BREMER LANDESBANK

Interim Financial Report

of Bremer Landesbank

in accordance with IFRS as at 30 June 2016

Overview of the Bremer Landesbank Group

Group statement of comprehensive income	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in € m)	Change (in %)
Net interest income	184	207	-23	-11
Loan loss provisions	-449	-108	-341	>100
Net commission income	13	20	-7	-35
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	-19	45	-64	>-100
Other operating profit/loss	-14	6	-20	>-100
Administrative expenses	105	102	3	3
Profit/loss from financial investments	1	3	-2	-67
Profit/loss from financial assets reported using the equity method	3	4	-1	-25
Earnings before taxes	**-386**	**75**	**-461**	**>-100**
Income taxes	-2	19	-21	>-100
Consolidated profit/loss	**-384**	**56**	**-440**	**>-100**

Balance sheet figures	**30 Jun 2016**	**31 Dec 2015**		**Change**
Total assets	29,869	29,971	-102	0
Customer deposits	9,721	9,892	-171	-2
Customer loans	22,453	22,781	-328	-1
Risk provisioning	-1,364	-1,063	-301	28
Equity	1,470	1,904	-434	-23
Key ratios	**30 Jun 2016**	**30 Jun 2015**		**Change**
Cost-income ratio (CIR)	57.7%	34.1%	-	69
Return on equity (before taxes)	-52.5%	8.7%	-	>-100
BIS capital ratios	**30 Jun 2016**	**31 Dec 2015**		**Change**
Tier 1 capital	1,414	1,487	-73	-5
Risk-weighted assets	12,849	13,815	-966	-7
Tier 1 capital ratio	11.01%	10.76%	-	2
Number of employees	**30 Jun 2016**	**30 Jun 2015**		**Change**
Total	1,069	1,112	-43	-4
Current ratings (long-term rating)	**30 Jun 2016**	**31 Dec 2015**		
Fitch Ratings	A-	A-		

Contents

Interim Financial Report of Bremer Landesbank in accordance with IFRS as at 30 June 2016

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 2015.

1. The Group – Basic Information

The objectives and strategies of the Group, the business segments and subsidiaries and the Group’s integrated bank management remained fundamentally unchanged compared to the published annual financial report. In the interim only an organisational adjustment has been performed. The number of strategic business units has fallen from 11 to 10, as compared to 31 December 2015, because the Commercial Customers SBU was integrated into the Corporates SBU.

With respect to the basis of consolidation, only the following adjustment needs to be taken into account: in May 2016, the special fund NORD/LB AM ARB Europe was relaunched with a volume of € 50 million with Bremer Landesbank as its sole owner. The fund was fully consolidated for the first time when the consolidated financial statements as at 30 June 2016 were drawn up.

2. Economic Report

2.1 General Economic and Industry-specific Environment

2.2.1 Economic Situation and Financial Markets

Global Economy

According to IMF calculations, the global economy is expected to grow in the current year by 3.2 per cent compared with 3.1 per cent in 2015. Therefore, in its April forecast, the IMF revised down its initial assessment of 3.4 per cent.

For 2016, the conditions for the development of the global economy are cautiously positive. Commodity prices that are generally still low in historical terms alongside high levels of liquidity available around the world and the continuation of low-interest-rate policies in the industrialised countries are providing supportive impulses for the global economic situation.

Positive momentum is being created by the implementation of the trans-border Silk Road infrastructure project. The lifting of sanctions against Iran is likewise providing marginally supportive impulses.

The political trouble spots in Ukraine and the Middle East continue to constitute latent stress-inducing factors.

Half way through 2016, the positive result in the referendum for the United Kingdom to leave the EU is having a dampening effect, regionally, on economic conditions in the EU as well as on the global economic environment. Furthermore, the issue of the Italian banking crisis, which carries the risk of mutating into a European one, is giving cause for concern.

The US economy turned in a disappointing performance in the first half of 2016. In particular, the manufacturing sector experienced weakness. The US Federal Reserve's interest rate turnaround, which was initiated in December and is currently on hold, is fraught with risk. For 2016, the IMF is assuming that US economic output will expand by 2.4 per cent (previously 2.6 per cent) after 2.4 per cent in 2015.

In 2015, Japan's economy with its growth rate of 0.5 per cent failed to impress. In the first half of 2016, once again, the economic trend was below average and this prompted the IMF to adjust its initial growth forecast of 1 per cent down to 0.5 per cent.

Economic growth in the emerging economies was robust. For countries that are highly dependent on commodity exports, the moderate rises in commodity prices provided tenuous signs of stabilisation. The strong US dollar is continuing to be a burden for many emerging economies.

The ongoing restructuring of the Chinese economic model based on manufacturing and export towards an economy that is more focused on the domestic market is having a dampening effect on the economic situation. According to the IMF, growth in 2015 was 6.9 per cent. For the current year, the IMF expects GDP to expand by 6.5 per cent (previously 6.3 per cent).

In 2015 India made a positive contribution with growth of 7.3 per cent. For 2016 the IMF forecasts growth of 7.5 per cent.

Brazil's economic performance in 2015 was disappointing with a fall of 3.8 per cent. Government crises based on corruption allegations were important catalysts. The situation is not expected to ease in the foreseeable future. The IMF is assuming that GDP will contract, once again, by 3.8 per cent in the current year.

Russia's economy continues to be affected by Western sanctions. As a result, GDP fell by 3.7 per cent in 2015. For the current year, the IMF is forecasting a further contraction of GDP by 1.2 per cent.

Europe

In the first half of 2016, the eurozone defied the weakening global economic momentum. Besides Germany, the successful reforming countries of Ireland and Spain are supporting the economic expansion of the eurozone. In France the tempo of economic growth is picking up moderately. The pending exit of the United Kingdom from the EU as well as the banking crisis in Italy were recently the catalysts for an adjustment to the eurozone's growth forecasts, by the IMF, from 1.6 per cent previously to 1.4 per cent.

Germany

So far this year, the German economy has been on a solid growth course in the region of 1.5 per cent. Private consumption and public consumption were and still are the key drivers of the positive economic situation in addition to strengthening demand from the eurozone.

Financial Markets

In the first half of 2016, high volatility dominated on the financial markets and this is expected to continue for the remainder of 2016.

The nervousness was and is due to a number of trouble spots. The latent destabilisation of the security situation in and around Ukraine, continued instability in the Middle East, the UK withdrawal from the EU, the Italian banking crisis, the loss of momentum in the US economy and increasing geopolitical risks between Russia and the West have had and continue to have an adverse effect on the psychology of the financial markets.

Starting the year at around 10,480 points, the DAX came under severe pressure and in 2016 rallied from lows of 8,700 points in February to a peak of 10,474 points in April. Since then an unusually broad range of between 9,200 and 10,340 has established itself, which is an indicator of extremely thin markets and high levels of nervousness.

In view of the disproportionate valuation, from a historical perspective, and the attractive dividend yields of currently more than 3 per cent while, at the same time, there is repression on the interest rate market, the stock market in 2016 will continue to offer attractive investment opportunities during phases of weakness.

In 2016, the yield on the ten-year German government bond set a historical low of -0.21 per cent. In the event of an exacerbated crisis situation, further falls towards -0.40 per cent cannot be completely ruled out.

The trend towards a more intensified surge in prices, starting from a very low base, implies that, in the further course of 2016, there will be opportunities for a moderate trend reversal on the capital market in the direction of higher yields.

However, the negative interest-rate policy established by the ECB, which has been extended into the middle of 2017, limits the scope for increasing yields on the capital market.

At the start of 2016, the euro successfully held its own against the major currencies. Between January 2016 and the beginning of May, the euro appreciated against the USD from 1.08 to 1.16 USD and since then it has moved within a range of between 1.09 and 1.14.

The ECB’s distinct policy of monetary easing coupled with the first hesitant step in the US interest rate turnaround, on the one hand, as well as the resilience of the eurozone economy to-date, on the other hand, imply a further sideways movement.

2.1.2 The Region

Bremen and the surrounding area are characterised by different economic structures. For the various regions of Bremen, Oldenburg and Emden, in some case, this divergence results in different evaluations and analyses with respect to the individual sectors.

