BREMER LANDESBANK

Interim Financial Report of Bremer Landesbank in accordance with IFRS as at 30 June 2014

The Bremer Landesbank Group at a glance

Group statement of comprehensive income	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in € m)	Change (in %)
Net interest income	221	219	2	1
Loan loss provisions	-103	-131	28	-21
Net interest income after risk provisioning	118	88	30	34
Net commission income	19	18	1	6
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	4	18	-14	-78
Profit/loss from financial investments	3	-3	6	>100
Profit/loss from investments accounted for using the equity method	8	4	4	100
Administrative expenses	92	89	3	3
Other operating profit/loss	0	-7	7	>100
Earnings before taxes	**60**	**29**	**31**	**>100**
Income taxes	13	6	7	>100
Consolidated profit	**47**	**23**	**24**	**>100**

Balance sheet figures	30.6.2014	31.12.2013		Change
Total assets	31,555	33,015	-1,460	-4
Liabilities to customers	9,090	10,009	-919	-9
Loans and advances to customers	22,203	22,726	-523	-2
Risk provisioning	-739	-664	-75	11
Reported equity	1,762	1,748	14	1

Key ratios	30.6.2014	30.6.2013		Change
Cost-income ratio (CIR)[1)]	36.1%	35.7%	-	1
Return on equity (before taxes)[2)]	7.1%	3.5%	-	>100

Key regulatory ratios [3)]	30.6.2014	31.12.2013		Change
Core capital	1,882	1,838	44	2
Risk-weighted assets	16,512	16,107	405	3
Core capital ratio (before appropriation of profit)	8.63%	9.09%	-	-5

Number of employees	30.6.2014	30.6.2013		Change
Total	1,157	1,128	29	3

Current ratings (long-term rating)	30.6.2014	31.12.2013		
Fitch Ratings	A	A		

[1)] Administrative expenses / [Total income (not including risk provisioning) + other profit/loss].
[2)] Group operating result after risk provisioning / [sustainable capital (comprising: share capital; capital reserves; retained earnings, adjustment item for shares from other shareholders)].
[3)] The figures as at 31 December 2013 are in accordance with the German Solvency Regulation, while those as at 30 June 2014 are in accordance with the CRR.

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Interim Financial Report of Bremer Landesbank in accordance with IFRS as at 30 June 2014

Interim group management report

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

This report should be read in conjunction with the group management report as at 31 December 2013.

1. Principles of the Group

The objectives and strategies of the Group, the business segments and subsidiaries, the basis of consolidation and the Group’s integrated bank management remain unchanged as compared to the published annual financial report.

2. Economic report

2.1 Economic developments and the banking sector

2.1.1 Economy and financial markets

In the first half of 2014, growth in the global economy picked up. The current IMF forecast puts growth for the current year at 3.6% compared to 3.0% in 2013.

The further easing of the eurozone deficit crisis has bolstered the global economy. The reduction of the monthly bond purchases by the US Federal Reserve did not have any negative impact. The ECB's cut in the base rate from 0.25% to 0.15% whilst also announcing quantitative measures improved the conditions for more positive economic development in the eurozone.

Both the Ukraine crisis and the unstable position in the Middle East had a negative impact in the first half-year. There are no signs of any immediate long-term solutions to these regional conflicts are as things currently stand.

The German economy started the first quarter of the year strongly thanks to the mild weather. This created the conditions for adjustments to the growth forecast for 2014. The Deutsche Bundesbank is expecting the economy to grow by 1.9% this year following growth of 0.4% in 2013.

The current regional crisis zones in Ukraine and the Middle East notwithstanding, the prospects for growth remain positive both for the global economy and for Germany. Catch-up effects in the global inventory and investment goods cycle offer a solid foundation for the further development of the economy. The underlying support of continued low-interests and increasing liquidity around the world is guaranteed by the European Central Bank (ECB), the US Federal Reserve and the Bank of Japan. Changes to the base interest rate are not expected before mid-2015.

The DAX recorded a new all-time high in June 2014 of 10,051 points and is currently experiencing a high level of uncertainty due to the conflicts in Ukraine and the Middle East.

The euro appears stable against the US dollar, yen and Swiss franc despite the more dynamic growth of the US economy and the ECB's interest rate cut and remains within a narrow bandwidth. Thanks to surprisingly strong economic data, the British pound gained ground on the euro and other main currencies in the first six months.

2.1.2 Region

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

The evaluation of the economic position is positive in all three regions of the Chamber of Industry and Commerce. Growth is clearly on a downward trend. The falls in the economic indices in both Oldenburg and East Frisia/Papenburg of eight and seven points from the first to the second quarter of 2014 are considerably more pronounced than in Bremen, where there was only a marginal adjustment of one point.

Bremen's economy remains on a solid course of growth in the first half of 2014. In the national and regional comparison, the adjustments to positive expectations are negligible. Increasing willingness to invest in industry alongside a positive business climate in trade and the service sector are the order of the day. Export expectations remain positive. The revival in the job market slowed slightly during the six-month period. The picture in the construction industry is mixed, while the real estate and housing sector remain on an upward trend. The forecasts for the transport and logistics sector are still positive, above all in the areas of freight handling, warehousing and haulage sectors.

The economy of the Oldenburg region is seeing muted development following strong growth at the start of 2014. Across sectors the assessment of the situation is essentially positive in the face of slower positive growth, and the outlook for the future is primarily good.

The overall regional economy in the East Frisia/Papenburg region fared positively in the first half of 2014 with a slight fall in growth. Retail, the service sector and the transport industry are particularly positive in this respect. The willingness to invest has stagnated at a high level. Companies' results of operations and the job market exhibit a high degree of stability. The situation in industry changed little in the first half-year. The outlook in the region remains cautiously optimistic.

2.1.3 Industry groups

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

The Bremer Landesbank was able to hold its own in what the Deutsche Bundesbank describes as a difficult environment for banks, and it remained profitable despite the continued high level of

[1] 2013 Deutsche Bundesbank financial stability report.

risk provisioning in the shipping sector. In addition to the risks outlined by the Deutsche Bundesbank, the Bank also sees risks from the possibility of regulatory measures that go beyond the required extent and could have an impact on the competitiveness of European banks. The banks must make significant investments in order to meet regulatory requirements in rapid succession with short implementation periods. The required resources tied up by this are significant.

Over the course of 2014 the responsibility for banking supervision for certain banks will pass from local supervisory authorities to the ECB. The NORD/LB Group, which includes the Bremer Landesbank, is one of the banks that will be supervised by the ECB in future. To prepare for the transfer of supervisory duties to the ECB, an Asset Quality Review (AQR) has been running since the last quarter of 2013, followed by a stress test. The aim of this is to establish whether the banking groups have adequate capital reserves under normal circumstances and in a stress situation. Findings by the ECB that relate purely to the balance sheet, or additional valuation adjustments by the ECB based on particularly conservative regulatory valuation methods, which would result in values below those using the IFRS valuation methods, might result in the AQR in an arithmetic adjustment of the CET1 capital ratio at Group level. The results of the AQR will be combined with the results of the stress test in a so-called "join up". NORD/LB as the parent company has to submit a capital measures plan in accordance with the general requirements for all systemic banks as part of the AQR. If a banking group exceeds the applicable limits for the AQR or stress test, it is required to increase its hard core capital based on such a plan. As the work both for the AQR and the stress test has not yet been completed, it is not possible to make a statement on the possible results and the potential effects. In particular the discussions on the valuation of ship portfolios, though, might have a significant influence on the results of the AQR and the stress test. It cannot be ruled out that this process will have an impact on the NORD/LB Group – and therefore also indirectly on the Bremer Landesbank.

Competition in lending business is set to increase further. Major banks have now also turned their attention to the middle market, which has often been neglected in the past. Given the competitive edge offered by its local advisors, short decision-making channels, local capital market and foreign business expertise and an extensive range of products and services, Bremer Landesbank remains confident that it will continue to stand its ground in this low-risk, high-income business.

2.1.4 Markets

North-West

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

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

Ships

The first half of 2014 was again a challenging time for the shipping sector. Due to the current over-capacity, the global economy has not yet been able to have a sustained positive impact. On top of this, the environment in the Mediterranean remains uncertain.

The ongoing crisis in the maritime industry had an impact. Increasing consolidation efforts were noticeable, particularly in the container sector. Participants are again having to overcome a difficult year with over-capacity, the commissioning of an increasing number of new large container ships, the resulting cascade effects and ongoing pressure on the charter market affecting the sector.

The tanker sector showed slight signs of recovery towards the middle of the year.

Leasing

Despite the ongoing uncertainty in German companies with respect to new investments throughout the year, the German leasing economy was able to maintain the level of its new business in the first half of 2014 and even increase market share in capital expenditure.

Renewable energies

The result of the present uncertainty regarding the future development of government support for regenerative energies in terms of electricity generation is noticeable caution as regards investments in the first half-year. The passing of the amendment to the German Renewable Energies Act (EEG) will stimulate some segments of the market.

Social welfare facilities

The market environment for the “Social Welfare Facilities” segment has been defined by the new capacity created in recent years and a stronger competitive situation. The difficult environment at the present time means that the level of investment in new projects is restrained. Takeovers of existing businesses are speeding up the concentration process in the sector. At the same time this ensures the continuation of the process of professionalisation. The political discussions on the subject of nursing are resulting in the creation of alternative offers such as outpatient residential services and assisted-living. Furthermore, there is a trend towards so-called shared ownership – the sale of partial ownership to investors.

Local real estate market

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

2.1.5 Impact on Bremer Landesbank

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

- The development of the global economy impacts the global flow of goods and as a result the transport volumes in the shipping sector with a corresponding impact on charter rates and market prices.
- The stability of the eurozone – particularly the highly indebted countries in southern Europe – has an impact on the euro's exchange rate against other currencies and therefore the export prospects for the economy as well as the valuation of securities and credit default swaps.
- The domestic and regional economy has an impact on middle-market corporate customers and their financing needs, as well as Bremer Landesbank's lending business.
- Interest rates may have an impact on achievable margins in the lending business, but – together with the anticipated economic developments – the will also affect the financing needs of companies and private persons in the business region.
- The performance of share indices – particularly the DAX – will have an impact on the behaviour of private customers with respect to their investments in securities, shares and alternative investments and therefore the net commission income of Bremer Landesbank.
- The development of the local real estate market has an impact on the success of the subsidiaries that do business in real estate.

2.2 Business performance

The first half of the financial year was, as expected, still affected by the very difficult situation in the shipping markets, which thus far the Bank has been able to withstand on account of its continued solid operating earnings.

Despite slight recovery trends in certain segments of the shipping market, the sustained impetus needed by the global economy to haul the shipping sector out of crisis mode is yet to materialise. The pressure on charter rates and vessel prices remains in certain sub-segments due to a high number of newly completed vessels entering the market. Consequently, the ongoing crisis has again had a significant impact on the Bank's operating result in the first half of 2014.

The Bank has taken advantage of comparatively favourable market conditions to divest itself of items from the credit investment portfolio that are no longer strategic without any notable impairment of the results of operations.

The Bank considers the earnings in the first half-year, which are much higher than in the previous year, to be satisfactory given the current conditions.

Below we report in detail on the business performance of the Bremer Landesbank Group in the first half of 2014.

2.3 Position of the Group

2.3.1 Results of operations

On the whole, the Bremer Landesbank Group's results of operations were again satisfactory in the first half of 2014.

Income statement

	Notes	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Interest income		735	860	-15
Interest expenses		514	641	-20
Net interest income	**5**	**221**	**219**	**1**
Loan loss provisions	6	-103	-131	-21
Net interest income after loan loss provisions		**118**	**88**	**34**
Commission income		23	22	5
Commission expenses		4	4	0
Net commission income	**7**	**19**	**18**	**6**
Trading profit/loss		-2	19	<-100
Profit/loss from designated financial instruments		-1	-1	0
Profit/loss from financial instruments at fair value through profit or loss	**8**	**-3**	**18**	**<-100**
Profit/loss from hedge accounting	9	7	0	>100
Profit/loss from financial assets	10	3	-3	>100
Profit/loss from investments accounted for using the equity method	11	8	4	100
Administrative expenses	12	92	89	3
Other operating profit/loss	13	0	-7	>100
Earnings before taxes		**60**	**29**	**>100**
Income taxes	14	13	6	>100
Consolidated profit		**47**	**23**	**>100**
of which: attributable to shareholders of the parent company		47	23	>100
of which: attributable to non-controlling interests		-	-	-

Net interest income

Net interest income increased by 1% from € 219m to € 221m. The income generated from operating activities with customers of the Bank remained at a high level. The historically low level of interest rates and a moderate drop in the volume of business resulted in an overall fall in interest income and -expenses.

Key drivers in customer-orientated business remained the Special Finance and Corporate Customers segments, which were able to maintain their previous position.

The switch in the system in the first half-year in order to ensure that risk-bearing loans and advances are reported consistently throughout the Group, with collateral allocated on an account basis, resulted in some previously impaired accounts technically recovering and interest income not that could not previously be accounted for through profit or loss now being reported again under net interest income. This had a positive impact on net interest income at the mid-year point, but it also resulted in a similar increase in risk provisioning on technical grounds.

Overall net interest income at the mid-year point is in line with forecast.

Loan loss provisions

In the first half of 2014 loan loss provisions fell significantly to € 103m (previous mid-year: € 131m) due to lower allocations to general valuation allowances as compared to the previous year.

