negative 30.06.2015	Market values negative 31.12.2014
Interest rate risks	8,566.3	9,689.5	278.2	356.5	848.7	959.0
Currency risks	5,192.7	6,598.4	156.3	168.5	168.6	135.9
Share and other price risks	0.0	0.0	0.0	0.0	0.0	0.0
Credit derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Total	13,759.0	16,287.9	434.5	525.0	1,017.2	1,094.9

The following table shows the term to maturity of derivative financial instruments:

Nominal value (EUR million)	Interest rate risks		Currency risks		Share and other price risks		Credit derivatives	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Term to maturity								
Up to 3 months	277.4	940.9	3,256.5	3,302.7	0.0	0.0	0.0	0.0
Over 3 months and up to 1 year	1,080.4	1,115.5	524.7	709.9	0.0	0.0	0.0	0.0
Over 1 year and up to 5 years	3,916.5	4,523.7	420.0	682.5	0.0	0.0	0.0	0.0
Over 5 years	3,292.0	3,109.3	991.5	1,903.3	0.0	0.0	0.0	0.0
Total	8,566.3	9,689.5	5,192.7	6,598.4	0.0	0.0	0.0	0.0

The term to maturity is the period of time between the balance sheet date and the contractual maturity.

The following table below breaks down the positive and negative market values for derivative transactions according to the relevant counterparty:

EUR million	Nominal values		Market values, positive		Market values, negative	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Banks in OECD countries	13,029.6	15,320.8	419.5	496.9	1,009.5	1,084.5
Banks outside OECD countries	294.1	527.0	1.8	9.6	0.1	1.0
Public sector entities in OECD countries	0.0	0.0	0.0	0.0	0.0	0.0
Other counterparties (including stock exchange contracts)	435.2	440.0	13.1	18.6	7.6	9.4
Total	13,759.0	16,287.9	434.5	525.0	1,017.2	1,094.9

(36) Offsetting financial assets and liabilities
The effects or potential effects of set-off rights in connection with the Bank's financial assets and

liabilities at the end of the first half of 2015 and on 31 December 2014 (NORD/LB Luxembourg Group) are shown in the following table.

30.06.2015 (EUR million)	Gross amount before offsetting	Amount offset	Net amount after offsetting	Master netting arrangements and similar without balancing (offsetting)			Net amount
				of which: financial instruments	Securities	Cash collateral	
Assets	402.9	0.0	402.9	-363.6	0.0	-21.3	18.0
Derivatives	402.9	0.0	402.9	-363.6	0.0	-21.3	18.0
Lending transactions and repurchase agreements	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	3,168.2	0.0	3,168.2	-363.6	-2,222.8	-429.1	152.7
Derivatives	944.3	0.0	944.3	-363.6	0.0	-429.1	151.5
Lending transactions and repurchase agreements	2,224.0	0.0	2,224.0	0.0	-2,222.8	0.0	1.2

31.12.2014 (EUR million)	Gross amount before offsetting	Amount offset	Net amount after offsetting	Master netting arrangements and similar without balancing (offsetting)			Net amount
				of which: financial instruments	Securities	Cash collateral	
Assets	609.6	0.0	609.6	-318.4	-105.7	-159.0	26.5
Derivatives	496.4	0.0	496.4	-318.4	0.0	-159.0	19.0
Lending transactions and repurchase agreements	113.2	0.0	113.2	0.0	-105.7	0.0	7.5
Liabilities	5,037.4	0.0	5,037.4	-318.4	-3,629.2	-726.4	363.5
Derivatives	1,085.2	0.0	1,085.2	-318.4	0.0	-726.4	40.5
Lending transactions and repurchase agreements	3,952.2	0.0	3,952.2	0.0	-3,629.2	0.0	323.0

(37) Information relating to selected countries

The following table shows the reported values of the transactions in relation to selected countries. The information regarding the country also includes regional governments, local municipal

governments and firms with government links. The Bank does not have any business with the selected countries shown in the HfT or dFV categories.