The current assessments in the three chamber of commerce regions indicate that the economic cycle is basically robust, however, it is characterised by differences in the momentum.

Bremen

According to the Bremen Chamber of Industry and Commerce, in 2016, Bremen's economy was on a solid course for growth across all sectors. The business climate is in the region of the ten-year average.

Export prospects were slightly dampened. The business situation is satisfactory in the wholesale and retail sectors. The service and industry sectors appear to be stable while construction experienced a slight downturn. Investment plans are stable at a slightly reduced level.

Oldenburg

In the spring, the overall growth of Oldenburg's economy experienced slight losses in momentum. The service, construction and wholesale sectors stood out positively. By contrast, the situation in the industrial sector and in respect of overseas orders was subdued.

In the spring, there was a modest fall in the Chamber of Industry and Commerce index from 116.3 to 114.1 points.

Business expectations across all sectors are muted due to the global uncertainties.

Emden

Spring 2016 offered a robust image in the region of the Emden Chamber of Industry and Commerce. The economic climate index rose, in the spring, by 9 points to its current level of 119.

The unresolved Volkswagen crisis continued to have a negative impact. The earnings situation in the transport industry deteriorated accordingly.

The retail and wholesale sectors provided positive impulses in the wake of the good labour market situation and the resulting propensity to consume.

Expectations in the export business are stable to good. Investment activity is stable with the focus on replacement and rationalisation investments.

2.1.3 The Industry

The German banking system has long been characterised by a structural weakness in respect of earnings and this is especially apparent in the decrease in interest margins. The reason for this is the intense level of competition, which makes it difficult to build up capital buffers from retained profits. Furthermore, there has been a considerable build-up of risks in individual sectors of the credit markets. The risk of default particularly affects shipping loans, loans for foreign commercial real estate and old liabilities in the form of securitisations. Another important factor for the German banking system is that in a low-interest-rate environment no disproportionately high risks build up from lending for residential real estate in Germany.

A substantial increase in risk provisioning in the Ship Finance business segment resulted in a loss for Bremer Landesbank in the first half of 2016. The reason for the valuation allowances is the ongoing crisis in merchant shipping. Currently, the shipping crisis represents a significant challenge for all banks involved in ship finance and, moreover, it is forcing Bremer Landesbank to actively reduce its portfolio while creating considerable valuation allowances in order to reduce the risks in this segment in the long term. Despite challenging competitive conditions overall, Bremer Landesbank was able to hold its own as a profitable bank in the other business segments. Here, it has been possible to expand business further, in particular, in the renewable energies segment, which is characterised by strong competition between the banks.

The regulatory changes introduced in the wake of the ECB's assumption of banking supervision duties are having an increasingly important impact on the competitiveness of European banks. Besides the increasing costs arising from the recruitment of suitable personnel and the modification of the requisite IT systems, above all, it is the impact on the control of the banks that is of great significance. This impact is reflected not only in the increased minimum capital requirements, but also in the far-reaching adjustments to yield management as well as to the risk measurement and control process.

In the current year, Europe-wide bank stress tests will once again be conducted by the ECB and EBA. These entail a complex process of data collection and transformation in the Finance and Risk Control divisions. The NORD/LB Group achieved a solid overall result in the Europe-wide stress test conducted by the regulatory authorities in 2016. In the course of this, the NORD/LB Group recorded a Common Equity Tier 1 capital ratio of 13.2 per cent in the baseline scenario and 8.7 per cent in the adverse scenario. Moreover, as part of the "Supervisory Review and Evaluation Process" (SREP), a standardised pan-European methodology was created to evaluate important financial institutions and this came into effect on 1 January 2016. This methodology is associated with a substantial increase in requirements for the banks in the areas of the business model, internal control systems, risk-bearing capacity and liquidity management. Besides greater capital adequacy requirements and a new model for evaluating the risk-bearing capacity of a financial institution, there are additional liquidity requirements and a large number of adjustments to the management of risk and transactions. The requirements relating to the quality of the IT systems have also risen drastically for European banks. As part of the BCBS 239-Project, Bremer Landesbank is implementing the necessary changes to the retention and evaluation of risk data and the reporting based on these data in a multi-year process. Bremer Landesbank is taking a proactive approach to meeting the regulatory requirements and is continually adapting its risk and yield management processes as well as its systems in accordance with future requirements.

The Bank’s response to the increasing competition in the lending business is, among other things, the “BLB2020” project. Within the scope of this, the options for increasing income and reducing costs will be examined as well as the opportunities for expanding in new business segments and for optimising the Bank’s internal processes.

2.1.4 Markets

Northwest

The individual sectors of the economy in the Northwest of Germany have performed differently. Viewed as a whole, the economic situation is good and the prospects for the future are considered to be positive. There is a willingness to invest but, against the background of recent developments, it is tempered by Hanseatic caution so that the financing needs of the companies in the region fluctuate within a modest range.

Slightly rising employment and income provide the basis for a basically positive assessment of the prospects for private households and this is reflected in stronger consumption. However, high net worth individuals are much sought after clients and they are looking for alternative investment options on account of the low interest rates.

Shipping

Falling rates of global trade growth in conjunction with persistently high overcapacities are placing substantial strain on the shipping sector. In the first half of 2016, the Baltic Dry Index fell to an all-time low and, in container shipping, lows were seen in charter rates. Like other banks operating in this segment, Bremer Landesbank has been forced to increase its risk provisioning substantially and to combine this with extensive restructuring measures in the shipping segment. Despite the current overcapacities and low rates of global trade volume growth, nevertheless, merchant shipping is expected to recover in the medium to long term. In particular, for smaller ships, which are a focal point for Bremer Landesbank’s financing activities, the reduction in overcapacities is expected to produce a market recovery. In such a market environment, Bremer Landesbank is not entering into any new transactions and is continuing to adapt itself in anticipation of further difficulties in this business segment.

Leasing

Despite the prolonged uncertainty, over the course of the year, among German companies with respect to new investments, in the first half of 2016, the German leasing industry was able to maintain the level of its new business and even managed to increase its market share of equipment investment.

Renewable Energies

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

Social Welfare Facilities

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

Local Real Estate Market

Despite favourable long-term interest rates, the growth prospects for the local real estate sector remain very limited for both commercial and also for residential real estate. In the commercial sector, there is a good supply that meets a specific demand.

2.1.5 Impact on Bremer Landesbank

Taking into consideration the globalisation of the world economy, the aforementioned developments can have an impact on the Bank's business performance.

- Developments in the world economy impact the global flow of goods and, therefore, transport volumes in the shipping sector in conjunction with the capacity growth of the global trading fleet. The duration and severity of the crisis in the shipping markets are the key driving factors that affect the level of the Bank's risk provisioning and the utilisation of its risk-bearing capacity.
- The stability of the eurozone – particularly of the highly indebted countries in southern Europe – affects euro exchange rates against other currencies and therefore, on the one hand, the export opportunities for the economy and, on the other hand, the valuation of securities. In particular, the development of the euro/dollar exchange rate can have a noticeable effect on the level of loans and advances to customers, RWA and total assets, but also on the Bank's net interest income and risk provisioning.

- Domestic and regional economic activity has an impact on medium-sized corporate customers and their financing needs and, therefore, also Bremer Landesbank's lending business.

- Interest rates, on the one hand, affect achievable margins in the lending business. However, on the other hand, in combination with the anticipated economic developments they can also impact the financing needs of companies and private individuals in the business region. The prolonged low-interest phase has resulted in a fall in Bremer Landesbank's interest income.

- The performance of stock 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, also 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 engage in real estate business.

2.2 Business Performance

In the first half of 2016, Bremer Landesbank's business performance was massively affected by the ongoing crisis in the shipping markets that are relevant for the Bank. The shipping segment continues to be exposed to considerable pressures due to falling growth rates in the emerging economies and the existing oversupply of transport capacity. This is reflected, in particular, in exceptionally high levels of risk provisioning in this business segment, the associated pressure on capital ratios as well as the continued need to restructure and reduce commitments in this segment.