Despite slight recovery trends in certain segments of the shipping market, the sustained impetus needed by the global economy to haul the shipping sector out of crisis mode is yet to materialise. The pressure on charter rates and vessel prices remains in certain sub-segments due to a high number of newly completed vessels entering the market. In the sixth year of the crisis, numerous shipping companies were again no longer able to sustain their ships. The Bank continuously analyzed its financing portfolio as part of its stringent risk management and allocated risk provisions accordingly.

The Bank accounts for risks which may have already occurred but which were not known on the balance sheet date by making general valuation allowances. In the first year an allocation of € 26m was necessary due to lower rating migrations in the shipping sector, which was much lower than the previous year (previous mid-year: € 56m).

Overall the risk provisioning expenses remained at the level expected by the Bank despite the technical special effect in net interest income item explained above.

Net commission income

Net commission income rose by 6% from € 18m to € 19m. In particular the commission from securities transactions (including asset management) has developed positively. Both the guarantee commissions and the loan commissions from commercial lending were remained at a good level. Further potential is seen for fees for arranging finance for alternative energy sources.

Overall net commission income is characterised by a comparatively high level of consistency in the remaining items (e.g. account management and payment transaction fees) and is in line the planned level.

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

In the first half of 2014, due to a negative profit/loss realised from derivatives, the fair value valuations of financial instruments produced a loss of around EUR 3m, as compared to a profit of EUR 18m in the same period of the previous year.

The volume of CDSs for which Bremer Landesbank is the protection seller decreased slightly as swaps matured and positions were systematically unwound. There have been no changes as regards the credit events of the restructuring of the Spanish bank Bankia and Irish bank Permanent TSB (formerly Irish Life and Permanent) described in the 2013 annual financial report.

There have been no other credit events to date, for example with recourse to the Bank as protection seller requiring delivery of the reference assets.

The valuation result from financial instruments at fair value through profit or loss fell to € -3m (previous mid-year: € 0m). The realised profit/loss fell by € 18m to € -2m as compared to the first half of 2013. Positive valuation results from CDSs were more than offset by negative valuation results from other derivatives. In the foreign exchange result, the Bank earned € 2m (previous mid-year: € 0m).

The loss from financial instruments designated at fair value of € -1m (previous mid-year: € -3m) has only been of minor significance so far in 2014. This category is only rarely used by Bremer Landesbank.

At the mid-year point the contribution to earnings expected by the Bank from the fair value valuation of financial instruments has not been achieved.

Profit/loss from hedge accounting

The hedges designated by Bremer Landesbank generated a profit of € 7m in the first half of 2014, compared with € 0m as at 30 June 2013.

Administrative expenses

As compared to the previous mid-year, the administrative expenses rose by € 3m to € 92m (previous mid-year: € 89m).

At around € 50m, personnel expenses are slightly higher than for the same period in the previous year (€ 49m). Higher current remuneration – due to a slight increase in the number of employees – could not be offset by a reduction of the allocations to pension provisions.

Other administrative expenses increased by € 2m (6%) to € 38m. The expected increase in expenses for information technology was only partly offset by declines in consulting services, cost allocations and contributions.

Amortisation, depreciation and impairment of intangible assets and property and equipment remained at the level of the previous mid-year at € 4m.

Overall, administrative expenses at mid-year 2014 are at the expected level.

Earnings before taxes

Earnings before taxes in the Bremer Landesbank Group amounted to € 60m for 2014; this represents an increase of € 31m from 2013. Whilst net interest and net commission income were only slightly above the previous year's level, the reduced risk expenses had a positive effect on earnings before taxes. Conversely, the significantly reduced fair value result resulted in a fall in earnings.

Consolidated profit

At mid-year 2014 Group earnings before income taxes of € 13m totalled € 47m, compared with € 23m at previous mid-year.

In the first half of 2014 the difficulties in the shipping markets had a significant influence on Bremer Landesbank's consolidated profit. However, the Bank was able to continue to absorb the effects due its good operating profit.

The consolidated profit is heavily dependent on the ongoing course of the crisis on shipping markets. The target level for 2014 is attainable in the Bank's view.

2.3.2 Net assets and financial position

Total assets

As in previous years, the Bank focused on high-yield business. Interbank business stabilised at a low level, while the financial asset portfolio fell gradually. Loans and advances to customers fell due to maturities exceeding new business. As a result, total assets fell from € 33.0b at previous year-end to € 31.6b.

Loans and advances to banks

As a consequence of the financial and capital market crisis combined with the downgrading of a number of countries' credit ratings, the Bank has reduced its interbank business significantly in previous years and continued to do so in the first half of 2014. Due to considerably lower loans and advances to German banks payable on demand as at the balance sheet date and a slight increase in money market transactions with German banks, loans and advances to banks fell by € 0.5b to € 3.7b.

Loans and advances to customers

Loans and advances to customers fell by roughly € 0.5b to € 22.2b due to maturities exceeding new business. Loans and advances to customers account for 70.4% of total assets (previous year-end: 68.8%). Please see the notes on the development of the business segments in the segment report for a more detailed analysis of this item.

Risk provisioning

The risk provisioning of the Bremer Landesbank Group, deducted from the asset side of the balance sheet, increased again in the financial year, by 10.2% or € 75m, to € 739m, and now represents 3.3% of total loans and advances (previous year-end 2.9%). The increase is almost exclusively due to the sub-segment “Ship Finance”.

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

This item comprises the market values of held-for-trading financial instruments. Instruments with positive market values are reported in assets and those with negative market values in liabilities. Financial instruments with a positive market value increased in the first half of 2014 by € 189m to € 859m, while financial instruments with negative market values decreased by € 20m to € 811m.

The relatively favourable market environment in the first half-year was actively used to reduce the portfolio of credit derivatives without impacting the results of operations. At mid-year 2014 the nominal volume of derivative transactions was € 42.7b compared with € 45.9b at previous year-end and therefore around 1.4 times (previous year-end: 1.4 times) total assets. Compared with other institutions in the sector, Bremer Landesbank only engages in such transactions to a relatively minor extent.

Financial assets/investments accounted for using the equity method

Financial assets decreased from € 4.9b at the end of 2013 to € 4.4b in the first half of 2014. The portfolio fell due to maturities and sales as part of RWA management.

Liabilities to banks

The liabilities to banks fell by 1.8% in the first half of 2014, from € 11.0b to € 10.8b. While liabilities from money market transactions rose in comparison to the end of 2013, other liabilities to German banks fell slightly.

Liabilities to customers

The Bank's refinancing through liabilities to customers fell by 9.2% to € 9.1b. Both liabilities from money market business to German customers and liabilities from other business with German customers decreased.

Securitised liabilities

The portfolio of securitised liabilities fell in the first half of 2014 by 7.7% to € 7.4b.

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

Provisions

Provisions in the Bremer Landesbank Group totalled € 478m at mid-year 2014 (previous year-end: € 426m) and therefore rose significantly.

Provisions for pensions and similar obligations account for the largest share, amounting to € 444m for the Group, compared with € 379m at the previous year-end. The present value of the defined benefit obligation is calculated actuarially using specific parameters, such as a Group-wide discount rate based on the yield of high-quality corporate bonds of the same maturity. Other parameters include salary, career and pension trends and employee turnover rates. The defined benefit obligations are based on the following key actuarial assumptions:

	30.6.2014	31.12.2013
Discount rate	2.9%	3.7%
Salary trends		
Pension obligations	2.4%	2.4%
Health insurance benefits	3.5%	3.5%
Pension adjustment		
Managing Board/permanent employees	2.5%	2.5%
Total benefits	3.5%	3.5%
Top-up benefits	2.0%	2.0%
GarantiePlus (new pension plan)	1.0%	1.0%
Health insurance benefits	3.5%	3.5%
Mortality, invalidity etc.	RT Heubeck 2005 G	RT Heubeck 2005 G

Loan loss provisions amounted to € 14m at year-end, compared with € 24m at the end of the previous year.

Equity

The Bremer Landesbank Group's equity amounts totalled € 1,762m as at the mid-year point of2014; subscribed capital accounts for € 265m and capital reserves for € 478m. This means that equity has increased by a total of € 14m or 1% (previous year-end: € 1,748m). Disregarding the conversion of silent participations, the Group's equity has increased by € 310m or 35% since the reporting in accordance with international accounting standards at the beginning of 2006.

2.3.3 Additional information

Performance indicators

The return on equity (ROE), calculated using the formula defined in the integrated bank management section, is 7.1% at the 2014 reporting date, after being 3.5% at the previous mid-year point. The higher level is due to the increased earnings before taxes.

The cost-income ratio (CIR) is 36.1% compared to 35.7% as at 30.06.2014 and therefore remains almost unchanged at a strong level compared to the previous year.

As at 30 June 2014, the risk ratio (defined as the ratio of loan loss provisions to risk assets) is 0.62% compared to 0.74% at the previous mid-year point. The fall is due to lower expenses for risk provisioning as compared to the previous year.

In 2014 the capital requirements are being determined in accordance with the Capital Requirements Regulation (CRR) for the first time (Basel 3). Various transitional provisions are still in place.

The capital requirements total around € 1.3b (previous year-end in accordance with Basel 2: around € 1.3b), equivalent to risk assets of around € 16.5b (previous year-end in accordance with Basel 2: around € 16.1b). The overall ratio is 10.7%, compared with 10.9% (Basel 2) at the previous year-end. It is still the case that no condensed report in accordance with Section 10a of the German Banking Act is required due to the exemption granted under Section 10a (10) of the German Banking Act.

The utilisation of risk capital in the going concern scenario as at 30 June 2014 is 58% and therefore at approximately the same level as at 31 December 2013.

Financing

In the first half of 2014, bearer and registered debt securities are once again the most important source of medium to long-term refinancing for the Bank.

The gross volume of issues transacted by Bremer Landesbank, including promissory notes, amounted to € 0.5b (not including the ECP programme and EIB loans), compared with € 1.5b at the end of 2013.

The volume of debt securities outstanding at mid-year 2014 was € 14.7b (previous year: € 16.2b).

The total outstanding volume of refinancing loans from the European Investment Bank (EIB loans) was approximately € 0.6b as at 30 June 2014 (previous year-end: € 0.7b).

As part of refinancing and liquidity management during the year, Bremer Landesbank made use of the various instruments of the European Central Bank as well as the interbank and repo markets in the first half of 2014.

The ECP programme was used in the currencies € and USD in the first half of 2014. As at 30 June 2014, the outstanding volume had an equivalent value of € 0.1b (previous year-end: € 0.1b).

Investment activities

Bremer Landesbank invests substantially in modernising and redesigning its buildings. The first half of 2014 saw the start of construction of the business premises at the Bremen site. Construction progress is on schedule. The investment volume will be in the higher double-digit millions.

2.3.4 Development of the segments and subsidiaries

A differentiated analysis of the customer segments in the commercial lending business reveals mixed developments.

Corporate Customers

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

The main source of income remains lending business. Long-term lending for investment finance was stable in the first half of the year. Demand was more subdued in the area of short-term working capital finance. Given strong earnings in previous years, many companies have high liquidity buffers, corresponding with an equivalent rise in the deposit business at Bremer Landesbank. On a positive note, income from services was higher than the previous year’s value, with the Bank’s business in collateralising agricultural commodities playing a significant role. The trading profit/loss, on the other hand, was below the previous year’s level. Given the ongoing low interest rate, interest in interest-rate hedging transactions has been low.

For the second half of the year the business segment is expecting an increase in demand for working capital loans, including due to seasonal effects, and is therefore hoping to achieve its target for the year.

We will continue to build on our position as a successful regional bank and a leader in corporate customer business in the region and in our view this will help the business segment to expand its position as principal banker for the larger SMEs in the future. We are still expecting to achieve the overall goal for 2014.

Special finance

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

The Bremer Landesbank Group's Special Finance segment developed positively overall in the first half of 2014, with the exception of the effects of the ongoing shipping crisis. Since the financial and economic crisis, the rate of growth in Special Finance has been mixed. Whilst the financing volume has fallen in shipping and the portfolio is to be continued to be reduced as the market recovers, renewable energies in particular have been expanded.

In ship finance, the Bremer Landesbank Group again saw no sign of a noticeable recovery in the various market segments in the first six months of 2014. Charter rates and ship values are still at crisis level and a sustainable recovery is yet to take place. The excess supply of tonnage will only be reduced in the medium term. Therefore, risk provisioning remains at a high level while income is down.

In the refinancing of vehicle and equipment leasing companies, the Bremer Landesbank Group maintained its position as a leading financier of medium-sized leasing companies in the first half of the year. The Bank acts as a competence centre for the NORD/LB Group in this segment and is a reliable partner for leasing companies with banking-related functions. The refinancing of factoring companies is still in a moderate development phase and rounds off the portfolio.

In the social welfare facilities segment, new business developed positively in the first half of the year. In nursing home finance – a key focus and a field for which the Bremer Landesbank Group is also a competence centre in the NORD/LB Group – further favourable business activity is expected in the second half of the year.

New business in the Bremer Landesbank Group's renewable energies segment in the first half of the year fell short of original expectations as assumed catch-up effects in the run-up to the amendment of the German Renewable Energies Act (EEG) were less than anticipated and there was a degree of reserve regarding project initiation. For the second half-year the Group anticipates an upturn in business activity. In the main segment of onshore wind energy in Germany the strong market position was consolidated. Due to the amendments to the EEG, the photovoltaic sub-segment is expected to generate a lower level of new business as compared to previous years. In the NORD/LB Group the Bremer Landesbank Group is the competence centre for biogas and photovoltaics in Germany. Experienced customers are also supported selectively as they expand into Europe.