EUR million	Available for Sale Assets		Loans and Receivables	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Portugal				
Sovereign Exposure	0.0	0.0	0.0	0.0
Financial Institutions/Insurance Companies	0.0	0.0	0.0	0.0
Corporates/Other	0.0	0.0	27.8	30.4
Total	0.0	0.0	27.8	30.4
Ireland				
Sovereign Exposure	0.0	0.0	0.0	0.0
Financial Institutions/Insurance Companies	0.0	0.0	85.7	82.7
Corporates/Other	0.0	0.0	10.2	10.1
Total	0.0	0.0	96.0	92.8
Italy				
Sovereign Exposure	97.6	99.7	79.3	70.8
Financial Institutions/Insurance Companies	73.3	117.9	52.4	52.0
Corporates/Other	0.0	0.0	0.7	7.3
Total	170.9	217.6	132.5	130.1
Greece				
Sovereign Exposure	0.0	0.1	0.0	0.0
Financial Institutions/Insurance Companies	0.0	0.0	0.0	0.0
Corporates/Other	0.0	0.0	0.0	0.0
Total	0.0	0.1	0.0	0.0
Hungary				
Sovereign Exposure	0.0	0.0	114.0	119.0
Financial Institutions/Insurance Companies	0.0	0.0	0.0	0.0
Corporates/Other	0.0	0.0	0.0	0.0
Total	0.0	0.0	114.0	119.0
Spain				
Sovereign Exposure	0.0	0.0	0.0	0.0
Financial Institutions/Insurance Companies	187.9	189.7	249.0	256.1
Corporates/Other	0.0	0.0	2.8	6.1
Total	187.9	189.7	251.7	262.2

In the reporting period, there were no exposures in the countries of Egypt, Slovenia or Cyprus.

Credit derivatives are not included in the above figures.

For the financial instruments in the Available for Sale category with acquisition costs in the total sum of EUR 341.9 million (previous year EUR 386.8 million), the cumulative valuation result in the equity totals EUR -18.3 million in relation to the listed selected countries (previous year EUR

-22.8 million). No depreciation was recorded in the profit and loss account for the reporting period (previous year EUR 0.0 million).

For the receivables in the Loans and Receivables category relating to the selected countries listed above, there are portfolio loan loss provisions in the sum of EUR 6.2 million (previous year EUR 1.7 million). The fair value of these receivables in the Loans and Receivables category totals EUR 5587.7 million (EUR 595.8 million).

Other Notes

(38) Regulatory Information

The risk-weighted asset values and the regulatory equity have been based on the regulations of the IFRS since the 2008 reporting year. Since financial year 2014 they have been determined on the basis of the CRR provisions.

Risk-weighted asset values

The largest share of the risk in NORD/LB CBB is attributable to credit risks. The Bank uses the approach based on internal ratings for determining the capital requirements for the majority of its portfolio. The credit risk standard approach

is only applied to some individual business segments.

Risk determination for market price and operational risks is carried out at the Bank using the standard approach defined in the CRR for each type of risk, as is the calculation of the capital requirement for adjusting the credit assessment (CVA risk).

The risk weighted assets (RWA) at NORD/LB CBB and at the NORD/LB Luxembourg Group respectively are broken down as follows on the 30 June 2015 reporting date in comparison to the previous year:

	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Credit risk	4,242.0	4,332.9
Market price risk	129.2	64.2
Operational Risks	213.9	224.1
Risk positions for adjusting the credit assessment (CVA)	22.6	41.0
Total	4,607.7	4,662.2

A capital requirement of EUR 368.6 million (previous year EUR 373.0 million) results from the total risk weighted assets for NORD/LB CBB as at 30 June 2015.

Regulatory equity

	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Contributed capital	205.0	205.0
Other reserves	449.8	470.4
Intangible assets	-12.4	-11.2
Additional valuation adjustments	-5.2	-6.1
Negative contributions from the calculation of expected losses	0.0	0.0
Core capital	637.2	658.1
Capital instruments and associated premiums	39.2	46.3
Credit risk adjustments	19.2	18.8
Deductions from supplementary capital	0.0	0.0
Supplementary capital	58.4	65.1
Equity capital	695.6	723.2

Minimum capital ratios

The Bank and the NORD/LB Luxembourg Group respectively complied with the regulatory mini-

mum capital ratios at all times during the 2015 reporting period and during 2014.

	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Overall coefficient	15.1 %	15.5 %
Core capital ratio	13.8 %	14.1 %

(39) Contingent liabilities and other obligations

	30.06.2015 (EUR million)	31.12.2014 (EUR million)
Contingent liabilities	178.8	179.3
Contingent liabilities under rediscounted bills of exchange	0.0	0.0
Liabilities from guarantees and other indemnity agreements	178.8	179.3
Irrevocable credit commitments	1,430.7	1,422.2
Total	1,609.6	1,601.5

(40) Events after the reporting date

There were no significant events between the balance sheet reporting date on 30 June 2015 and

the preparation of these financial statements on 21 August 2015 by the Board of Directors.