At the present time, a sustainable recovery in the shipping sector is subject to considerable uncertainty due to the lingering overcapacities. Based on a recovery in charter rates only in the medium to long term, Bremer Landesbank anticipates continuing pressures in this segment for the near term, too.

The measures that have been initiated within the scope of the management of RWA and shortfalls will continue to be pushed forward. For example, a further synthetic securitisation has been launched.

With a view to supporting the measures introduced by the Bank, in June 2016, the owners agreed to maintain Bremer Landesbank's capital intact at an adequate level. Under this condition, the Bank's underlying earning power is still deemed to be satisfactory enough and continues to provide a basis from which it is able to meet the challenges in the shipping segment as well as the growing regulatory requirements.

2.3 Position of the Group

2.3.1 Earnings

In the first half of 2016, the development of earnings at the Bremer Landesbank Group was not satisfactory due to the exceptionally high levels of risk provisioning in the Ship Finance segment.

Income Statement

	Notes	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Interest income		563	646	-13
Interest expenses		379	439	-14
Net interest income	**7**	**184**	**207**	**-11**
Loan loss provisions	8	-449	-108	>100
Net interest income after risk provisioning		**-265**	**99**	**>-100**
Commission income		23	24	-4
Commission expenses		10	4	>100
Net commission income	**9**	**13**	**20**	**-35**
Trading profit/loss		-15	29	>-100
Profit/loss from designated financial instruments		0	0	0
Profit/loss from financial instruments at fair value through profit or loss	**10**	**-15**	**29**	**>-100**
Profit/loss from hedge accounting	11	-4	16	>-100
Profit/loss from financial assets	12	1	3	-67
Profit/loss from financial assets accounted for using the equity method	13	3	4	-25
Administrative expenses	14	105	102	3
Other operating profit/loss	15	-14	6	>-100
Earnings before taxes		**-386**	**75**	**>-100**
Income taxes	16	-2	19	>-100
Consolidated profit/loss		**-384**	**56**	**>-100**
of which: attributable to shareholders of the parent company		-384	56	>-100
of which: attributable to non-controlling interests		-	-	-

Net Interest Income

Net interest income decreased more strongly than expected by 11 per cent from € 207 million to € 184 million.

The low interest rate level resulted in a slight fall in margins in some cases. In combination with a slightly lower volume of receivables in business with non-banks, overall interest income and expenses decreased moderately. The contributions generated from the operating business with customers of the Bank remained at a high level overall.

The Ship and Special Finance segments as well as Corporate Customers made significant contributions to the customer-oriented business as they did previously.

Overall, net interest income was below the level planned by the Bank.

Loan Loss Provisions

In the first half of 2016, loan loss provisions rose to € 449 million due to substantially higher allocations to specific valuation allowances when compared with the previous year (previous mid-year: € 108 million).

In the first half of 2016, Bremer Landesbank’s business performance was massively affected by the ongoing crisis in the shipping markets that are relevant for the Bank. This is reflected, in particular, in the exceptionally high levels of risk provisioning in this business segment, the associated pressure on total capital ratios as well as the need to restructure or reduce commitments in this segment.

Despite slight signs of recovery within individual ship classes, pressure on charter rates and ship prices in other sub-segments (bulkers, chemical tankers and parts of the container segment) is still being felt as a large number of newly completed ships are still entering the market. At the present time, a sustainable recovery in the shipping sector is subject to considerable uncertainty due to the lingering overcapacities. Based on a recovery in charter rates only in the medium to long term, Bremer Landesbank anticipates continuing pressures in this segment for the near term, too.

Through the creation of general loan loss provisions the Bank accounts for risks which have presumably occurred but have not yet been recognised.

Net Commission Income

Net commission income fell by 35 per cent from € 20 million to € 13 million. In this case, the decrease was attributable solely to the expenses incurred for measures to strengthen the Bank’s Tier 1 capital ratio. These had not yet arisen in the first half of the previous financial year and were also the reason why there was a slight shortfall in net commission income as compared to planned levels. By contrast, the overall performance of the operative core elements of net commission income was stable. Slight increases in net commissions from the securities business (including asset management) were offset by decreases of almost the same amount in foreign exchange transaction commissions. The loan commissions generated in the commercial lending business largely corresponded to the adequate values of the previous year.

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

In the first half of 2016, fair value valuations of financial instruments, in particular, those due to a negative valuation result from derivatives, produced a loss of around € 15 million, as compared to a profit of € 29 million in the same period of the previous year. The further fall in long-term interest rates that was seen in the first half-year contributed substantially to this development. A widening in the spread between the EURIBOR and EONIA yield curves, especially in the maturity ranges of three to 15 years, resulted here in a negative effect on earnings. Additionally, the higher discount for counterparty risks (CVA/DVA) had a negative impact on the fair value result as at 30 June 2016.

In the first half of 2015, a positive result of € 4.2 million was generated from CDS as a result of the unwinding of specific positions. In the current reporting period, the earnings performance from CDS was of minor importance as the portfolio is now very small.

Profit/Loss from Hedge Accounting

In the first half of 2016, the hedges designated by Bremer Landesbank generated a loss of € -4 million compared with a profit of € 16 million as at 30 June 2015. The increase in the spread between the EURIBOR and EONIA yield curves recorded in certain maturity bands affected the performance of the hedged volume of € 7.7 billion.

Administrative Expenses

Administrative expenses rose slightly by € 3 million to € 105 million when compared with the prior mid-year, (previous mid-year: € 102 million).

Staff expenses at around € 49 million were slightly lower than the level in the same period in the previous year (€ 51 million). This was due to lower numbers of employees, as planned, as well as lower allocations to pension/staff provisions.

Other administrative expenses increased by € 6 million, or 13 per cent, to € 52 million. In the main, the increase in other administrative expenses was due to higher expenses for dues and contributions. In this respect, the increased expenditure of € 10 million (incl. previous year's value: € 6 million) for the bank levy is noteworthy. Additionally, the expense for the EU deposit guarantee scheme, as at 30 June 2016, with the full year amount of € 8 million was € 1 million higher than the expenditure of € 7 million incurred as at the previous year's reporting date.

Depreciation and valuation allowances for intangible assets and property and equipment at € 4 million were slightly below the level of the prior mid-year.

Overall, administrative expenses at mid-year 2016 were moderately above the expected level.

Earnings/Loss before Taxes

The loss before taxes in the BLB Group amounted to € -386 million for the first half of 2016 and this was, therefore, a decrease of € 461 million when compared with the same period in 2015.

Consolidated Profit/Loss

At mid-year 2016, after positive income taxes of € 2 million, the consolidated loss was € 384 million compared with a profit of € 56 million at prior mid-year.

Bremer Landesbank’s consolidated loss in the first half of 2016 was massively affected by the ongoing crisis in the shipping markets that are relevant for the Bank. This was reflected, in particular, in the very high levels of risk provisioning in this business segment. At the present time, a sustainable recovery in the shipping sector is subject to considerable uncertainty due to the lingering overcapacities.

Ultimately, despite its continued good operating profits, for the first time, the Bank was unable to compensate for the effects of the situation described above. Therefore, it is likely that the Bank will close 2016 with a loss. The Bank considers the abovementioned result, for the first half of 2016, which was generated under circumstances that are perceived to be challenging, not to be satisfactory.

The future consolidated profit will continue to be heavily dependent on the development of the crisis in the shipping markets.

2.3.2 Net Assets and Changes in the Financial Position

Total Assets

As in previous years, the Bank concentrated more intensely on transactions that promised a good balance between profitability and capital charges.

On the asset side, the interbank business stabilised at a low level, while the financial asset portfolio remained almost unchanged and loans and advances to customers fell slightly.

With regard to refinancing, the ratio of liabilities to banks and customers and securitised liabilities remained stable.

In effect, total assets stabilised at € 29.9 billion, almost unchanged when compared with the previous year-end.

Loans and Advances to Banks

As a consequence of the financial and capital market crisis and in connection with the deterioration in the credit ratings of a number of countries, the Bank had reduced its interbank business significantly in previous years. As at the balance sheet date, a lower volume of money market transactions as well as lower fixed-term loans and advances were offset by an increase in loans and advances due on demand; overall, a slight increase in loans and advances to banks was recorded, by € 0.2 billion to € 3.6 billion.