With its various sub-segments and its consistent focus on long-term, reliable customer relationships, the Bremer Landesbank Group's Special Finance segment considers itself to be well positioned with a clientèle dominated by mid-cap companies and enables moderate growth. The portfolio will continue to increasingly shift towards renewable energies and away from shipping.

Private Customers

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

The SIP®-Dachfonds (fund of funds) managed by the asset and portfolio management division and individual asset management continue to develop very positively. The volume as well as the number of units saw significant increases.

This development led to an increase in the income from securities business as compared to the previous year, although the market situation is still marked by a high level of caution among customers. Earnings in deposit business were stabilised and portfolios expanded. Fierce competition was evident in lending business, especially in standard residential construction.

Financial Markets

Bremer Landesbank's Financial Markets segment provides access to the national and international financial markets for private and institutional customer groups as well as for the Bank's own business.

Refinancing measures carried out by Bremer Landesbank both during the year and for periods longer than one year are also carried out by the Financial Markets segment.

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

As part of refinancing and liquidity management during the year, Bremer Landesbank has also continually made use of the various instruments of the ECB, in addition to the interbank and repo markets in 2014.

Money and capital market operations took place in a market still shaped by international and multi-institutional efforts to contain the consequences of the euro crisis and its impact on the financial and real markets in the first half of 2014. Despite disruptive geopolitical factors, development of the global economy appears to have stabilised.

Continued extremely low interest rates contrasted new record highs in major share markets.

The treasury, trading and sales activities of Bremer Landesbank's Financial Markets units appeared stable despite the difficult market environment.

The management of liquidity risks and interest-rate risks, ensuring that the bank has continuous liquidity and providing the above-mentioned commercial customers with money market and capital market products, are the focus of the trading unit.

Municipal customers

Another focus of business with associated banks is public sector refinancing.

Apart from offering finance to regional authorities, sales activities also focus on supporting the associated savings banks in their financing of the public sector.

Savings Banks

Bremer Landesbank's business with associated banks, which it operates in the Financial Markets segment, enjoyed further success in the first half of 2014 with its comprehensive support services for the associated savings banks.

Despite the testing economic environment with strong competition, profit remained stable.

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

Bremer Landesbank also allowed the associated savings banks to participate in its successful special and project financing business through syndications.

Sales SBUs

To date in 2014, the segment's sales units recorded sustained intensive demand for consulting and support services for money, currency and derivative products, despite sales remaining at a moderate level as a result of market factors.

Subsidiaries

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

BLB Leasing GmbH's new business is mainly generated by Bremer Landesbank's customer advisors. This business strategy continued to be successful and once again resulted in a considerable volume of new business – albeit below that of the same period of the previous year. As a financial services company, BLB Leasing GmbH's activities are subject to control and it makes appropriate allowance for this.

2.3.5 Conclusion

In the first half of 2014 the considerable difficulties in the shipping markets had a significant influence on Bremer Landesbank's consolidated profit as expected. However, the Bank was able to continue to cushion the effects well on account of its good operating profit. The Bank considers the result achieved under these difficult conditions in the first half of 2014 to be satisfactory. This reaffirms Bremer Landesbank's focus as a regional bank – with international special finance business – in and for the North-West of Germany. In close cooperation with the savings banks and its association partners, Bremer Landesbank has firmly positioned and established itself as a leading bank in the region. The Bank is still the most significant partner for small and middle-market businesses in the North-West of Germany. Bremer Landesbank, with its sustainable business model, has positioned itself well to systematically pursue its business development in the current and coming year under the continuing difficult conditions.

3. Supplementary report

There were no events of special significance for the economic situation of the Bank in the period between the end of the first half of the year and the preparation of the interim consolidated financial statements, with the exception of those set out below.

At the beginning of the second half of 2014, the Portuguese Bank Espirito Santo found itself in serious difficulty following the insolvency of several companies which had a share in its ownership and to which it had granted loans. Consequently, the Bank was broken up on the order of the Bank of Portugal and the government-supported Novo Banco was created alongside a so-called “bad bank”. The main assets were transferred to this bank with the intention of continuing it. According to statement by the ISDA, the break-up of the bank has given rise to a succession credit event.

Bremer Landesbank had € 70m of CDSs relating to the risk of Espirito Santo as protection seller in its portfolio; these have now been transferred to Novo Banco. The current view is that a restructuring credit event, in the event of which Bremer Landesbank could be supplied with securities with a maximum residual term of 30 months, is rather unlikely.

4. Forecast and opportunities report

4.1 Opportunities

In the Bank's opinion, the situation regarding opportunities has not changed significantly as compared to the published annual financial report for 2013.

4.2 Forecast

Significant assumptions in the forecast

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

Results of operations, net assets and financial position

The forecasts for the financial year 2014 from the published annual financial report for 2013 have been retained unchanged. The consolidated profit is still heavily dependent on the future development of the crisis in the shipping markets. According to the Bank's forecasts, it will not need to make use of any government aid.

Forecast for the segments and subsidiaries

Income before risk in operating business segments

For the Corporate Customers, Special Finance and Private Customers segments, we anticipate a slight rise in income in 2014. For the Financial Markets segment we expect a slight drop in income after adjusting for valuation effects from the first half of 2014.

Earnings before taxes in operating business segments

With administrative expenses in the operating business segments almost unchanged, earnings before taxes will be defined by the income before risk and the loan loss provisions. For the Corporate Customers and Private Customers segments, we anticipate a slight increase in earnings before taxes in 2014. Depending greatly on the intensity of the shipping crisis, we expect earnings before taxes in the Special Finance segment to be at the same level in the second half of the year as in the first half. The performance in Financial Markets will follow from the earnings performance outlined above.

Subsidiaries

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

BLB Leasing GmbH still assumes that the 2013 level can be achieved both in terms of the volume of new business and earnings.

4.3 Conclusion

In the first half of 2014 the difficulties in the shipping markets had a significant influence on Bremer Landesbank's consolidated profit, as expected. However, the Bank was able to continue to absorb the effects due to its good results of operations. The Bank assumes that its operating income will remain largely stable in the remainder of 2014.

5. Risk report

5.1 Risk Management

The risk management system of the Bremer Landesbank Group, the relevant organisational structures and operational procedures, the processes and methods implemented to measure and monitor risk, as well as the risks relating to the Group's development were described in detail in the 2013 annual report. This interim report, therefore, only describes significant developments in the first half of 2014.

5.2 Extended risk report

5.2.1 Risk-bearing capacity

The risk-bearing capacity model is based on a uniform Group standard and is under continuous further development in accordance with supervisory provisions. In the first half of 2014 the model was adapted in particular in line with the amended requirements from CRD IV on the capital side. The focus of the RBC concept remains the going concern scenario, where the aim is to maintain solvency if a risk materialises. The gone-concern scenario is included as a secondary requirement. In addition, there is also a consideration of the risk-bearing capacity from a regulatory point of view by means of an overall ratio and the core capital ratio.

The utilisation of risk capital in the going concern scenario as at 30 June 2014 is 58% and therefore at the same level as at 31 December 2013, which was established on the basis of previous capital requirements in accordance with Basel II. The risk capital of the going concern also takes into account the RBC limit agreed across the Group as the minimum threshold. Without this limitation the risk capital of Bremer Landesbank is currently € 480m (previous year: € 533m). The utilisation rate without the limitation is 34% (previous year: 31%). From the gone concern perspective, the risk-bearing capacity is still ensured with a utilisation of 54% and is slightly below the level of the previous year.

Utilisation of risk capital in the going concern scenario

(in € m) [1]	Risk-bearing capacity 30.6.2014		31.12.2013	
Risk capital	**282**	**100%**	**282**	**100%**
Credit risk	186	66%	169	60%
Investment risk	7	2%	6	2%
Market risk	25	9%	28	10%
Liquidity risk	10	3%	11	4%
Operational risks	10	3%	9	3%
Other [2]	-72	-25%	-60	-21%
Total risk potential	**165**		**163**	
Utilisation rate		**58%**		**58%**

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

The current risk-bearing capacity situation at Bremer Landesbank as at June 2014 is slightly above the level of the previous year-end in accordance with Basel II. The targets for risk-bearing capacity are met both in the going concern case (primary criterion of the risk strategy) and in the gone concern case. In the regulatory scenario the overall ratio is above 10% as expected. The core capital ratio falls from 9.09% to 8.63% as compared to December 2013. By the end of the year a further recovery of the core capital ratios is anticipated, meaning that it is currently expected that the core capital ratio will again be above 9% on 31 December 2014 (Basel III).

With regard to the remainder of 2014, pressure on the risk-bearing capacity and capital ratio will continue. The Bank is countering these anticipated negative impacts by taking extensive relief measures so the risk-bearing capacity will also be met after the current forecast at the end of 2014 and in 2015. Restructuring at individual case level in ship financing and the sale of risk assets in particular in the credit investment portfolio have compensated for these negative impacts. As a result the negative impact of CRD IV on risk-bearing capacity was compensated for in the first half of the year.

5.2.2 Credit risk

The maximum credit risk exposure for balance sheet and off-balance sheet financial instruments is roughly € 34,607m as at the balance sheet date, representing a fall of 4.4% in the first half-year.

Risk-bearing financial instruments (in € m)	**Maximum default risk 30.6.2014**	**31.12.2013**
Loans and advances to banks	3,745	4,180
Loans and advances to customers	22,203	22,726
Adjustment item for financial instruments hedged in the fair value hedge portfolio	27	-
Financial assets at fair value through profit or loss	859	1,048
Positive fair values from hedge accounting derivatives	575	338
Financial assets	4,413	4,919
Sub-total	**31,822**	**33,211**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	2,785	2,981
Total	**34,607**	**36,192**

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

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

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

Analysis of the total exposure

The Bank’s credit exposure totalled approximately € 34,830 as at 30 June 2014, down by around 5.6% compared to the end of the previous year.

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

The consequences of the crisis in merchant shipping continued to be noticed in the first half of 2014. Despite tonnage remaining steady, the charter rates recovered at a historically low level. For smaller container ships, slight increases in charter income and vessel prices were observed. The decline in the rating of this loan portfolio in the past also continued in the first half of 2014.

In the view of the Bremer Landesbank Group, most shipping segments will continue to recover. However, in 2014 charter rates will remain at a low level.

In the industry group of financial institutions/insurance (volume: € 9.7b), the focus is on the credit investment portfolio (credit derivatives, securities and loans). In the first half of 2014, the credit investment portfolio was reduced by around € 1.6b to around € 3.4b through maturities and sales. In this sub-portfolio, no new business has been concluded since the outbreak of the banking crisis. The European sovereign debt and banking crisis continues, but the stabilisation that began in the last quarter of 2012 continues. The European banks have significantly improved their capital ratios, but particularly the banks in the peripheral countries of the eurozone are suffering from high loan losses due to the ongoing recession. The banks' liquidity situation remains good thanks to the supportive measures of the ECB. A significant improvement in the market environment in 2014 is not expected. The remaining bank portfolio has only limited risk potential.

The credit investment portfolio will fall below € 0.7b, due to extensive repayment maturities up to the end of 2015.

Lending business by rating structure

Rating structure [1) 2)]	**Loans [3)]**	**Securities [4)]**	**Derivatives [5)]**	**Other [6)]**	**Total**	
(in € m)		**30.6.2014**			**30.6.2014**	**31.12.2013**
Very good to good	11,506	3,930	1,532	5,792	**22,760**	**23,976**
Good/satisfactory	1,808	265	167	559	**2,800**	**3,279**
Still good/adequate	2,349	25	123	566	**3,063**	**3,500**
Increased risk	738	83	105	104	**1,030**	**1,517**
High risk	686	-	6	72	**763**	**620**
Very high risk	1,767	-	10	31	**1,808**	**1,451**
Default (= NPL)	2,579	-	6	20	**2,604**	**2,556**
Total	**21,434**	**4,304**	**1,948**	**7,144**	**34,830**	**36,899**

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

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

Lending business by region

Regions [1] (in € m)	Loans	Securities	Derivatives	Other	Total	
		30.6.2014			30.6.2014	31.12.2013
Euro countries	20,438	4,167	1,459	7,141	**33,206**	**34,777**
of which Germany	19,054	3,571	757	6,903	**30,286**	**31,145**
Rest of Europe	224	107	383	3	**716**	**1,114**
North America	34	30	105	-	**168**	**210**
Latin America	41	-	-	-	**41**	**43**
Middle East/Africa	112	-	0	0	**112**	**123**
Asia	585	-	1	-	**586**	**631**
Other	-	-	-	-	-	-
Total	**21,434**	**4,304**	**1,948**	**7,144**	**34,830**	**36,899**

[1] Differences between totals are due to rounding.

The Bank’s credit exposure by region is very similar to the credit exposure as at 31 December 2013. The euro countries and Germany in particular continue to be by far the most important business region for the Bank.

Lending business by industry group

Industry groups [1] (in € m)	Loans	Securities	Derivatives	Other	Total	
		30.6.2014			30.6.2014	31.12.2013
Financial institutions/insurance companies	3,162	2,232	1,665	2,608	**9,668**	**11,066**
Service industries/other	7,227	2,062	106	713	**10,108**	**10,294**
of which real estate and housing	1,384	-	30	198	**1,613**	**1,506**
of which public administration	3,562	2,045	53	150	**5,809**	**5,870**
Transport, communications	6,712	9	50	165	**6,936**	**7,175**
of which shipping	6,224	0	42	65	**6,332**	**6,531**
Manufacturing	654	-	24	90	**769**	**811**
Energy, water and mining	2,079	-	55	3,150	**5,285**	**5,352**
Trade, maintenance and repairs	1,189	-	46	174	**1,409**	**1,502**
Agriculture, forestry and fishing	129	-	2	184	**315**	**323**
Construction	281	-	1	59	**341**	**376**
Other	-	-	-	-	**-**	**0**
Total	**21,434**	**4,304**	**1,948**	**7,144**	**34,830**	**36,899**

[1] Differences between totals are due to rounding.