(41) Related party disclosures

The scope of transactions with related companies and persons during the 2015 reporting period and 2014 is shown in the following lists. Changes in the

group of related companies and persons necessitate adjustments of the previous year's figures where necessary:

In KEUR	Shareholders		Persons in key functions		Other related parties	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Outstanding loans and advances	209,448	289,404	0	0	0	0
to banks	209,448	289,404	0	0	0	0
to customers	0	0	0	0	0	0
Financial assets at fair value through profit or loss	314,056	289,493	0	0	22,646	0
Other assets	13,905	12,036	0	0	1,478	12,207
Total assets	537,410	590,934	0	0	24,123	12,207
Outstanding liabilities	2,820,406	2,616,816	0	0	106,071	17,270
to banks	2,820,406	2,616,816	0	0	100,018	3
to customers	0	0	0	0	6,053	17,267
Securitised liabilities	1,190,277	925,672	0	0	0	0
Trading and hedging derivatives on liabilities side	304,802	269,285	0	0	3,831	4,597
Subordinated capital	111,753	102,987	0	0	0	0
Other liabilities	2,335	1,133	3,783	3,783	669	0
Total equity and liabilities	4,429,572	3,915,892	3,783	3,783	110,571	21,866
Guarantees / sureties granted	0	0	7	17	0	0
In KEUR	01.01.2015-30.06.2015	01.01.2014-30.06.2014	01.01.2015-30.06.2015	01.01.2014-30.06.2014	01.01.2015-30.06.2015	01.01.2014-30.06.2014
Interest expense	-71,618	-76,166	0	0	-839	-698
Interest income	40,843	29,970	0	0	49	239
Commission expense	-17,980	-16,658	0	0	-669	0
Commission income	2,304	980	0	0	182	124
Other income and expense	47,967	31,228	-1,340	-2,287	-2,950	782
Total contributions to income	1,516	-30,646	-1,340	-2,287	-4,227	447

(42) Members of executive bodies and their positions**Members of the Board of Directors**

Christian Veit, Luxembourg
CEO, Chairman of the Board of Directors

Thorsten Schmidt, Irrel,
Deputy CEO, Member of the Board of Directors

Supervisory Board

Dr. Gunter Dunkel
Chairman of the Board of Directors
of Norddeutsche Landesbank Girozentrale,
Hanover (Chairman)

Ulrike Brouzi
Member of the Board of Directors
of Norddeutsche Landesbank Girozentrale,
Hanover

Thomas S. Bürkle
Member of the Board of Directors
of Norddeutsche Landesbank Girozentrale,
Hanover

Walter Kleine
Chairman of the Board of Directors
of Sparkasse Hannover, Hanover
(until 31 December 2014)

Christoph Schulz
Member of the Board of Directors
of Norddeutsche Landesbank Girozentrale,
Hanover

Positions

As of 30 June 2015, the following positions were held by the members of the Board of Directors of NORD/LB Luxembourg S.A. Covered Bond Bank:

Christian Veit
L'Institut de Formation Bancaire (IFBL),
Luxembourg, Member of the
Administrative Board (until 18-03-2015)
Skandifinanz AG, Zurich,
Member of the Administrative Board

Thorsten Schmidt
NORD/LB G-MTN S.A., Luxembourg,
Chairman of the Administrative Board

Responsibility Statement

Responsibility Statement

We confirm to the best of our knowledge that the condensed interim financial statements of NORD/LB Luxembourg S.A. Covered Bond Bank for the period ended 30 June 2015 have been prepared in accordance with IAS 34 “Interim Financial Reporting” in material respects and that the position of NORD/LB Luxembourg S.A. Covered Bond

Bank reflected in the interim management report is consistent with the condensed interim financial statements and that the main opportunities and risks in the anticipated development of NORD/LB Luxembourg S.A. Covered Bond Bank have been described.

Luxembourg, 21 August 2015
NORD/LB Luxembourg S.A. Covered Bond Bank

Christian Veit
CEO
Chairman of the Board of Directors
NORD/LB Luxembourg S.A. Covered Bond Bank

Thorsten Schmidt
Deputy CEO
Member of the Board of Directors
NORD/LB Luxembourg S.A. Covered Bond Bank

NORD/LB Luxembourg S.A. Covered Bond Bank

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