Loans and Advances to Customers

Loans and advances to customers fell slightly by € 0.3 billion to € 22.5 billion when compared with the previous year-end. The reporting-date-related rise in loans and advances due on demand was offset by the decline in fixed-term loans and advances due to maturities exceeding new business. Loans and advances to customers accounted for 75.2 per cent of total assets (prior year-end: 76.0 per cent). 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

In the year under review, the declared risk provisioning of the Bremer Landesbank Group that was deducted from the asset side of the balance sheet, once again, increased substantially by 28.3 per cent, or € 301 million, to € 1,364 million and was 6.1 per cent of the receivables portfolio (prior year-end 4.7 per cent). 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 fair values of held-for-trading financial instruments. Instruments with positive fair values are reported in assets and those with negative fair values in liabilities. In the first half of 2016, financial instruments with a positive fair value decreased by € 9 million to € 657 million, while at the same time financial instruments with negative fair values increased by € 17 million to € 887 million.

The nominal volume of derivative transactions was € 33.9 billion at mid-year 2016 compared with € 37.3 billion at prior year-end and, therefore, 1.1 times (prior year-end: 1.2 times) total assets. Compared with other institutions in the sector, Bremer Landesbank only engages in such transactions to a relatively small extent.

Financial Assets/Financial Assets Accounted for Using the Equity Method

The portfolio of financial assets at € 2.9 billion was unchanged when compared with the end of 2015.

Liabilities to Banks

In the first half of 2016, liabilities to banks stood at € 10.6 billion, the same level as at prior year-end. While liabilities resulting from money market transactions fell when compared with the end of 2015, deposits from German banks, in particular, saw an increase.

Liabilities to Customers

The Bank's refinancing through liabilities to customers fell by 1.7 per cent to € 9.7 billion. Both liabilities resulting from money market transactions to German customers as well as loans and advances due on demand from other business with German customers decreased slightly.

Securitised Liabilities

The portfolio of securitised liabilities rose in the first half of 2016 by 2.8 per cent to € 5.4 billion.

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

Provisions

Total provisions in the Bremer Landesbank Group amounted to € 406 million at mid-year 2016 (previous year-end: € 333 million).

Provisions for pensions and similar obligations accounted for the largest share and amounted to € 383 million in the Group, compared with € 307 million at the prior year-end. Here, the present value of the defined benefit obligation was calculated actuarially using specific parameters such as, e.g., a standard Group-wide discount rate based on the yield of high-quality corporate bonds of the same maturity. Other input parameters, specifically, were salary, career and pension trends and employee turnover rates. The following key actuarial assumptions underlie the valuation of the defined benefit pension obligations:

	30 Jun 2016	31 Dec 2015
Discount rate	1.80%	2.65%
Salary trends	2.00%	2.00%
Pension adjustment		
Management Board/permanent employees	2.50%	2.50%
Total benefits	3.50%	3.50%
Top-up benefits	2.00%	2.00%
Garantie Plus (new pension plan)	1.00%	1.00%
Cost increase for health insurance benefits	3.50%	3.50%
Mortality, invalidity etc.	RT Heubeck 2005 G	RT Heubeck 2005 G

Loan loss provisions amounted to € 10 million at mid-year, compared with € 12 million at the end of the previous year.

Equity

The Bremer Landesbank Group’s total equity amounted to € 1,470 million at mid-year 2016. Thereof an unchanged amount of € 265 million represents subscribed capital and € 478 million the capital reserves.

Equity decreased overall by € 434 million, or 22.8 per cent (prior year-end: € 1,904 million) because of the loss in the first half year.

Synthetic Securitisations

Bremer Landesbank has been using synthetic securitisation, since 2015, as an instrument to control credit risks. The aim of the securitisation activities is to reduce the burden on regulatory capital requirements. To diversify the credit portfolio, the existing credit risks on the Bank’s own books can be passed to other market participants. After originating its first securitisation transaction in 2015 (starting volume of approx. € 2.145 billion), Bremer Landesbank continued with this activity, as planned, in the first half of 2016. In the course of this, Bremer Landesbank originated another synthetic securitisation for a credit portfolio with an initial volume of around € 3.583 billion and put together from the following asset classes: Renewable Energies, Corporate Customers, Social Welfare Facilities, Commercial Real Estate and Leasing. In order to hedge the credit risks contained therein, a guarantee with an initial volume of around € 94 million, with effect from 30 June 2016, was concluded with a private institutional investor. The contractual term of the guarantee is ten years plus a period of a maximum of two years to process unconcluded recovery cases.

2.3.3 Additional Information

Performance Indicators

The loss before taxes in the Bremer Landesbank Group amounted to € -386 million for the first half of 2016; this therefore represents a fall of € 461 million when compared with the same period in the previous year, 2015. The decrease in earnings was largely due to the sharp rise in expenditure for risk provisioning.

The return on equity (RoE) as the ratio of profit/loss from normal business activities to long-term capital (components: share capital, capital reserves and retained earnings) was -52.5 per cent at the reporting date in 2016 compared with 8.7 per cent for the previous mid-year.

The cost-income ratio (CIR), as at 30 June 2016, stood at 57.7 per cent having been at 34.1 per cent and was below the previous year's level due to the decline in income.

As at 30 June 2016, the risk ratio (defined as the ratio of loan loss risk provisioning expenses to risk assets) was 7.0 per cent compared with 1.4 per cent at prior mid-year. The increase in the risk ratio results from higher expenditure on risk provisioning year-on-year, as well as a reduction in risk- weighted assets.

The total risk exposure under the Capital Requirement Regulation [(CRR) Basel III]) was around € 12.8 billion overall (previous year-end: around € 13.8 billion). The overall ratio was 15.0 per cent, compared with 13.3 per cent at the previous year-end.

Taking into account the loss on the reporting date, as at 30 June 2016, the Bank's risk-bearing capacity was utilised in the amount of 69 per cent in the going concern case and was, therefore, significantly above the level on the reference reporting date of 31 December 2015 (44 per cent). If the likely loss for the financial year as a whole, anticipated for 31 December 2016, is pre-emptively deducted from the current actual risk capital in the risk-bearing capacity calculation as at 30 June 2016, the going concern approach produces a utilisation of the risk-bearing capacity of 105 per cent – the level indicated by the Bank's latest forecast calculations for the year end without capital measures. This already takes into account internal bank countermeasures by year-end 2016. In that case the sum of the current risk potentials – without a significant reduction of risk positions or an external capital measure – would exceed the risk capital expected at the end of 2016.

Financing Measures

In the first half of 2016, the issued bearer and registered debt securities were once again the most important source of medium to long-term refinancing for the Bank. The gross volume of issues transacted by Bremer Landesbank was € 1.2 billion. The volume of debt securities outstanding at mid-year 2016 was € 10.0 billion (previous year-end: € 9.8 billion) and is made up as follows:

	Debt securities	
€ m	**30 Jun 2016**	**31 Dec 2015**
Hypothekenpfandbriefe and Schiffspfandbriefe	933	925
Öffentliche Pfandbriefe	3,335	3,578
Other debt securities	5,219	4,753
Medium-term notes	350	359
Additional Tier-1 bonds	150	150
Total	**9,987**	**9,765**

The volume of promissory notes contracted was around € 1,589 million as at 30 June 2016 (previous year-end: € 1,434 million). The total volume of refinancing loans contracted with the European Investment Bank (EIB loans) was € 73 million at mid-year 2016 (previous year-end: €

117 million). The circulation of the KfW global lending programme leasing was € 143 million as at 30 June 2016 (previous year-end: € 50 million). The European Commercial Paper Programme (ECP Programme) in circulation, as at 30 June 2016, was € 50 million (prior year-end: not applicable).

In 2016, within the scope of refinancing and liquidity management during the course of the year, Bremer Landesbank has also used the various instruments of the European Central Bank in addition to the interbank and repo market, as required.