The Bank's credit exposure by industry group compared with 31 December 2013 shows an unchanged focus on business with financial institutions, shipping as well as public administration institutions. The percentage of financial institutions and insurance companies contains institutions with very good to good ratings. Bank exposure fell, as planned; noticeable growth in the area of renewable energies has been achieved. Loans in the shipping sector have fallen by around € 200m since the beginning of the year.

5.2.3 Investment risk

The materiality analysis of the investments, conducted in the first half of 2014 in accordance with the MaRisk, showed that the Bank has no investments of material importance for the risk situation of the Bremer Landesbank Group.

5.2.4 Market risk

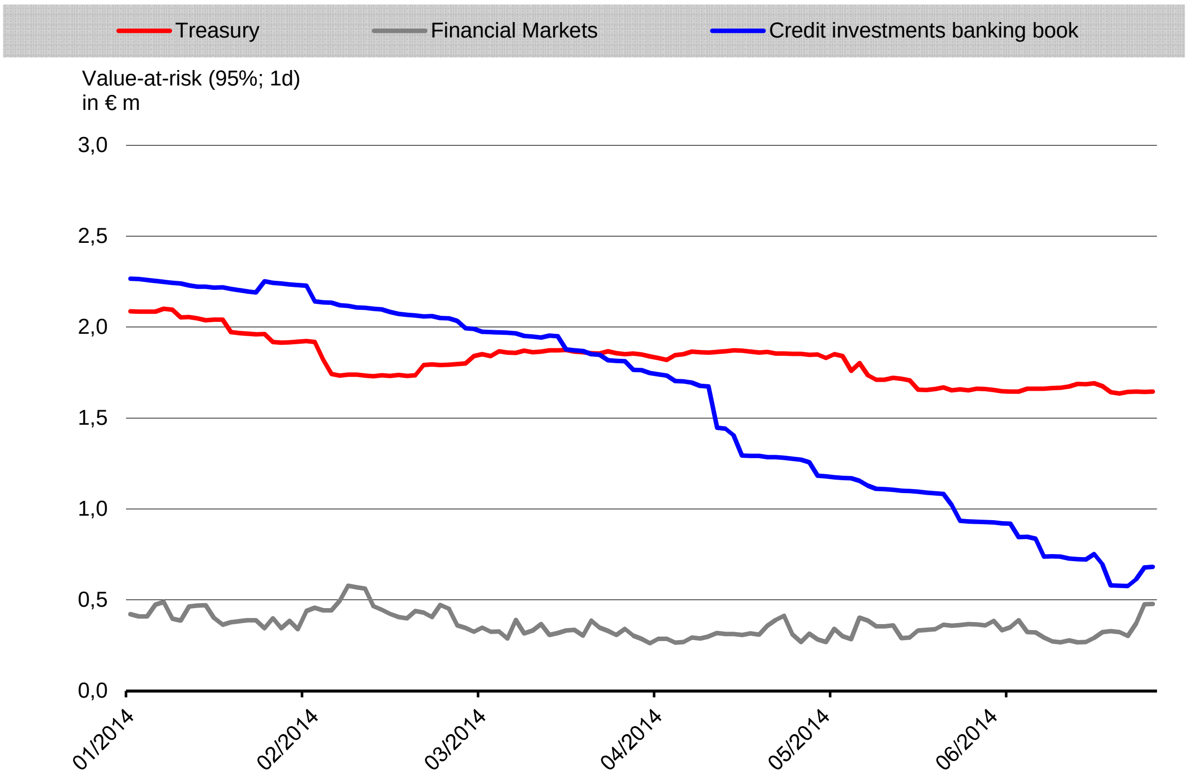
The value at risk (VaR) ratios are calculated daily using the historical simulation method. As part of the VaR process (confidence level of 95% and holding period of one day), correlations between the sub-portfolios and between the various risk categories are taken into consideration.

An overview of market risks: (not including credit spread risks in the banking book)

	Maximum		Average		Minimum		End value	
(in € k)	**1.1.-30.6. 2014**	**1.1.-30.6. 2013**	**1.1.-30.6. 2014**	**1.1.-30.6. 2013**	**1.1.-30.6. 2014**	**1.1.-30.6. 2013**	**2014**	**2013**
Interest-rate risk (VaR)	2,186	3,531	1,831	2,807	1,519	1,968	**1,525**	**2,001**
Currency risk (VaR)	100	102	27	35	2	1	**45**	**59**
Share-price and fund-price risk (VaR)	201	313	149	149	22	22	**159**	**25**
Volatility risk (VaR)	19	35	13	16	7	8	**7**	**13**
Correlation effect	293	456	234	228	91	132	**267**	**55**
Total risk (VaR)	**2,213**	**3,527**	**1,787**	**2,779**	**1,459**	**1,868**	**1,469**	**2,043**

The Bank's VaR fell significantly in the first half of 2014. As at 30 June 2014 the Bank's VaR was € 1.47m, compared to € 2.04m as at 31 December 2013. The average utilisation of the market risk limits for the Bank was 38% in the first half of 2014, whilst the utilisation at the end of 2013 was just under 42%.

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



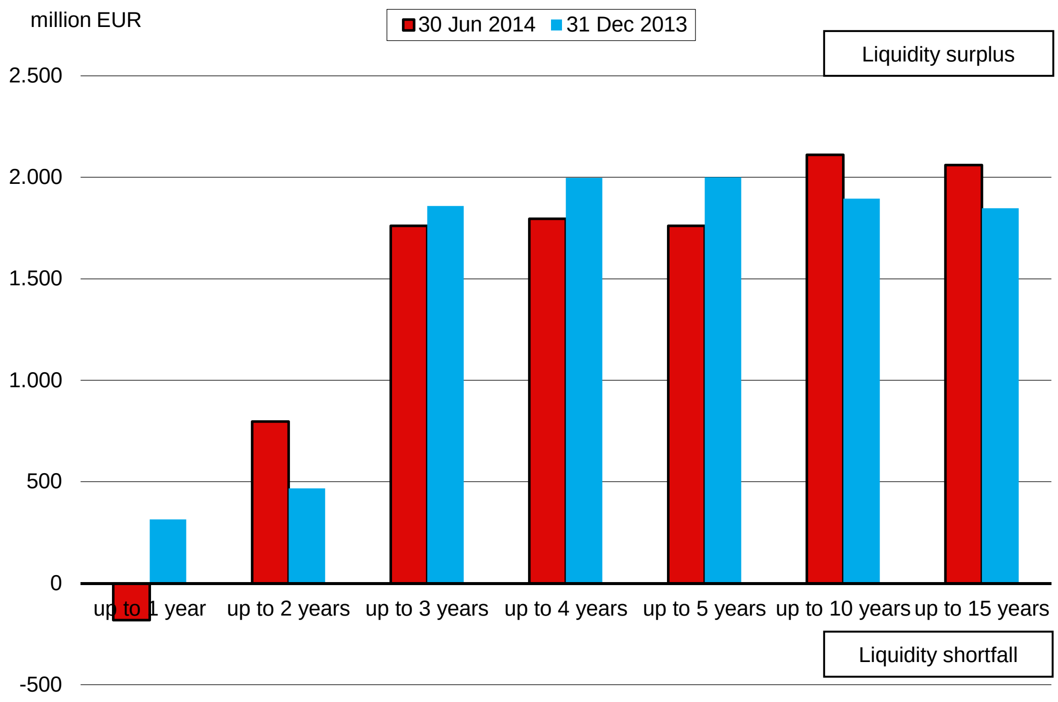
The decrease in the credit spread risks in the first half of 2014 as compared to the end of the previous year resulted from the reduction of maturities of the credit investment portfolio, the general stabilisation of the market and a premature portfolio reduction. As at 30 June 2014 the credit spread risks in the banking book were € 0.68m (previous year-end: € 2.28m).

In the first half of 2014, the average interest-rate risk in relation to liable equity was 9.56%. The Bank is far from being classified as a "bank with heightened interest rate risk" (above a rate of 20%).

5.2.5 Liquidity risk

In the first half of 2014 the Bank had sufficient liquidity at all times. In the first half-year, the dynamic liquidity stress test, a classic liquidity risk management instrument, showed that the Bank had sufficient liquidity even under severe stress conditions.

Liquidity maturity balance sheet



Overall, the Bank's liquidity maturity balance sheet as at 30 June 2014 shows that the liquidity situation overall has not changed significantly. Only in the maturity band "up to one year" did the accumulated liquidity progress fall as compared to previous year-end as the result of more sophisticated liquidity management (reduction of the securities portfolio whilst also reducing excess liquidity).

The utilisation of the liquidity buffer both for one week and for one month, according to the Minimum Requirements for Risk Management (MaRisk), was 17% and 35% respectively as at the reporting date (previous year-end: 20% and 22% respectively).

The present value limit used to limit the refinancing risk was complied with at all times in the first half of 2014. During the reporting period, the liquidity ratio in accordance with the German Liquidity Regulation exceeded the minimum of 1.00 required by regulatory law at all times; on 30 June 2014 it was 2.39 and on 31 December 2013 it was 2.15.

5.2.6 Operational risk

The loss events that occurred in the first half of 2014 were immaterial from an overall Bank point of view. The gross amount of all the reported loss events (including cases that affect the credit risk) totalled € 2.1m. To minimise losses, a net amount of € 1.8m was produced. As at 31 December 2013 the gross amount of all reported loss events (including events that had an effect on credit risk) was € 2.2m.

Based on the risk assessment results and entries in the loss event database, the Bank considers operational risks that would jeopardise the Bank’s ability to exist as a going concern to be highly unlikely.

5.2.7 Other risks

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

5.2.8 Conclusion on the risk situation

The development of Bremer Landesbank is currently dependent on the continued uncertain development in the shipping markets and the development of the euro countries. Risks may also emerge from the impending stress test by the ECB. The Bremer Landesbank Group's risk policy and the effectiveness of its risk control systems ensured that, in the first half of 2014, the utilisation of risk-bearing capacity was acceptable. The loss potential is in reasonable proportion to the risk-bearing capacity of the Bank.

Besides the above-mentioned risks, currently no new material risks are identifiable. The Bremer Landesbank Group has accounted adequately for all known risks with precautionary measures. The Bremer Landesbank Group does not believe that there are any risks to its ability to continue as a going concern.

6. Disclaimer – forward-looking statements

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

Consolidated Income Statement

Income statement

	Notes	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Interest income		735	860	-15
Interest expenses		514	641	-20
Net interest income	**5**	**221**	**219**	**1**
Loan loss provisions	6	-103	-131	-21
Net interest income after loan loss provisions		**118**	**88**	**34**
Commission income		23	22	5
Commission expenses		4	4	0
Net commission income	**7**	**19**	**18**	**6**
Trading profit/loss		-2	19	<-100
Profit/loss from designated financial instruments		-1	-1	0
Profit/loss from financial instruments at fair value through profit or loss	**8**	**-3**	**18**	**<-100**
Profit/loss from hedge accounting	9	7	0	>100
Profit/loss from financial assets	10	3	-3	>100
Profit/loss from investments accounted for using the equity method	11	8	4	100
Administrative expenses	12	92	89	3
Other operating profit/loss	13	0	-7	>100
Earnings before taxes		**60**	**29**	**>100**
Income taxes	14	13	6	>100
Consolidated profit		**47**	**23**	**>100**
of which: attributable to shareholders of the parent company		47	23	>100
of which: attributable to non-controlling interests		-	-	-

Statement of comprehensive income

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

	Notes	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Consolidated profit		**47**	**23**	**>100**
Other comprehensive income that is not reclassified to the income statement in subsequent periods				
Actuarial gains and losses for defined benefit obligations		-59	-7	>100
Changes in the value of investments accounted for using the equity method		0	0	0
Deferred taxes	14	19	2	>100
Total		**-40**	**-5**	**>100**
Other comprehensive income that is not reclassified to the income statement in subsequent periods				
Change from Available for Sale (AFS) financial instruments				
Unrealised gains/losses		11	17	-35
Reclassifications due to realised gains/losses		-2	0	<100
Deferred taxes	14	-2	-5	-60
Total		**7**	**12**	**-42**
Other comprehensive income		**-33**	**7**	**<-100**
Total comprehensive income		**14**	**30**	**-53**
of which: attributable to shareholders of the parent company		14	30	-53
of which: attributable to non-controlling interests		-	-	-

Consolidated balance sheet

ASSETS

	Notes	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Cash reserve		16	65	-75
Loans and advances to banks	15	3,745	4,180	-10
Loans and advances to customers	16	22,203	22,726	-2
Risk provisioning	17	-739	-664	11
Adjustment item for financial instruments hedged in the fair value hedge portfolio		27	-	>100
Financial assets at fair value through profit or loss	18	859	1,048	-18
Positive fair values from hedge accounting derivatives		575	338	70
Financial assets	19	4,413	4,919	-10
Investments accounted for using the equity method	20	98	92	7
Property and equipment	21	69	66	5
Investment property	22	74	74	0
Intangible assets	23	9	8	13
Current income tax assets	24	4	7	-43
Deferred income taxes	24	122	106	15
Other assets	25	80	50	60
Total assets		**31,555**	**33,015**	**-4**