Investment activities

Bremer Landesbank has invested substantially in modernising and redesigning its buildings. The newbuild at the Bremen site commenced in 2014 and was completed over the course of 2016. Its use for the Bank’s operations began with its opening in August 2016.

2.3.4 Development of the Segments and Subsidiaries

Corporate Customers Business Segment

The Corporate Customers Segment, which focuses on business with companies in the Northwest region of Germany, is a reliable and innovative partner for financial services for its customers.

The aim of the segment is to be the leading bank in the corporate customer business within the region and to bolster this with consistent growth in market share. The business segment wants to operate as a specialist partner that is on a par with its customers and to offer them individual consultation with tailor-made solutions.

Last year saw the creation of the competence centres “Agriculture / Food Industry” and “Construction / Real Estate” in the Corporate Customers Segment. The “Social Welfare Facilities” group was integrated into the real estate business, with the focus on the financing of care homes. The aim of this measure is for the business segment to focus even more strongly on the special requirements of these sectors of the economy and, by pooling specific sector expertise, to put Bremer Landesbank’s new marketing concept into practice. Initial successes have been achieved with the concept of price-hedging derivatives for milk and also for large-volume real estate developer financings in the residential housing construction sector.

Traditionally, Bremer Landesbank has a reputation in the region for being a steady, reliable and competent partner. This high level of trust is also regularly confirmed in customer satisfaction analyses. This is still viewed as a good basis for acquiring new customers and, in the case of important companies, for taking on the function of a house bank to an even greater extent.

The main source of income remains the lending business. In the first half of the year, the long-term lending business for investment financing was stable. The demand for short-term working capital financing remained subdued, however, this was in line with expectations. Given the strong earnings in previous years, many companies have high liquidity buffers and this corresponded to an equivalent rise in the deposit business at Bremer Landesbank. The income from services was again gratifyingly higher than in the previous year. Collateralisation transactions for agricultural commodities accounted for a significant share of this. The trading profit/loss was down on the previous year’s extraordinary level.

For the second half of the year, a slight increase in demand for working capital loans is assumed – this is also due to seasonal effects.

The positioning of Bremer Landesbank as a specialist bank is to be realised on the market through the creation of further competence centres that will help to expand the market position with respect to larger SMEs.

Special Finance Business Segment

Bremer Landesbank’s Special Finance business segment had a positive development in the first half of 2016 and was able to continue along its growth path. Income forecasts were almost met and, in future, it will be possible to raise income along with the gradual increase in assets. Renewable Energies, in particular, were a growth driver here with above-average new business in the first half of 2016. Risk provisioning in this business segment remained at a moderate level. The risk weighting for the business segment as a whole remains low.

In the refinancing of vehicle and equipment leasing companies, in the first half of 2016 and based on its own observations, Bremer Landesbank asserted its position as a leading financier of medium-sized leasing companies. New business has thus far been at planned levels overall, i.e. including the business with banking and manufacturers’ leasing subsidiaries. Earnings were not quite in line with the forecast due to the pleasing syndication business and the associated portfolio reduction of the last few years in conjunction with the increased competitive pressure as a result of the continued low-interest-rate environment. The refinancing of factoring companies is still being gradually expanded and rounds off the portfolio. The performance of Leasing and Factoring correlates closely with the general economy and investment demand. Additionally, the refinancing of contracting standard price claims was continued, whereby leasing companies act as intermediaries. The product range was thus expanded and the business approach placed on an increasingly broader base. Bremer Landesbank strengthened its refinancing basis for the segment by way of a KfW global loan – a further global loan for the second half of the year is in the final negotiation phase. The Bank’s role as a competence centre within the NORD/LB Group offers further growth potential.

New business in the Renewable Energies segment developed well in the first half of 2016 and was above expectations. This was due, among other things, to the pre-emptive effects from the wind onshore segment due to the pending amendment to the German Renewable Energies Act (EEG) as well as gratifying new business in France. Earnings remained within the ambitious growth range, although the competitive situation in the German market is increasing further. As expected and due to the tendering process triggered by the EEG, the Photovoltaic subsegment, with its smaller individual projects, offers only limited potential for new business. Within the NORD/LB Group, Bremer Landesbank functions as a competence centre for Biogas and Photovoltaic in Germany. Furthermore, it also supports experienced customers in selected ventures in other European countries. Additionally, EEG amendments that come into effect in 2017 have now been defined and include increasing market components, in particular, a tendering process for wind onshore. These changes point to good future growth prospects for wind farm finance. The positive outlook should also be seen against the background of the energy transition, which remains a political objective, as well as Germany’s climate protection goals.

On the basis of an own assessment, Bremer Landesbank believes that its Special Finance business unit, with its segments and focus on long-term and reliable customer relationships, is still well positioned.

Ship Finance Business Segment

In the first half of 2016, Ship Finance remained under pressure. Despite slight signs of recovery within individual ship classes, pressure on charter rates and ship prices in other sub-segments (bulkers, chemical tankers and parts of the container segment) is still being felt, as a large number of newly completed ships are entering the market. The oversupply of ship tonnage is an ongoing strain on the markets and noticeable market shakeouts are not anticipated in either the short or medium term. Crisis management has been consistently followed through and is even being stepped up given the continuing tense market situation.

The tanker segment, which is a relatively small part of this business segment, recorded a comparatively positive development. In container shipping, the smaller units held their own at a low level relatively well, as the newbuild activities in this area are very low. Therefore, in the, future it is most likely that this main part of Bremer Landesbank’s container segment can expect market equilibrium and, in that respect, charter rates that will cover capital servicing costs. Larger container ships remain under considerable pressure due to the further newbuild activity and deliveries with the associated predatory competition, not least because a scrappage wave, which would reduce tonnage, is not anticipated. The bulker crisis continues to have a significant negative effect and is exerting pressure, in particular, on multi-purpose shipping, as loads from the general cargo segment are being taken on. On the demand side, no economic recovery is anticipated in the short term; in the medium term, further growth potential is seen for global trade volumes.

In the first half of the year, Bremer Landesbank consistently followed through on its crisis management strategy and further streamlined its portfolio. The exposure and the number of financed ships were reduced once again. New business is only being entered into against the backdrop of restructuring requirements or to maintain the ships and their earning potential. In 2016 the portfolio will be shielded even further through a significant increase in risk provisioning. The utilisation of valuation allowances enables the continued streamlining of problematic loans and the further reduction of the exposure overall. The increased risk provisioning in Ship Finance will lead to a great deal of pressure on income for Bremer Landesbank. The coming years will be characterised by portfolio streamlining with partial utilisation of the risk provisioning that has been created.

Selective new-business transaction can only be assumed again for the medium term. Ship finance remains a key portfolio for Bremer Landesbank.

Private Customers

The prolonged phase of low interest rates and the high volatility on the capital markets are causing customers to act cautiously. Moreover, negative reports about Bremer Landesbank have caused uncertainty among customers and have increased the need for information. The customer advisors are providing an active response to this by means of professional customer management.

Customers wish to have holistic advice and this is reflected, in particular, in the success achieved in asset management. The portfolio of assets managed by Asset and Portfolio Management, in its function as a competence centre, put in an impressive performance on the basis of the SIP® investment procedure, which was designed and implemented in-house. The SIP® investment procedure is applied not only in asset management but also in the SIP® fund product family and in the consulting process. At the start of 2016, the SIP® fund product family was expanded with the addition of a further innovative investment strategy - the Bremer Landesbank Global Opportunities Fund.

As part of the holistic approach to consulting, in addition to a business owner’s private life situation, business aspects are also considered. The Private Customers Segment also works with other market divisions of the Bank in this consulting approach that is described as “banking for business owners”. This thematic area will be successfully expanded further and is cementing existing customer relationships with Bremer Landesbank.

Activities in the lending business are grouped into business with individual investors and freelancer business. In the SIM (starter package for international medics) sales initiative, Bremer Landesbank is the only bank to cooperate with a start-up company on the integration of foreign doctors as a way of redressing the national shortage of skilled staff across Germany and expanding the Bank's commitment in the healthcare market. Despite the low interest rate level and intense competitive pressure, which is particularly noticeable in standard business, the business segment was able to make a strong impression with its high-quality advice and tailor-made solutions.