LIABILITIES

	Notes	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Liabilities to banks	26	10,781	10,972	-2
Liabilities to customers	27	9,090	10,009	-9
Securitised liabilities	28	7,383	8,000	-8
Adjustment item for financial instruments hedged in the fair value hedge portfolio		222	135	64
Financial liabilities at fair value through profit or loss	29	811	791	3
Negative fair values from hedge accounting derivatives		167	91	84
Provisions	30	478	426	12
Current income tax liabilities	31	13	16	-19
Deferred income taxes	31	2	2	0
Other liabilities	32	86	67	28
Subordinated capital	33	760	758	0
Equity		1,762	1,748	1
Subscribed capital		265	265	0
Capital reserves		478	478	0
Retained earnings		960	953	1
Revaluation reserve		59	52	13
Equity attributable to BLB shareholders		1,762	1,748	1
Non-controlling interests		-	-	-
Total liabilities		**31,555**	**33,015**	**-4**

Statement of changes in equity

(in € m)	Notes	Subscribed capital	Capital reserve	Retained profit	Revaluation reserve	Equity before minority interests	Consolidated equity
Equity as at 1.1.2013		**265**	**478**	**900**	**32**	**1,675**	**1,675**
Change in the fair value of AFS financial instruments		-	-	-	17	17	**17**
Profit/loss from investments accounted for using the equity method	11	-	-	0	-	-	**-**
Change in actuarialprofits/losses		-	-	-7	-	-7	**-7**
Deferred taxes on changes in value recognised directly in equity	14	-	-	2	-5	-3	**-3**
Other comprehensive income		**0**	**0**	**-5**	**12**	**7**	**7**
Consolidated profit		-	-	23	-	23	**23**
Total comprehensive income		**0**	**0**	**18**	**12**	**30**	**30**
Distributions		-	-	-	-	0	0
Equity as at 30.6.2013		**265**	**478**	**918**	**44**	**1,705**	**1,705**
Equity as at 1.1.2014		**265**	**478**	**953**	**52**	**1,748**	**1,748**
Change in the fair value of AFS financial instruments		-	-	-	9	9	**9**
Profit/loss from investments accounted for using the equity method	11	-	-	0	-	-	**-**
Change in actuarialprofits/losses		-	-	-59	-	-59	**-59**
Deferred taxes on changes in value recognised directly in equity	14	-	-	19	-2	17	**17**
Other comprehensive income		**0**	**0**	**-40**	**7**	**-33**	**-33**
Consolidated profit		-	-	47	-	47	**47**
Total comprehensive income		**0**	**0**	**7**	**7**	**14**	**14**
Distributions		-	-	0	-	-	-
Equity as at 30.6.2014		**265**	**478**	**960**	**59**	**1,762**	**1,762**

Condensed Cash Flow Statement

(in € m)	1.1.-30.6.2014	1.1.-30.6.2013
Funds at the end of the previous period	**65**	**76**
Cash flow from operating activities	-425	-334
Cash flow from investment activities	382	339
Cash flow from financing activities	-6	-27
Total cash flow	**-49**	**-22**
Funds at the end of the period	**16**	**54**

As in the previous year, cash flow from investment activities mainly includes cash receipts from the disposal of financial assets.

Cash flow from financing activities is attributable in full to interest payments for subordinated capital.

Condensed consolidated notes

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

Accounting policies

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

The consolidated financial statements of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – as at 30 June 2014 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the EU. Specifically, IAS 34 is applied for requirements relating to interim financial statements. National regulations contained in the German Commercial Code (HGB) under Section 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim report constitutes a half-year report in accordance with Section 37w of the German Securities Trading Act (WpHG). The interim financial report should be read in conjunction with information contained in the published and attested consolidated financial statements of Bremer Landesbank as at 31 December 2013.

The interim consolidated financial statements as at 30 June 2014 comprise the consolidated income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes in the condensed consolidated notes. The segment reporting takes place in the notes.

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

(2) Adopted IFRS

The accounting policies used for the interim financial statements are based, unless stated otherwise, on those applied to the consolidated financial statements as at 31 December 2013.

In the period under review consideration has been given to the following amendments to the standards which were first applied as at 1 January 2014 for the Bremer Landesbank Group:

- **IFRS 10 – Consolidated Financial Statements**

  The IFRS 10 published in May 2011 has changed the definition of control and created standard rules for determining control both for subsidiaries and for structured entities (special purpose entities) which form the basis for assessing the consolidation requirement. According to this, control is given when the potential parent company has decision-making power over relevant activities of the potential subsidiary, it is exposed to the positive or negative variable flows from the potential subsidiary or has rights to these, and the amount of these flows can be influenced by its decision-making power. The standard replaces the regulations of the former IAS 27 and SIC 12 that relate to this.

  The Bremer Landesbank Group prepared for the first application of IFRS 10 starting in August 2011 within the scope of a project. However, the importance of traditional credit collateralisation rights in relation to the borrower under the new definition of control of IFRS 10 is the subject of international debate. At the time these interim consolidated financial statements were prepared, a common view had not yet been established in key areas.

  The initial application of IFRS 10 with retrospective effect has not had any effect on the basis of consolidation.

- **IFRS 11 – Joint Arrangements**

  IAS 31 – Interests in joint ventures was replaced by IFRS 11, which was published in May 2011 and is applicable from 1 January 2014. This regulates the recognition of facts when an entity has joint control over a joint venture or runs a joint operation. Compared to the current standard, there are two significant changes. Firstly, for the consolidation of joint ventures the option of proportionate consolidation has been abolished, i.e. consolidation is only allowed based on the equity method as in IAS 28. Secondly, the new category of joint operations has been introduced, in which the assets and liabilities attributable to the Group will be recognised.

  The retroactive first-time adoption of IFRS 11 does not result in any need for adjustments to the Bremer Landesbank interim consolidated financial statements.

- **IFRS 12 – Disclosure of Interests in Other Entities**

  The new IFRS 12 condenses the disclosure requirements related to subsidiaries, joint ventures, associated companies and unconsolidated structured entities in one standard. The objective is the disclosure of information on the nature of control over the aforementioned companies and the associated risks and the effects resulting from the control on the balance sheet, income statement and cash flow.

IFRS 12 results in extended disclosure requirements which need to be considered for the first time in Bremer Landesbank's consolidated financial statements as at 31 December 2014. These concern in particular the disclosures relating to unconsolidated structured entities (special purpose entities).

- **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**

  In June 2012 the IASB published amendments which substantiate and clarify the transition regulations in IFRS 10 – Consolidated financial statements. In addition, some relief is granted with only the reference figures for the immediately preceding reference period having to be adjusted and the disclosure requirement of comparative information on non-consolidated special purpose entities upon initial application of IFRS 12 being struck.

  There is no need for the Bremer Landesbank Group to make any adjustments.

- **Amendments to IAS 32 – Offsetting of Financial Assets and Financial Liabilities**

  In December 2011 the IASB clarified its requirements for the offsetting of financial instruments with the publication of amendments to IAS 32 – Financial instruments: Presentation. The amendments essentially put guidelines regarding application into more specific terms and should eliminate the current inconsistencies regarding the application of the offsetting criteria. In particular the meaning of "currently has a legally enforceable right of set-off'" and the conditions for systems with gross settlement as an equivalent to net settlement are explained.

  The application of the amendments to IAS 32 with retrospective effect do not have any effect on Bremer Landesbank's interim consolidated financial statements as at 30 June 2014.

- **Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting**

  With the amendments to IAS 39 — Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting published in June 2013, the IASB makes it clear that the novation of a derivative with a central counterparty is to be reported as a derecognition of the original derivative and an addition of the novated derivative. A novation is an agreement between the contract parties of a derivative, that one or more central counterparties replace the original counterparties to become a new counterparty for each original contract party. The term central counterparty also includes companies, for example members of a clearing house or clearing companies or customers of both, which act as a contract party in order to achieve the settlement of a payment (clearing) by a central counterparty. With the novation of a derivative, under certain conditions the hedge relationship can continue despite the change in counterparty.

The application of this new rule had no effect on Bremer Landesbank's interim consolidated financial statements.

- **IAS 28 (amended 2011) – Investments in Associates and Joint Ventures**

  The amended IAS 28 includes rules on the use of the equity method for the accounting of associates and joint ventures. This is primarily a consequential amendment to extend the scope in conjunction with IFRS 11.

  The amendment to IAS 28 has not resulted in any changes for the Bremer Landesbank Group.

- **Amendments to IAS 36 – Impairment of Assets – Recoverable Amounts Disclosures for Non-Financial Assets**

  With these amendments the disclosure of the recoverable amount of cash-generating units implemented with IFRS 13 was corrected and new disclosure requirements were introduced for when there is an impairment or reversal of impairment and the recoverable amount has been calculated based on the fair value less the costs of the disposal.

  The amendment of IAS 36 does not have any effect on these interim consolidated financial statements.

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

(3) Basis of consolidation

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

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

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

- DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen
- BREBAU GmbH, Bremen
- AMMERLÄNDER Wohnungsbau-Gesellschaft mbH, Westerstede
- GSG Oldenburg Bau- und Wohngesellschaft mbH, Oldenburg
- Lazard-Sparkassen Rendite-Plus-Fonds

The affiliated company Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede, was accounted for using the equity method with a different balance sheet date (31 December 2012) as the company does not prepare its financial statements until after the Bremer Landesbank Group.

Subsidiaries, affiliated companies and investments are shown in the list of shareholdings (Note 42).

Segment report

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

(in € m) [1]	Corporate customers	Special finance	Private customers	Financial markets	Group control/ other	Recon-ciliation	Group Total
30.6.2014							
Net interest income	31	104	14	29	0	44	**221**
Loan loss provisions	-9	77	0	0	24	10	**103**
Net interest income after loan loss provisions	**39**	**27**	**14**	**29**	**-23**	**33**	**118**
Net commission income	6	9	4	3	-1	-3	**19**
Profit/loss from financial instruments at fair value through profit or loss	1	1	0	11	-15	0	**-3**
Profit/loss from hedge accounting	0	0	0	0	0	7	**7**
Profit/loss from financial assets	0	0	0	0	3	0	**3**
Profit/loss from investments accounted for using the equity method	0	0	0	0	8	0	**8**
Total earnings	**46**	**36**	**18**	**43**	**-28**	**37**	**152**
Administrative expenses	15	16	14	9	38	1	**92**
Other operating profit/loss	0	1	0	0	1	-1	**0**
Earnings before taxes	**31**	**20**	**4**	**35**	**-66**	**37**	**60**
Segment assets	4,274	14,381	1,359	8,023	2,116	1,402	**31,555**
Segment liabilities	2,120	5,946	1,282	12,544	8,135	-234	**29,793**
Committed capital/sustainable capital	194	1,582	75	172	69	-389	**1,703**
CIR [2]	40.2%	14.3%	75.2%	20.4%	0.0%	0.0%	**36.1%**
RoRaC [3] / ROE [4]	27.5%	2.5%	9.8%	31.1%	-	-	**7.1%**

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

(in € m) [1]	Corporate customers	Special finance	Private customers	Financial markets	Group control/ other	Recon-ciliation	Group Total
30.6.2013							
Net interest income	31	108	14	31	12	23	**219**
Loan loss provisions	3	76	-1	0	52	1	**131**
Net interest income after loan loss provisions	**29**	**32**	**15**	**31**	**-41**	**22**	**88**
Net commission income	6	9	4	2	1	-4	**18**
Profit/loss from financial instruments at fair value through profit or loss	1	1	0	19	-4	1	**18**
Profit/loss from hedge accounting	0	0	0	0	0	0	**0**
Profit/loss from financial assets	0	0	0	-3	0	0	**-3**
Profit/loss from investments accounted for using the equity method	0	0	0	0	4	0	**4**
Total earnings	**35**	**42**	**19**	**49**	**-39**	**19**	**125**
Administrative expenses	14	16	13	8	39	-1	**89**
Other operating profit/loss	0	0	0	0	-6	-1	**-7**
Earnings before taxes	**21**	**26**	**5**	**40**	**-85**	**22**	**29**
Segment assets	4,464	14,747	1,598	11,667	2,324	-444	**34,356**
Segment liabilities	2,131	5,851	1,273	14,166	191	9,038	**32,651**
Committed capital/sustainable capital	211	1,539	85	194	135	-504	**1,661**
CIR [2]	37.2%	13.6%	73.3%	17.0%	-	-	**35.7%**
RoRaC [3] / ROE [4]	17.9%	3.4%	11.2%	30.8%	-	-	**3.5%**

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

Reconciliation of the segment results to the consolidated financial statements

Segment reporting by business segment

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

Corporate customers

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

Special finance

The segmenting criterion for special finance is the customer sector and therefore in particular the object of finance as the core transaction of the customer relation. The products are geared on an industry-specific basis towards the projects that customers are focusing on and their financing.

Private customers

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

Financial Markets

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

Group Controlling / Others

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

Reconciliation

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

Net interest income

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

Loan loss provisions

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

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

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

Profit/loss from hedge accounting

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

Profit/loss from investments accounted for using the equity method

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

Administrative expenses

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

Other operating profit/loss

This item is not allocated to the segments.