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 proprietary business.

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

As part of refinancing and liquidity management during the year, in 2016, Bremer Landesbank has also continually made use of the various instruments of the European Central Bank, in addition to the interbank and repo market.

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

In the course of this, the management of liquidity risks and interest-rate risks, ensuring that the bank has continuous liquidity and providing commercial customers with money market and capital market products are the focus of trading.

Money and capital market operations took place in a European market environment that, in 2016, has still been characterised by efforts to mitigate the lingering consequences of the euro crisis on the financial and real markets in the countries of the eurozone, especially Greece, as well as by the growing discussion about Brexit in the first half of the year.

In the financial markets, falling interest rate levels and volatility in the main stock markets were seen in the first half of 2016, although the latter came under pressure towards the end of the half-year.

In this segment, too, the negative reports about Bremer Landesbank and the downgrading of a rating that had not been commissioned resulted in uncertainty among institutional investors and among the refinancing partners. It can be assumed that the agreement with the owners with respect to maintaining the capital of Bremer Landesbank intact at an adequate level will be implemented and the situation here will also calm down.

Public Sector Customers

An increasing focus of business activities in the network of the German public sector and Savings Banks (Verbund) is the refinancing of the public sector for which there was strong demand in the first half of 2016.

Besides the own finance offering for public authorities, supporting the Savings Bank Network in its financing of the public sector constituted another part of the sales activities in the current year. A stable focus of business activities is the refinancing of the public sector and there was brisk demand for this in the first half of 2016.

Savings Banks

In the face of an economic environment that has remained difficult in 2016 and given the continued strong competition, the Financial Markets business segment, nonetheless, has thus far managed to achieve a satisfactory result in the business with the Savings Bank Network, in the business region, through the integrated support in lending and in the money and capital market business.

In syndicated transactions with the corporate customers of the Savings Bank Network, the focus of sales activities was, once again, on traditional financing as well as interest rate and currency management and the international documentary business.

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

Institutional customers

In 2016, the sales units of this segment operating in the money and capital markets - which continue to be influenced by the economic and political environment - recorded sustained intense demand for advice and hedging in respect of the management of liquidity, interest rates, commodities and currencies of the customers that these units support.

Subsidiaries

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

Bremer Landesbank Leasing GmbH generates new business mainly through the account managers at Bremer Landesbank. This business strategy has continued to prove its worth.

The volume of new business is at the level of previous years. Nevertheless, since the start of the year, it has been noticeable that the increased use of capital due to the good cash-flow levels of the customers and the general cooling in the momentum of investments in equipment are impeding business growth.

2.3.5 Overall Assessment

In the first half of 2016, Bremer Landesbank's business performance was massively affected by the ongoing crisis in the shipping markets that are relevant for the Bank. The shipping segment continues to be exposed to considerable pressures due to falling growth rates in the emerging economies and the existing oversupply of transport capacities. This is reflected, in particular, in exceptionally high levels of risk provisioning in this business segment, in the associated pressure on capital ratios as well as in the continued need to restructure and reduce commitments in this segment.

At the present time, a sustainable recovery in the shipping sector is subject to considerable uncertainty due to the lingering overcapacities. In the near future, too, Bremer Landesbank anticipates continuing pressures in this segment given that the recovery in charter rates will only be gradual.

Ultimately, despite its continued good operating profits, for the first time, the Bank was unable to compensate for the effects of the situation described above. Therefore, it is likely that the Bank will close 2016 with a loss. The Bank considers the abovementioned income for the first half of 2016, generated under prevailing conditions that are perceived to be challenging, to be unsatisfactory. With a view to supporting the measures introduced by the Bank, in June 2016, the owners agreed to maintain Bremer Landesbank's capital intact at an adequate level.

Under these conditions, Bremer Landesbank basically believes that its strategic focus on being a regional bank - with a trans-regional special finance business – in and for the Northwest of Germany has been validated. In close cooperation with the Savings Banks and its network partners, Bremer Landesbank has firmly established itself for the long term as a leading bank in the region. The Bank is still the most significant partner in the small and medium-sized enterprise sector in the Northwest of Germany. Bremer Landesbank is positioning itself in such a way that it will be able to stabilise its business performance, in the current year, under general conditions that continue to be viewed as challenging and, in the medium term, it will continue to drive business forward in line with its objectives. With a view to supporting the measures introduced by the Bank, in June 2016, the owners agreed to maintain Bremer Landesbank's capital intact at an adequate level.

3. Events after the Reporting Period

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

4. Outlook and Opportunities Report

4.1 Opportunities

It is the Bank's view that the situation regarding opportunities for the overall economic environment in Germany has not changed significantly when compared with the published annual financial report for 2015. It is only in the Ship Finance business segment that there has been a significant change in the market environment that has resulted in a reduction in the income prospects for the Bank as a whole (cf. following section). This has no significant bearing on the situation regarding opportunities in the remaining business segments.

4.2 Outlook

Significant Assumptions in the Outlook

The assumptions underlying the forecast for Germany have not changed noticeably when compared with the annual financial report.

Germany's economy is benefiting increasingly from the structurally induced economic recovery of European reform countries as well as from rising consumption due to positive payrolls.

By contrast, with regard to merchant shipping, a significant deterioration of the market situation was apparent in the first half of 2016. The bulker ship segment was particularly badly affected and the Baltic Dry Index reached a historical low here, during the reporting period. Moreover, a significant deterioration of the market environment was also seen for medium-sized and large container ships. By contrast, the performance of container ships in the smaller size categories, which are a focal point of Bremer Landesbank's business, remained stable. Due to the continuing overcapacities in the shipping market as well as just poor growth in the global economy, in the following years, Bremer Landesbank expects that merchant shipping will only recover slowly.

Results of Operations, Changes in the Financial Position and Net Assets

In the current year, net interest income will fall below the level seen in 2015.

Due to the market situation in merchant shipping, in 2016, a strong increase in risk provisioning in the Ship Finance segment is required. In the following years, the valuation allowances formed will be used for restructuring credit commitments in this segment. Thus, a significant reduction in risk provisioning is expected from 2017 onwards, provided that the already stressed market situation does not worsen severely once again.

The Bank’s owners have declared that the Bank’s capital will be maintained intact at an adequate level in order to offset the negative effects on the capital ratios resulting from an increase in the risk provisioning. Moreover, further measures for enhancing the capital ratios have been implemented. In particular, these included a further securitisation transaction. However, the net commission income be lower die to the hedging fees for the two securitisation transactions carried out by Bremer Landesbank.

The profit/loss from financial instruments at fair value through profit or loss is volatile due to the short-term nature of these transactions and the market fluctuations and, accordingly, this is difficult to forecast. In its planning, however, the Bank assumes that there will be good opportunities to operate successfully in the financial markets and to achieve a slightly positive AFV result overall.

The Bank expects that the profit/loss from hedge accounting will remain volatile over the next few years as hedge accounting will continue to be used intensively and the outcome depends on developments in the interest rate landscape. The contribution to profit/loss from this item are therefore not recognised in the planning.

For 2016 the Bank expects staff expenses to be at the same level as in the previous year. The other administrative expenses will rise noticeably for project-related and regulatory reasons.

Given the high level of risk provisioning in Ship Finance, it is likely that the Bank will close 2016 with a loss. The sustainable earnings power of the other business segments means that, under current plans, the Bank will return to profitability as of 2018.

Performance Indicators

The Bank’s earnings before taxes will be negative in 2016. Therefore, the return on equity will be in the negative range.

The cost-income-ratio will rise due to regulatory-induced costs combined with a slight decrease in earnings.

Expenses for risk provisioning will rise significantly when compared with 2015, however, it is the view of the Bank that, in 2016, the risk-weighted assets (capital requirements) will increase only marginally.

In 2017, the Common Equity Tier 1 capital ratio will stabilise at between 11 and 11.5 per cent, according to the Bank’s current plans.