Segment assets/segment liabilities:

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

Sustainable capital

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

Segment profitability ratios

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

Bank ROE

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

Notes to the Consolidated Income Statement

(5) Net interest income

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

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Interest income			
Interest income from lending and money market transactions	431	447	-4
Interest income from fixed-interest securities and registered debt	31	40	-23
Interest income from financial instruments at fair value through profit or loss			
Trading portfolio and hedge accounting derivatives	241	335	-28
Interest income from the use of the fair value option	1	1	0
Current earnings			
from shares and other non-fixed-interest securities	0	0	0
from investments	2	2	0
Interest income from other amortisation			
from the adjustment item for the portfolio fair value hedge	19	22	-14
from hedge accounting derivatives	10	13	-23
Expected return on plan assets	0	-	>100
Total interest income	**735**	**860**	**-15**
Interest expenses			
Interest expense from lending and money market transactions	222	249	-11
Interest expense from securitised liabilities	64	79	-19
Interest expenses from financial instruments at fair value through profit or loss			
Interest expenses from the trading portfolio and hedge accounting derivatives	182	276	-34
Interest expenses from the use of the fair value option	0	0	0
Interest expenses from subordinated capital	11	9	22
Interest expenses from other amortisations			
Interest expenses from the adjustment item for the fair value hedge portfolio	4	5	-20
Interest expenses from hedge accounting derivatives	24	16	50
Interest expenses for provisions and liabilities	7	7	0
Other interest expenses and interest-like expenses	0	0	0
Total interest expense	**514**	**641**	**-20**
Total	**221**	**219**	**1**

Interest income from lending and money market transactions contains interest income from the unwinding of impaired assets in the amount of € 10.0m (same period in the previous year: € 9m).

Total interest income for financial instruments which are not measured at fair value through profit or loss amounted to € 482m (same period in the previous year: € 511m). The total interest expenses for financial instruments which are not measured at fair value through profit or loss amounted to € 308m (same period in the previous year: € 349m).

(6) Loan loss provisions

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowances on loans and advances	182	30	>100
Reversal of loan loss provisions	2	3	-33
Recoveries on loans and advances previously written off	1	1	0
Income from loan loss provisions	**185**	**34**	**>100**
Expenses from loan loss provisions			
Allocation to specific valuation allowances on loans and advances	258	101	>100
Allocation to general valuation allowances	27	55	-51
Allocation to loan loss provisions	1	1	0
Direct write-offs of loans and advances	2	8	-75
Expenses from loan loss provisions	**288**	**165**	**75**
Total	**-103**	**-131**	**-21**

The clear rise in the reversal of specific valuation allowances and the corresponding increase in the allocation to specific valuation allowances in the first half of 2014 mainly result from the change in the system for the risk provisioning tool (release of SAP / RBD through ABIT).

(7) Net commission income

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Commission income			
Commission income from banking business			
Lending and guarantee business	4	5	-20
Security and custodian business	5	4	25
Account management and payment transactions	5	4	25
Trust business	0	0	-100
Brokerage business	1	1	0
Other standard bank commission income	8	8	0
Commission income from non-banking transactions			
Real estate business	0	0	-100
Total commission income	**23**	**22**	**5**
Commission expenses			
Commission expenses from banking business			
Security and custodian business	2	2	0
Trust business	0	0	-100
Brokerage business	0	0	-100
Lending and guarantee business	2	2	0
Other standard bank commission expenses	0	0	-100
Total commission expenses	**4**	**4**	**0**
Total	**19**	**18**	**6**

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

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

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Trading profit/loss			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	1	1	0
Profit/loss from derivatives	-3	15	<-100
Total realised profit/loss	**-2**	**16**	**<-100**
Valuation result			
Profit/loss from debt securities and other fixed-interest securities	1	-1	>100
Profit/loss from derivatives	-4	1	<-100
Total valuation result	**-3**	**-**	**<-100**
Foreign exchange result	1	0	>100
Other comprehensive income	2	3	-33
Total trading profit/loss	**-2**	**19**	**<-100**
Profit/loss from the fair value option			
Valuation result			
Debt securities and other fixed-interest securities	-1	-1	0
Total profit/loss from designated financial instruments (fair value option)	**-1**	**-1**	**0**
Total	**-3**	**18**	**<-100**

(9) Profit/loss from hedge accounting

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

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Profit/loss as part of micro fair value hedges			
from hedged underlying transactions	-11	54	<-100
from derivative hedging instruments	10	-53	>100
Total micro fair value hedges	**-1**	**1**	**<-100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	-68	47	<-100
from derivative hedging instruments	76	-48	>100
Total portfolio fair value hedge	**8**	**-1**	**>100**
Total	**7**	**0**	**<-100**

(10) Profit/loss from financial assets

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

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

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Profit/loss from the disposal of			
debt securities and other fixed-income securities	3	-3	>100
Shares and other non-fixed-interest securities	-	0	-100
Total	**3**	**-3**	**>100**

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

As at 30 June 2014 the income from affiliated companies accounted for using the equity method totalled € 8m (same period in the previous year: € 4m).

(12) Administrative expenses

The Group's administrative expenses comprise personnel expenses, other administrative expenses, scheduled depreciation and amortisation of property and equipment, investment property and intangible assets.

The expenses break down as follows:

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Staff expenses	50	49	2
Other administrative expenses	38	36	6
Depreciation and amortisation	4	4	0
Total	**92**	**89**	**3**

(13) Other operating profit/loss

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Other operating income			
from rental and lease income	4	3	33
from cost reimbursements	2	1	100
from the disposal of assets	-	-	0
from the reversal of other provisions	2	4	-50
Other income	-	1	-100
Total other operating income	**8**	**9**	**-11**
Other operating expenses			
from rental and lease expenses	1	1	0
from the repurchase of issued debt securities	5	-	>100
from allocations to provisions	-	4	
Bank levy	1	4	-75
Other expenses	1	7	-86
Total other operating expenses	**8**	**16**	**-50**
Total	**0**	**-7**	**>100**

In the first quarter of 2014 the provision for the bank levy was adjusted so that it was in line with the interpretation of the German Restructuring Fund Act [Restrukturierungsfondsgesetz]. As a result from 2014 onwards the provision for the bank levy will be recognised on a pro-rata basis, after having previously been recognised in full at the start of the year. In other expenses, the expense from operational risks in the amount of € 1m is reported.

(14) Income taxes

The Group's income taxes break down as follows:

	1.1.-30.6.2014 (in € m)	1.1.-30.6.2013 (in € m)	Change (in %)
Current income taxes	13	18	-28
Deferred taxes	0	-12	>100
Total income tax expense	**13**	**6**	**>100**

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

Notes to the consolidated balance sheet

(15) Loans and advances to banks

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	274	324	-15
Foreign banks	-	-	-
Total loans and advances resulting from money market transactions	**274**	**324**	**-15**
Other loans and advances			
German banks			
Payable on demand	180	542	-67
Limited term	3,209	3,218	0
Foreign banks			
Payable on demand	82	95	-14
Limited term	-	1	-100
Total other loans and advances	**3,471**	**3,856**	**-10**
Total	**3,745**	**4,180**	**-10**

(16) Loans and advances to customers

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German customers	189	243	-22
Foreign customers	10	14	-29
Total loans and advances resulting from money market transactions	**199**	**257**	**-23**
Other loans and advances			
German customers			
Payable on demand	1,198	1,135	6
Limited term	18,377	18,785	-2
Foreign customers			
Payable on demand	133	117	14
Limited term	2,296	2,432	-6
Total other loans and advances	**22,004**	**22,469**	**-2**
Total	**22,203**	**22,726**	**-2**

(17) Risk provisioning

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Loan loss provisions for loans and advances to banks			
German banks	0	-	>100
General loan loss provisions for loans and advances	0	1	-100
Total loan loss provisions for loans and advances to banks	**0**	**1**	**-100**
Loan loss provisions for loans and advances to customers			
German customers	492	461	7
Foreign customers	92	61	51
General loan loss provisions for loans and advances	155	141	10
Total loan loss provisions for loans and advances to customers	**739**	**663**	**11**
Total	**739**	**664**	**11**

The loan loss provisions for loans and advances mainly relate to domestic customers.

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

	Specific valuation allowances		General valuation allowances (on balance)		Total		Loan loss provisions [1]	
(in € m)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
As at 1 Jan	**522**	**429**	**142**	**93**	**664**	**522**	**24**	**22**
Changes through profit or loss								
Allocations	259	244	26	63	**285**	**307**	-	6
Reversals	-182	-52	-	-	**-182**	**-52**	-2	-4
Unwinding	-10	-22	-	-	**-10**	**-22**	-	-
Changes recognised in equity								
Utilisations	-29	-91	-	-	**-29**	**-91**	-	-
Reclassifications	21	14	-13	-14	**8**	**-**	-8	-
Foreign currency effects	3	-	-	-	**3**	**-**	-	-
As at 30.6.2014 / 31.12.2013	**584**	**522**	**155**	**142**	**739**	**664**	**14**	**24**

[1] Including off-balance sheet general valuation allowances

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

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Trading assets			
Debt securities and other fixed-interest Securities			
Bonds and debt securities			
issued by the public sector	11	2	>100
issued by other borrowers	9	41	-78
Total debt securities and other fixed-interest securities	**20**	**43**	**-53**
Positive fair values from derivatives in connection with:			
Interest-rate risk	751	810	-7
Currency risk	60	114	-47
Credit derivatives	2	3	-33
Total positive fair values from derivatives	**813**	**927**	**-12**
Total trading assets	**833**	**970**	**-14**
Designated financial assets reported at fair value			
Debt securities and other fixed-interest Securities	26	78	-67
Total designated financial assets reported at fair value	**26**	**78**	**-67**
Total	**859**	**1,048**	**-18**

(19) Financial assets

The balance sheet item for financial assets includes all the debt securities and other fixed-interest securities which are classified as AFS, shares and other non-fixed-interest securities as well as shares in companies that are not accounted for in accordance with IAS 27, IAS 28 or IAS 31, and financial assets categorised as loans and receivables.

Investments in the equity of other companies and silent partnerships and participatory capital with loss sharing are allocated to the category of available for sale (AFS).

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Financial assets in the LAR category	**-**	**-**	**-**
Available-for-sale financial assets (AFS)			
Debt securities and other fixed-interest securities			
issued by the public sector	2,104	2,161	-3
issued by other borrowers	2,227	2,688	-17
Total debt securities and other fixed-interest securities	**4,331**	**4,849**	**-11**
Shares and other non-fixed-interest securities	13	1	>100
Shares in non-consolidated entities	56	54	4
Other financial assets in the AFS category	14	14	0
Total	**4,413**	**4,919**	**-10**

(20) Investments accounted for using the equity method

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Affiliated companies			
Banks	20	19	5
Other companies	78	73	7
Total	**98**	**92**	**7**

(21) Property and equipment

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Land and buildings	46	47	-2
Furniture, fixtures and office equipment	6	7	-14
Other property and equipment	17	12	42
Total	**69**	**66**	**5**

(22) Investment property

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Investment property	74	74	0
Total	**74**	**74**	**0**

(23) Intangible assets

	Carrying amount (in € m)		Remaining depreciation period (in years)	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Software developed internally				
Architecture of FI migration interfaces	5	5	2	2
Integration architecture (SPOT)	1	1	3	3
Purchased software				
Other	3	2	0 to 5	0 to 5
Total	**9**	**8**		

(24) Current income tax assets and deferred income taxes

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Current income tax assets	4	7	-43
Deferred tax assets	122	106	15
Total	**126**	**113**	**12**

(25) Other assets

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Receivables in interim accounts	37	2	>100
Capitalised receivables from non-consolidated subsidiaries	16	17	-6
Receivables from initial margin (Eurex)	15	15	0
Receivables from domestic banks	8	8	0
Inventories	3	2	50
Tax refund claims resulting from other taxes	0	1	-100
Other assets	1	5	-80
Total	**80**	**50**	**60**

(26) Liabilities to banks

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Deposits from other banks			
German banks	0	0	0
Foreign banks	-	-	-
Total deposits from other banks	**-**	**0**	**0**
Liabilities from money market transactions			
German banks	440	320	38
Foreign banks	16	-	>100
Total liabilities from money market transactions	**456**	**320**	**43**
Other liabilities			
German banks			
Payable on demand	608	580	5
Limited term	8,824	9,098	-3
Foreign banks			
Payable on demand	265	249	6
Limited term	628	725	-13
Total other liabilities	**10,325**	**10,652**	**-3**
Total	**10,781**	**10,972**	**-2**

(27) Liabilities to customers

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Savings deposits			
With an agreed period of notice of three months			
German customers	201	204	-1
Foreign customers	9	9	0
With an agreed period of notice of more than three months			
German customers	4	4	0
Foreign customers	1	1	0
Total savings deposits	**215**	**218**	**-1**
Liabilities from money market transactions			
German customers	1,141	1,366	-16
Foreign customers	26	28	-7
Total liabilities from money market transactions	**1,167**	**1,394**	**-16**
Other liabilities			
German customers			
Payable on demand	2,501	2,609	-4
Limited term	5,093	5,664	-10
Foreign customers			
Payable on demand	112	123	-9
Limited term	2	1	100
Total other liabilities	**7,708**	**8,397**	**-8**
Total	**9,090**	**10,009**	**-9**

(28) Securitised liabilities

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Issued debt securities			
Pfandbriefe	512	573	-11
Municipal debt securities	1,987	2,067	-4
Other debt securities	4,784	5,300	-10
Total issued debt securities	**7,283**	**7,940**	**-8**
Money market securities			
Commercial papers	100	60	67
Total money market securities	**100**	**60**	**67**
Total	**7,383**	**8,000**	**-8**

Of the total amount, € 5,276m (previous year: € 6,115m) is for securitised liabilities which will probably only be realised or settled after more than twelve months.

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

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Trading liabilities			
Negative fair values from derivatives in connection with:			
Interest-rate risk	753	710	6
Currency risk	50	59	-15
Credit derivatives	8	22	-64
Total trading liabilities	**811**	**791**	**3**
Total	**811**	**791**	**3**

(30) Loan

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Provisions for pensions and similar obligations	444	379	17
Other provisions			
Loan loss provisions	14	24	-42
Provisions for uncertain liabilities	20	23	-13
Total	**478**	**426**	**12**

(31) Current income tax liabilities and deferred income taxes

Income tax liabilities break down as follows:

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Current income tax liabilities	13	16	-19
Deferred tax liabilities	2	2	0
Total	**15**	**18**	**-17**

(32) Other liabilities

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Liabilities from interim accounts	55	5	>100
Liabilities from outstanding invoices	6	3	100
Liabilities from contributions	0	1	-100
Liabilities from short-term employee remuneration	5	9	-44
Liabilities from payable taxes and social security contributions	2	3	-33
Liabilities to third parties	13	11	18
Other deferred liabilities	2	2	0
Deferred items	1	0	>100
Allocation to cover funds of pension fund	-	2	-100
Payout claim of shareholders	0	29	-100
Other liabilities	2	2	0
Total	**86**	**67**	**28**

(33) Subordinated capital

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Subordinated liabilities	760	758	0
Total	**760**	**758**	**0**

Notes on financial instruments

(34) Fair value hierarchy

In the Bremer Landesbank Group the three-stage fair value hierarchy is used with the Level 1, Level 2 and Level 3 terminology of IFRS 13.

Level 1

Under the fair value hierarchy, a financial instrument is categorised in Level 1 if it is traded on an active market and is used to establish the fair value of publicly listed market prices or prices actually traded on the over-the-counter market (OTC market). If no market prices or prices actually traded on the OTC market are available, in the measurement the feasible prices quoted by dealers are used for measurement purposes, with prices quoted by other banks or market makers being applied when price sources other than stock exchange quoted prices are used. These instruments are then assigned to Level 1 if there is an active market for these broker quotations, i.e. if only minor bid-ask spreads exist and there are several price suppliers with only marginally differing prices. If the broker quotations are for (mixed) prices or if the price is established on a non-active market, these are not assigned to Level 1, but to Level 2 of the measurement hierarchy, if the quotations concern binding offers, observable prices or market transactions.

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

Level 2

In the event that no price quotes are available, the fair value is calculated by means of recognised measurement methods or models as well as by means of external pricing services, if measurement in this case is carried out either fully or to a significant degree using observable input data such as spread curves (Level 2). For the measuring of financial instruments, these methods include measurement methods which are established on the market (e.g. discounted cash flow method and the Hull-White model for options) whose calculations are always based on input parameters available on an active market. A requirement here is that variables which market participants would have taken into account when specifying prices are included in the measurement process. Wherever possible, respective parameters are taken from markets on which the instruments are issued or acquired.

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

Market data which forms the basis of risk controlling is generally applied for these Level 2 measurements.

For securities on the assets side for which there is no active market and for which measurement can no longer be based on market prices, fair value is determined for measurement purposes in accordance with a mark-to-matrix method that is based on discounted cash flows. For discounted cash flow methods, all payments are discounted by the risk-free interest-rate curve adjusted for the credit spread. Spreads are determined on the basis of comparable financial instruments (e.g., comparable in terms of the respective market segment and the issuer's credit rating).

The financial instruments in the Bremer Landesbank Group to be measured in this manner are ascertained on the basis of individual securities and a subsequent separation into active and inactive markets. Changed market assessments are consistently included in measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible.

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

<u>Level 3</u>

Financial instruments for which there is no longer an active market and for which measurement can no longer be based completely on observable market parameters are allocated to Level 3. In comparison and in differentiation to Level 2 measurement, this method employs models specific to the bank or data which is not observable on the market. The input parameters used in these methods include among other things assumptions about cash flows, loss estimates and the discount rate and are gathered as far as possible on a near-market basis.

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

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

Secured OTC derivatives are primarily measured by the NORD/LB Group using the current market standard of overnight index swap discounting (OIS discounting). In addition, the option to calculate the counterparty risk (credit value adjustment (CVA)/debit value adjustment (DVA) on the basis of the net risk position in accordance with IFRS 13.48 was exercised.

All measurement models applied in the Group are reviewed periodically. The fair values are subject to internal controls and processes in the Bremer Landesbank Group. These controls and processes are carried out and coordinated in the Finance and Risk Control Division. The models, the data used in them and the resulting fair values are reviewed regularly.

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

(in € m)	Basis of measurement	30.6.2014 Fair value	30.6.2014 Carrying amount	31.12.2013 Fair value	31.12.2013 Carrying amount
Assets					
Cash reserve	Fair value	16	16	65	65
Loans and advances to banks	Amortised cost	3,945	3,745	4,292	4,180
Loans and advances to customers	Amortised cost	21,543	22,203	20,727	22,726
of which: Receivables from finance leases	Amortised cost	14	14	15	15
Risk provisioning		-	-739	-	-664
Adjustment item for financial instruments hedged in the fair value hedge portfolio	Fair value	-	27	-	-
Financial assets at fair value through profit or loss					
Trading assets	Fair value	833	833	970	970
Designated financial assets reported at fair value	Fair value	26	26	78	78
Financial assets					
Financial assets in the AFS category	Fair value	4,343	4,343	4,851	4,851
Financial assets in the AFS category	at cost	-	10	-	10
Investments	Fair value	60	60	58	58
Positive fair values from hedge accounting derivatives	Fair value	575	575	338	338
Other assets					
in the LAR category	Amortised cost	52	52	17	17
in the AFS category	Fair value	8	8	8	8
Total		**31,401**	**31,159**	**31,404**	**32,637**
Liabilities					
Liabilities to banks	Amortised cost	11,126	10,781	11.117	10,972
Liabilities to customers	Amortised cost	9,654	9,090	10,424	10,009
of which: Receivables from finance leases	Amortised cost	-	-	-	-
Securitised liabilities	Amortised cost	7,507	7,383	8,097	8,000
Adjustment item for financial instruments hedged in the fair value hedge portfolio	Fair value	-	222	-	135
Financial liabilities at fair value through profit or loss					
Trading liabilities	Fair value	811	811	791	791
Negative fair values from hedge accounting derivatives	Fair value	167	167	91	91
Subordinated capital					
Silent participations	Amortised cost	-	-	-	-
Subordinated liabilities	Amortised cost	735	760	723	758
Other liabilities					
in the other liabilities category	Amortised cost	70	70	48	48
Total		**30,070**	**29,284**	**31,291**	**30,804**
Additional classes					
Irrevocable loan commitments		79	1,679	58	1,937
Financial guarantees		0	601	0	516

The fair values of loans and advances to banks and customers include loan loss provisions.

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

Shares in companies in the amount of € 10m (previous year-end: € 10m) were recognised at acquisition cost because these do not have a quoted price in an active market and the fair value attributable to them cannot be reliably established.

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

	30.6.2014				31.12.2013			
(in € m)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Trading assets								
Debt securities and other fixed-interest securities	20	-	-	**20**	43	-	-	**43**
Derivatives								
Interest-rate risk	-	752	-	**752**	-	809	-	**809**
Currency risk	-	60	-	**60**	-	114	-	**114**
Share-price and other price risks	-	1	-	**1**	-	-	-	**0**
Credit risk	-	-	-	**0**	-	4	-	**4**
Designated financial assets reported at fair value	26	-	-	**26**	78	-	-	**78**
Positive fair values from micro fair value hedge derivatives	-	212	-	**212**	-	218	-	**218**
Positive fair values from fair value hedge derivatives	-	363	-	**363**	-	121	-	**121**
Financial assets reported at fair value								
Debt securities, other fixed-interest securities and shares	1,174	3,169	-	**4,343**	487	4,315	49	**4,851**
Investments	-	-	60	**60**	1	-	58	**59**
Other assets reported at fair value	-	8	-	**8**	-	8	-	**8**
Total	**1,220**	**4,565**	**60**	**5,845**	**609**	**5,589**	**107**	**6,305**
Liabilities								
Trading liabilities					-	-	-	-
Interest-rate risk	-	753	-	**753**	-	710	-	**710**
Currency risk	-	50	-	**50**	-	59	-	**59**
Credit risk	-	8	-	**8**	-	18	4	**22**
Negative fair values from micro fair value hedge derivatives	-	39	-	**39**	-	48	-	**48**
Negative fair values from fair value hedge derivatives	-	128	-	**128**	-	43	-	**43**
Total	**-**	**978**	**0**	**978**	**-**	**878**	**4**	**882**

Fair values from the synthetic credit portfolio of CDSs (Level 2) total as at 30 June 2014 0.35 % (previous year-end: 1.0%) of the nominal amounts of € 2.0b (previous year-end: € 2.3b). The Bank intends to hold the existing synthetic credit portfolio to maturity.

Transfers within the fair value hierarchy break down as follows:

(in € m)	From Level 1 to Level 2	From Level 1 to Level 3	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 1	From Level 3 to Level 2
30.6.2014						
Trading assets	-	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets at fair value						
Debt securities and other fixed-interest securities	170	-	1,011	-	-	-
Other assets reported at fair value	-	-	-	-	-	-
Assets	**170**	**-**	**1,011**	**-**	**-**	**-**
Trading liabilities	-	-	-	-	-	3
Financial assets designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	**-**	**3**
31.12.2013						
Trading assets	-	-	-	-	-	-
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets at fair value						
Debt securities and other fixed-interest securities	3,681	-	-	6	-	-
Other assets reported at fair value	8	-	-	-	-	-
Assets	**3,689**	**-**	**-**	**6**	**-**	**-**
Trading liabilities	-	-	-	2	-	-
Financial assets designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**2**	**-**	**-**

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

For financial instruments, the activity status of the parameters used for the measurement is reviewed at individual transaction level. The review as at 30 showed that financial assets in the amount of EUR 1.0b were transferred from Level 2 to Level 1 due to an improvement in liquidity. Due to decreasing liquidity, financial assets in the amount of € 170m were transferred from Level 1 to Level 2 in the reporting period.

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

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

	Financial assets		
	Financial assets reported at fair value	**Investments**	**Trading liabilities**
	Debt securities and other fixed-interest securities		Negative fair values from derivatives
(in € m)			Credit derivatives
Opening balance 1.1.2013	**48**	**68**	**-4**
P&L effect [1]	0	-	3
Effect of revaluation reserve	1	3	-
Purchases	-	-	-
Sales	-	-	-
Redemptions	-	-18	-
Shift up from Levels 1 and 2	0	-	-3
Shift down to Levels 1 and 2	0	-	-
Shift up from at cost	-	5	-
Closing balance 31.12.2013	**49**	**58**	**-4**
Opening balance 1.1.2014	**49**	**58**	**-4**
P&L effect [1]	0	-	1
Effect of revaluation reserve	0	2	-
Purchases	-	-	-
Sales	-49	-	-
Redemptions	-	-	-
Shift up from Levels 1 and 2	-	-	-
Shift down to Levels 1 and 2	-	-	3
Shift up from at cost	0	-	-
Closing balance as at 30.6.2014	**0**	**60**	**0**

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

As in the previous year, the P&L effects are due in full to assets and liabilities held at the end of the reporting period. The P&L effects do not include any current profits and losses.

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

Sensitivity calculation for non-observable parameters

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

- Significant non-observable input data in the fair value measurement of derivatives are the CDS rating shift factor and historical volatilities. Details concerning the sensitivity of historic volatilities are permissibly not given, as the historic volatilities are not calculated by the company itself, but are based on original market transactions. Significant changes in the CDS rating shift factor result in a significantly higher or lower fair value. The fair value of the CDS classified in Level 3 totalled € -4.0m at the end of the previous year. In the sensitivity analysis, the CDS rating shift factor was stressed by raising or lowering the rating by one level. Accordingly, an imputed change in the CDS rating shift factor resulted in a change in the fair value of CDS in Level 3 as at 31 December 2013 of € 1.5m. The bandwidth of the input data used was between zero and five rating levels. The weighted average was 1.75 rating levels. As at 30 June 2014 no credit derivatives were measured as Level 3 in the Bremer Landesbank Group.

- A significant non-observable input parameter for the fair value measurement of the investments is the adjusted beta. The fair value of investments classified in Level 3 totalled € 60m at the previous year-end (previous year: € 58m). Significant changes in the input parameter result in a higher or lower fair value. In the sensitivity analysis, the adjusted beta was stressed in the measurement by raising and lowering this by 0.1 in each case. Accordingly, an imputed change in the underlying parameters resulted in a change in the fair values of investments in Level 3 of € 4.4m (previous year: € 3.7m). The bandwidth of the input data used is ± 60 BP. The weighted average is 600 BP.

For the fair value measurement of Level 3 financial instruments, there are no relevant correlations between significant Level 3 input parameters and as a result there is no impact on the fair value.

(35) Derivative financial instruments

(in € m)	Nominal values		Positive market values		Negative market values	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Interest-rate risk	36,813	38,930	1,326	1,149	920	801
Currency risk	4,557	4,621	60	114	50	59
Share-price and other price risks	0	0	0	0	0	0
Credit derivatives	1,327	2,268	2	3	8	22
Total	**42,697**	**45,819**	**1,388**	**1,266**	**978**	**882**

(36) Disclosures concerning selected countries

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

(in € m)	Financial instruments held for trading		Available for sale (AFS) assets		Loans and receivables	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Portugal						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	0	-
Corporates/other	-	-	-	-	0	-
Total Portugal	**-**	**-**	**-**	**-**	**0**	**-**
Italy						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	50	79	0	1
Corporates/other		-	-	-	0	1
Total Italy	**-**	**-**	**50**	**79**	**0**	**2**
Ireland						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	111	143	0	9
Corporates/other	0	-	-	-	21	22
Total Ireland	**0**	**-**	**111**	**143**	**21**	**31**
Greece						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	30	30
Total Greece	**-**	**-**	**-**	**-**	**30**	**30**
Spain						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	0	-	39	37	2	4
Corporates/other	-	-	-	-	0	-
Total Spain	**0**	**-**	**39**	**37**	**2**	**4**
Cyprus						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	325	334
Total Cyprus	**-**	**-**	**-**	**-**	**325**	**334**
Hungary						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	1	3
Corporates/other	-	-	-	-	21	21
Total Hungary	**-**	**-**	**-**	**-**	**22**	**24**
Total	**0**	**-**	**200**	**259**	**400**	**425**

For financial instruments in the available-for-sale category with acquisition costs totalling € 195m (previous year-end: € 251m) the cumulative valuation result in other comprehensive income with regard to the above-mentioned selected countries comes to € -4m (previous year-end: € -6m). In the consolidated income statement for the period no impairment losses were recorded, as was the case for the same period of the previous year.