Outlook for the Business Segments and Subsidiaries

Income before risk in the operational business segments

For the Corporate Customers, Special Finance, Ship Finance, Private Customers and FM business segments, in 2016, the Bank is expecting a slight decrease in earnings due to the low level of interest rates and the volume reduction in the shipping segment.

Earnings before taxes in operational business segments

With administrative expenses in the operating business segments almost unchanged, earnings before taxes will be impacted by the income before risk and the loan loss provisions. For the Special Finance segment a slight increase in earnings before taxes is anticipated for 2016. By contrast, the results for Ship Finance in 2016 will be strongly negative due to the increase in risk provisioning in this year. Stable earnings are anticipated in the other business segments.

Subsidiaries

The Bank's subsidiaries that do business in real estate expect their income to remain stable overall.

According to its own estimates, BLB Leasing GmbH will achieve the planned volume of new business and generate the corresponding earnings.

4.3 Overall Assessment

The ongoing shipping crisis, which reached a new peak in the first half of 2016, is also currently the determinant of the consolidated results. Therefore, the current financial year is expected to close with a loss. With a view to supporting the measures introduced by the Bank, in June 2016, the owners agreed to maintain Bremer Landesbank's capital intact at an adequate level. Under this precondition the Bank considers itself able to withstand the long-term effects of the shipping crisis due to the good operating earnings in the other business segments.

Given the existing competitive edge offered by its local advisors, short decision-making channels, local capital market competence, foreign business expertise and an extensive range of products and services, Bremer Landesbank considers itself well prepared for the future.

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 2015 annual report. This interim report, therefore, only describes significant developments in the first half of 2016.

5.2 Extended Risk Report

5.2.1 Risk-bearing Capacity

The risk-bearing capacity model is based on a uniform group standard and is under continuous further development in accordance with regulatory provisions. The focus of the RBC concept is still the going concern management process, where the key criterion is to maintain solvency if a risk materialises. The gone concern management process (liquidation 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 (regulatory management process) by means of an overall ratio and the Tier 1 capital ratio.

Over recent months, the Bank's risk-bearing capacity has come under pressure through the renewed highly unfavourable development in the shipping markets. As at 30 June 2016, significant levels of risk provisioning had to be created and this resulted in a loss of € 384 million. Given the current and further likely market developments, for the full year, it will remain necessary to increase and partly utilise the risk provisioning for Ship Finance. These measures are also a consequence of increased regulatory requirements. This is expected to result in a loss at the end of the year. Therefore, on the basis of the Bank's forecast calculations, in June of this year, the Bank's owners stated that they would ensure that the Bank's capital will be maintained intact to an adequate level. The owners are currently engaged in intensive discussions about the ways in which this measure will be carried out.

Taking into account the loss on the reporting date, as at 30 June 2016, the Bank's risk-bearing capacity was utilised to the extent of 69 per cent and, therefore, significantly above the level on the comparable reporting date of 31 December 2015 (44 per cent). If the likely loss for the financial year as a whole anticipated for 31 December 2016 is preemptively deducted from the current actual risk capital in the risk-bearing capacity calculation as at 30 June 2016, the going-concern approach produces a utilisation of the risk-bearing capacity of 105 per cent – the level indicated by the Bank's latest forecast calculations for the year end without the capital measure. This already takes into account internal bank countermeasures by year-end 2016. In that case the sum of the current risk potentials – without a significant reduction of risk positions or an external capital measure – will exceed the risk capital expected at the end of 2016.

Utilisation of Risk Capital in the Going Concern Scenario and Common Equity Tier 1 Capital Ratio

(in € m)[1]	Risk-bearing capacity			
	30 Jun 2016		31 Dec 2015	
Risk capital	**355**	**100%**	**814**	**100%**
Credit risks	392	110%	365	45 %
Investment risks	17	5%	17	2%
Market-price risks	34	9%	38	5%
Liquidity risks	17	5%	20	2%
Operational risks	20	6%	15	2%
Other[2]	-107	-30 %	-98	-12 %
Total risk potential	**372**		**358**	
Capacity utilisation		**105%**		**44%**
Common Equity Tier 1 capital ratio		**11.01%**		**10.76%**

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

Therefore, with a view to the course of the rest of 2016, the pressure on the risk-bearing capacity and the Common Equity Tier 1 capital ratio will remain very high given the exceptional growth in the need for risk provisioning in the ship portfolio and the accompanying uncertainty surrounding further developments in the shipping markets and the USD exchange rate as well as the, as yet, unforeseeable effects of Brexit.

The Bank continues to counteract this expected negative impact in its risk-bearing capacity calculation through comprehensive measures for strengthening the regulatory equity. In this respect, it is worth highlighting the already realised securitisation of selected asset items, which results directly in a reduction in the pressure on the RBC, and the Bank's targeted risk-averse new-business policy.

The capital measure that is planned by the owners is intended to restore the utilisation of the risk-bearing capacity to an adequate level.

5.2.2 Credit Risk

The maximum credit-risk exposure for balance sheet and off-balance sheet financial instruments is around € 34 billion as at the balance sheet date and is, therefore, at a similar level as at the previous year-end.

Risk-bearing financial instruments (in € m)	Maximum credit-risk exposure 30 Jun 2016	31 Dec 2015
Loans and advances to banks	3,631	3,480
Loans and advances to customers	22,453	22,781
Adjustment item for financial instruments hedged in the fair value hedge portfolio		
recognised under assets	107	49
recognised under liabilities	-323	-212
Financial assets at fair value through profit or loss	657	666
Positive fair values from hedge accounting derivatives	714	541
Financial assets	2,917	2,919
Sub-total	**30,156**	**30,224**
Liabilities from guarantees, other indemnity agreements and irrevocable credit commitments	3,370	3,082
Total	**33,526**	**33,306**

Compared with the tables below for total exposure, which are based on internal data available to management, the maximum credit-risk exposure in the above table is reported at book value. The maximum credit-risk exposures 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 basis for the total exposure calculation are the utilisation (in the case of guarantees, the nominal value, and in the case of securities, the carrying amount) and the credit equivalents resulting from derivatives (including add-ons and taking account of netting). Irrevocable and revocable loan commitments are included proportionately in the total exposure, while collateral provided to Bremer Landesbank is not taken into account. Moreover, the item also includes the investments.

Analysis of the Total Exposure

The Bank’s credit exposure was around € 33 billion, as at 30 June 2016, and it had therefore stabilised at the level of previous year-end.

The developments in merchant shipping had a major impact on the credit risk of the Bremer Landesbank Group.

In the first half of 2016, Ship Finance remained under pressure. Despite slight signs of recovery within individual ship classes, pressure on charter rates and ship prices in other sub-segments (bulkers, chemical tankers and parts of the container segment) is still being felt, as a large number of newly completed ships is still entering the market. The oversupply of tonnage is an ongoing strain on the markets and noticeable market shakeouts are not anticipated in the short to medium term. Crisis management has been consistently followed through and is even being stepped up given the continuing tense market situation.

The need for risk provisioning in the ship financing portfolio has risen sharply as a result of the continuing difficult market conditions. The Bank provided information about this in its ad-hoc notification dated 2 June 2016. Measures for adjusting and reducing the ship portfolio will be intensified further.

The continued good market and earnings position in renewable energies compensated in part for the problem in shipping. Wind energy continues to be the most significant sub-segment in the area of finance for renewable energies and this has been reflected in the strong growth in recent years. The conditions for financing wind power remained attractive and reliable in the reporting period. Furthermore, the historically low level of interest rates and more efficient plant technology contributed to an improvement in returns. The risks in wind farm project financing have been manageable to date. There were no specific valuation allowances or provisions for wind farm project financing.