As in the previous year, no notable specific valuation allowances were made for loans and receivables in relation to the above countries. General valuation allowances total € 11m. The fair value of the exposure in the loans and receivables category totals € 293m (previous year-end: € 337m).

In the first half of 2014, Bremer Landesbank did not have any exposure in Slovenia or Egypt.

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

(in € m)	Nominal values Protection buyer		Market values Protection buyer		Nominal values Protection seller		Market values Protection seller	
	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013	30.6.2014	31.12.2013
Portugal								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	140	140	-3	-6
Corporates/other	-	-	-	-	-	-	-	-
Total Portugal	**-**	**-**	**-**	**-**	**140**	**140**	**-3**	**-6**
Italy								
Sovereign exposure	-	-	-	-	36	72	0	-
Financial institutions/ insurance companies	60	60	1	2	165	485	-1	-4
Corporates/other	-	-	-	-	-	-	-	-
Total Italy	**60**	**60**	**1**	**2**	**201**	**557**	**-1**	**-4**
Ireland								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	45	45	-1	-3
Corporates/other	-	-	-	-	-	-	-	-
Total Ireland	**-**	**-**	**-**	**-**	**45**	**45**	**-1**	**-3**
Greece								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	-	-	-	-
Corporates/other	-	-	-	-	-	-	-	-
Total Greece	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Spain								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ insurance companies	20	20	0	-	190	280	-1	-4
Corporates/other	-	-	-	-	-	-	-	-
Total Spain	**20**	**20**	**0**	**-**	**190**	**280**	**-1**	**-4**
Cyprus								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ insurance companies	-	-	-	-	-	-	-	-
Corporates/other	-	-	-	-	-	-	-	-
Total Cyprus	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**80**	**80**	**1**	**2**	**576**	**1,022**	**-6**	**-17**

Further information

(37) Regulatory data

The following regulatory data as at 31 December 2013 was calculated in accordance with the German Solvency Regulation), the data as at 30 June 2014 was calculated in accordance with the Capital Requirements Directive (CRR).

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Risk-weighted assets	16,512	16,107	3
Capital requirements for counterparty default risks	1,184	1,184	0
Capital requirements for market risks	48	33	45
Capital requirements for operational risk	70	71	-1
Capital requirements in accordance with the German Solvency Regulation	1,321	1,289	2

The following table shows the composition of regulatory capital for the Bank in accordance with Section 10 of the German Banking Act:

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Paid-in capital	265	265	0
Other reserves	1,078	1,050	3
Special item for general banking risks in accordance with Section 340g of the German Commercial Code	536	525	2
Other components (intangible assets)	-3	-2	50
Core capital without deductions	**1,882**	**1,838**	**2**
Deductions from core capital	457	373	23
Core capital for solvency purposes	**1,425**	**1,465**	**-3**
Longer-term subordinated liabilities	644	660	-2
Other components	1	1	-
Supplementary capital	**645**	**661**	**-2**
Deductions from supplementary capital	301	373	-19
Supplementary capital for solvency purposes	**345**	**287**	**20**
Modified available equity	**1,769**	**1,752**	**1**
Tier three capital	-	-	-
Eligible capital in accordance with Section 10 of the German Banking Act	**1,769**	**1,752**	**1**

in %	30.6.2014	31.12.2013	Change
Overall ratio	10.71	10.87	-1
Core capital ratio (before appropriation of profit)	8.63	9.09	-5

(38) Contingent liabilities and other obligations

	30.6.2014 (in € m)	31.12.2013 (in € m)	Change (in %)
Contingent liabilities			
Contingent liabilities on bills rediscounted and settled	-	-	-
Liabilities from guarantees	505	529	-5
Liability from the provision of collateral for third-party liabilities	-	-	-
Other contingent liabilities	-	-	-
Other obligations			
Placement and underwriting commitments	-	-	-
Irrevocable loan commitments	1,679	1,937	-13
Credit guarantees	346	203	**70**
Trading-related guarantees (letters of credit)	255	213	**20**
Financial guarantees	601	516	16
Total	**2,785**	**2,982**	**-7**

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

(39) Other financial obligations

The following significant other financial obligations exist:

- As guarantors, Bremer Landesbank and the other owners of DekaBank Deutsche Girozentrale are jointly liable for the latter.
- An obligation to contribute to M Cap Finance Deutsche Mezzanine Fonds Zweite GmbH & Co. KG, Leipzig, amounts to € 4m (previous year-end: € 4m).
- Another obligation to make additional contributions and additional joint liability for other shareholders relating to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, amounts to € 3m (previous year-end: € 3m).
- Contributions to the security reserve of the Landesbanken and girobanks were re-calculated on the basis of risk-orientated principles. This resulted in obligations to make additional contributions of € 55m (previous year-end: € 55m). These additional contributions can be called in when support is required.
- In connection with the redemption of shares in FinanzIT GmbH, the withdrawing shareholders NORD/LB, Bremer Landesbank and Landesbank Saar have undertaken to cover the company's risks from the period up to their withdrawal jointly with the remaining FinanzIT shareholders provided these risks actually occur and are not covered by provisions already established.

- As security for transactions on futures exchanges, a cash security of € 15m was deposited at Eurex Deutschland, Frankfurt am Main (previous year-end: € 15m).

Companies and individuals linked to the Group

(40) Related Parties

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

The volume of such transactions is shown below:

(in € m)	Parent company	Subsidiary	Affiliated companies	Management in key positions	Other related parties
30.6.2014					
Outstanding loans and advances					
to banks	84	-	31	-	50
to customers	-	-	102	7	140
Other outstanding assets including securities	189	-	18	0	5
Total assets	**273**	**-**	**151**	**7**	**195**
Outstanding liabilities					
to banks	264	-	134	-	34
to customers	-	2	19	2	13
Other outstanding assets including securities	233	-	0	-	2
Total liabilities	**497**	**2**	**153**	**2**	**49**
Guarantees received	0	-	-	-	-
Guarantees granted	1	-	7	-	0

31.12.2013					
Outstanding loans and advances					
to banks	128	-	33	-	50
to customers	-	1	104	31	143
Other outstanding assets including securities	242	-	18	-	15
Total assets	**370**	**1**	**155**	**31**	**208**
Outstanding liabilities					
to banks	93	-	134	-	33
to customers	-	1	17	3	13
Other outstanding assets including securities	240	-	0	-	1
Total liabilities	**333**	**1**	**151**	**3**	**47**
Guarantees received	0	0	-	-	-
Guarantees granted	1	-	7	-	0

(in € m)	Parent company	Subsidiary	Affiliated companies	Management in key positions	Other related parties
1.1.-30.6.2014					
Interest expenses	9	0	2	0	1
Interest income	2	-	2	0	4
Commission expenses	-	-	0	-	-
Commission income	-	0	0	-	0
Other expenses	11	-	-	0	0
Other income	2	0	0	-	0
Total contributions to income	**-16**	**0**	**0**	**0**	**3**
1.1.-30.6.2013					
Interest expenses	5	0	3	0	1
Interest income	2	-	3	0	3
Commission expenses	-	0	0	0	0
Commission income	0	-	0	0	0
Other expenses	-	-	-	0	-
Other income	-	-	-	0	-
Total contributions to income	**-3**	**0**	**0**	**0**	**2**

(41) Members of governing bodies as at 30 June 2014

1. Members of the Managing Board

Dr. Stephan-Andreas Kaulvers
Chairman

Heinrich Engelken
Deputy Chairman

Dr. Guido Brune

2. Members of the Supervisory Board

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

Thomas Mang
(Deputy Chairman)
President of the Savings Banks Association
Lower Saxony, Hanover

Thomas S. Bürkle (from 1 March 2014)
Member of the Managing Board of NORD/LB
Norddeutsche Landesbank Girozentrale, Hanover

Ursula Carl
Managing Director
ATLANTIC Grand Hotel, Bremen

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

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

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

Martin Grapentin
Chairman of the Managing Board of
Landessparkasse zu Oldenburg, Oldenburg

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

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

Andreas Klarmann
Banker
Bremer Landesbank, Bremen

Bernhard Reuter
District Administrator of Göttingen District, Göttingen

Dr. Johannes-Jörg Riegler
(until 28 February 2014)
Member of the Managing Board of NORD/LB
Norddeutsche Landesbank Girozentrale, Hanover

Michael Schlüter
Banker
Bremer Landesbank, Bremen

Peter-Jürgen Schneider
Lower Saxony Minister of Finance, Hanover

Jörg Walde
Banker
Bremer Landesbank, Bremen

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

Eike Westermann
Fully qualified lawyer
Bremer Landesbank, Bremen

Markus Westermann
Vereinte Dienstleistungsgewerkschaft ver.di, Bremen

(42) List of shareholdings as at 30 June 2014

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

Company name and registered office	Shares in % indirect	Shares in % direct	Equity (in € m) [1]	Operating result (in € m)
Companies included in the consolidated financial statements				
Subsidiaries				
BLB Grundbesitz KG, Bremen	-	100.00	-	-
BLBI Investment GmbH & Co. KG, Bremen	100.00	-	-	-
BLB Immobilien GmbH, Bremen	-	100.00	-	- [2]
BLB Leasing GmbH, Oldenburg	-	100.00	-	- [2]
Bremische Grundstücks-GmbH, Bremen	-	100.00	-	-
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	-	-	-
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	90.00	10.00	-	-
Investments included in the consolidated financial statements using the equity method				
Affiliated companies				
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	-	-	-
BREBAU GmbH, Bremen	48.84	-	-	-
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen	-	16.50	-	-
GSG Oldenburg Bau- und Wohngesellschaft, Oldenburg	-	22.22	-	-
Investment funds				
Lazard-Sparkassen Rendite-Plus-Fonds, Frankfurt am Main	-	49.18	-	-
Companies not included in the consolidated financial statements				
BGG Bremen GmbH & Co. KG, Bremen	100.00	-	0.1 [4]	0.0 [4]
BGG Oldenburg GmbH & Co. KG, Bremen	100.00	-	7.8 [4]	0.9 [4]
BLB I Beteiligungs-GmbH, Bremen	100.00	-	0.1 [4]	0.0 [4]
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen	-	49.00	[3]	[3]
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen	100.00	-	0.1 [4]	0.8 [4]
Bremische Grundstücks-GmbH & Co. Wohnanlagen Gross-Bonn, Bremen	100.00	-	0.2 [4]	0.1 [4]
BREMER LAGERHAUS-GESELLSCHFT- Aktiengesellschaft von 1877-, Bremen	-	12.61	15.0	2.2
GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen	7.75	-	363.5	34.1
Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	-	20.46	10.9	0.7 [5]
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen	50.00	-	-2.3	-0.4 [4]
Grundstücksgemeinschaft Escherweg 8 GbR, Bremen	50.00	-	-0.8	-0.3 [4]
Interessengemeinschaft KATHARINENKLOSTERHOF GbR, Bremen	30.70	-	0.5	-0.1 [4]
NBV Beteiligungs-GmbH, Hamburg	-	21.33	15.0	2.2
Öffentliche Versicherung Bremen, Bremen	-	20.00	5.1	-0.9
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	-	100.00	0.2	0.1
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	-	100.00	31.0	3.2
WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	-	23.84	0.0	0.0
Wohnungsbaugesellschaft Wesermarsch mbH, Brake	-	21.71	18.8 [5]	0.4 [5]

[1] Equity as defined in Sections 266 and 272 of the German Commercial Code There are no unpaid contributions.
[2] Control and profit-and-loss transfer agreement concluded with the company.
[3] No information provided in accordance with Section 313 (2) No. 4 Clause 3 of the German Commercial Code.
[4] Figures are from the most recent, but as yet unapproved, financial statements for 2013.
[5] Figures are from the most recent approved, financial statements for 2012.

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

Bremen, 19 August 2014

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

The Managing Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

Responsibility statement

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

Bremen, 19 August 2014

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

The Managing Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

Auditor’s report

To Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen:

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash flow statement, the condensed consolidated notes and the interim group management report of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, for the period from 1 January to 30 June 2014, which are part of the half-year financial report in accordance with Section 37w of the German Securities Trading Act (WpHG). The preparation of the interim condensed consolidated financial statements in accordance with IFRSs (International Financial Reporting Standards) as adopted by the EU and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with the generally accepted German principles for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to ensure that the interim condensed consolidated financial statements are prepared, in all material respects, in accordance with IFRSs for interim financial reporting as adopted by the EU and that the interim group management report is prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to questioning company personnel and applying analytical procedures and therefore does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our assignment, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRSs for interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Hanover, 20 August 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Leitz
Wirtschaftsprüfer (German Public Auditor)

Mahr
Wirtschaftsprüfer (German Public Auditor)