Lending Business by Rating Structure

Rating structure[1) 2)] (in € m)	Loans[3)]	Securities[4)]	Derivatives[5)]	Other[6)]	Total 30 Jun 2016	Total 31 Dec 2015
	30 Jun 2016					
Very good to good	11,128	2,742	612	6,517	**21,000**	**20,938**
Good/satisfactory	2,497	-	114	531	**3,142**	**2,818**
Still good/adequate	1,534	-	53	289	**1,877**	**2,102**
Increased risk	498	65	23	84	**670**	**912**
High risk	625	-	1	152	**778**	**1,151**
Very high risk	1,854	-	5	45	**1,904**	**1,658**
Default (= NPL)	3,477	-	2	21	**3,500**	**3,350**
Total	**21,615**	**2,807**	**809**	**7,639**	**32,871**	**32,929**

1) Classification is based on the IFD rating categories.
2) Differences between totals are due to rounding.
3) Includes loans taken up, loan commitments, sureties, guarantees and other non-derivative off-balance sheet assets, although, 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 pass through loans and administrative loans.

The high proportion of exposures in the “very good” and “good” categories stems from the significance attached to interbank transactions and business with the public-sector as well as onshore wind energy. The increase in the exposure in the categories “very high risk” and “default (NPL)” is attributable to Ship Finance.

Lending Business by Region

Regions[1] (in € m)	Loans	Securities	Derivatives	Other	Total 30 Jun 2016	Total 31 Dec 2015
		30 Jun 2016				
Euro countries	20,508	2,714	513	7,637	**31,372**	**31,455**
- of which Germany	18,567	2,508	442	7,340	**28,857**	**29,010**
Rest of Europe	234	78	237	3	**552**	**512**
North America	66	15	58	-	**138**	**96**
Latin America	79	-	-	-	**79**	**81**
Middle East/Africa	79	-	-	-	**79**	**117**
Asia/Australia	649	-	-	-	**649**	**667**
Other	-	-	-	-	-	-
Total	**21,615**	**2,807**	**809**	**7,639**	**32,871**	**32,929**

[1] Differences between totals are due to rounding.

The breakdown of the credit exposure by regions shows, when compared with 31 December 2015, that country risk is of secondary importance for the Bank. The euro region and Germany in particular continue to be by far the most important business area for Bremer Landesbank.

Discrepancies between the total shown in the above table by region and the one for the financial instruments included in the balance sheet are due to differences in valuation and other add-ons.

Lending Business by Industry Group

Industry groups[1] (in € m)	Loans	Securities	Derivatives	Other	Total 30 Jun 2016	Total 31 Dec 2015
		30 Jun 2016				
Financial institutions/insurance companies	2,823	680	531	2,793	**6,827**	**6,748**
Service industries/other	7,028	2,118	72	646	**9,864**	**9,897**
- of which real estate and housing	1,487	-	41	194	**1,723**	**1,583**
- of which public administration	3,329	2,118	10	125	**5,583**	**5,789**
Transport, communications	6,745	9	28	144	**6,926**	**7,433**
- of which shipping	6,437	0	20	59	**6,515**	**6,929**
Manufacturing	695	-	33	119	**847**	**799**
Energy, water supply and mining	2,484	-	74	3,567	**6,124**	**5,813**
Trade, maintenance and repairs	1,301	-	69	120	**1,490**	**1,493**
Agriculture, forestry and fishing	123	-	1	191	**315**	**306**
Construction	416	-	1	60	**477**	**441**
Other	-	-	-	-	**-**	**-**
Total	**21,615**	**2,807**	**809**	**7,639**	**32,871**	**32,929**

[1] Differences between totals are due to rounding.

The breakdown of the credit exposure by industry groups shows further growth in the area of Renewable Energies. The volume of loans in the shipping segment has fallen since the start of the year. A further, value-preserving reduction of the shipping portfolio is planned for the coming years.

5.2.3 Investment Risk

The "Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH" (a pension fund) represents a significant investment for Bremer Landesbank. In the scope of its RBC reporting, the relevant risk indicators for this significant investment were acknowledged accordingly and commented on. The quantification of a "significant investment" results in an isolated risk assessment in the course of regular reporting. However, no changes were made to the quantification of the risk potential "of the investments risk type".

5.2.4 Market Risk

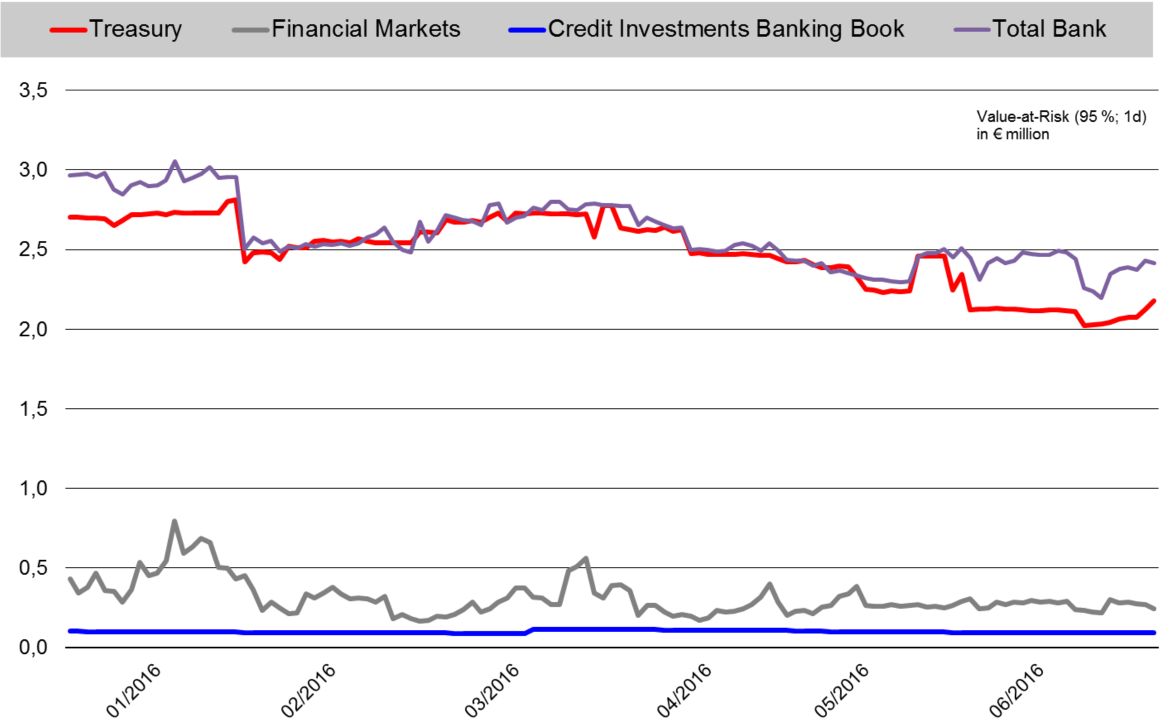
The value at risk (VaR) ratios are calculated daily using the historical simulation method. As part of the VaR process (confidence level of 95 per cent and holding period of one day), correlations between the sub-portfolios and between the various risk categories are taken into consideration.

An Overview of Market Risks (without Credit Spread Risks in the Banking Book)

(in € k)	Maximum		Average		Minimum		End value	
	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–30.6. 2016	1.1.–30.6. 2015	1.1.–30.6. 2016	1.1.–30.6. 2015	30 Jun 2016	30 Jun 2015
Interest rate risk (VaR)	2,756	4,798	2,426	4,160	2,055	3,041	**2,209**	**4,426**
Currency risk (VaR)	85	93	24	32	2	5	**18**	**15**
Share price and fund price risks (VaR)	596	517	216	184	20	16	**430**	**147**
Volatility risk (VaR)	48	85	21	61	9	36	**9**	**58**
Total risk (VaR)	**2,808**	**4,696**	**2,535**	**4,094**	**2,223**	**2,986**	**2,456**	**3,993**

The market risks were reduced significantly due to the interest hedging measures carried out at the end of 2015. The decreases are noticeable in the interest rate risk and the total risk. The increase in share price and fund price risks is attributable to investments in a special fund. As at 30 June 2016, the Bank's VaR was € 2.46 million, compared with € 3.99 million as at 30 June 2015. The average utilisation of the market risk limit for the Bank was 45.3 per cent in the first half of 2016, while the average utilisation in the first half of 2015 was 70.7 per cent.

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



The market risk of Bremer Landesbank is dominated by the Treasury portfolio. From a market risk perspective, both the credit investment portfolio and the financial markets portfolio play a minor part.

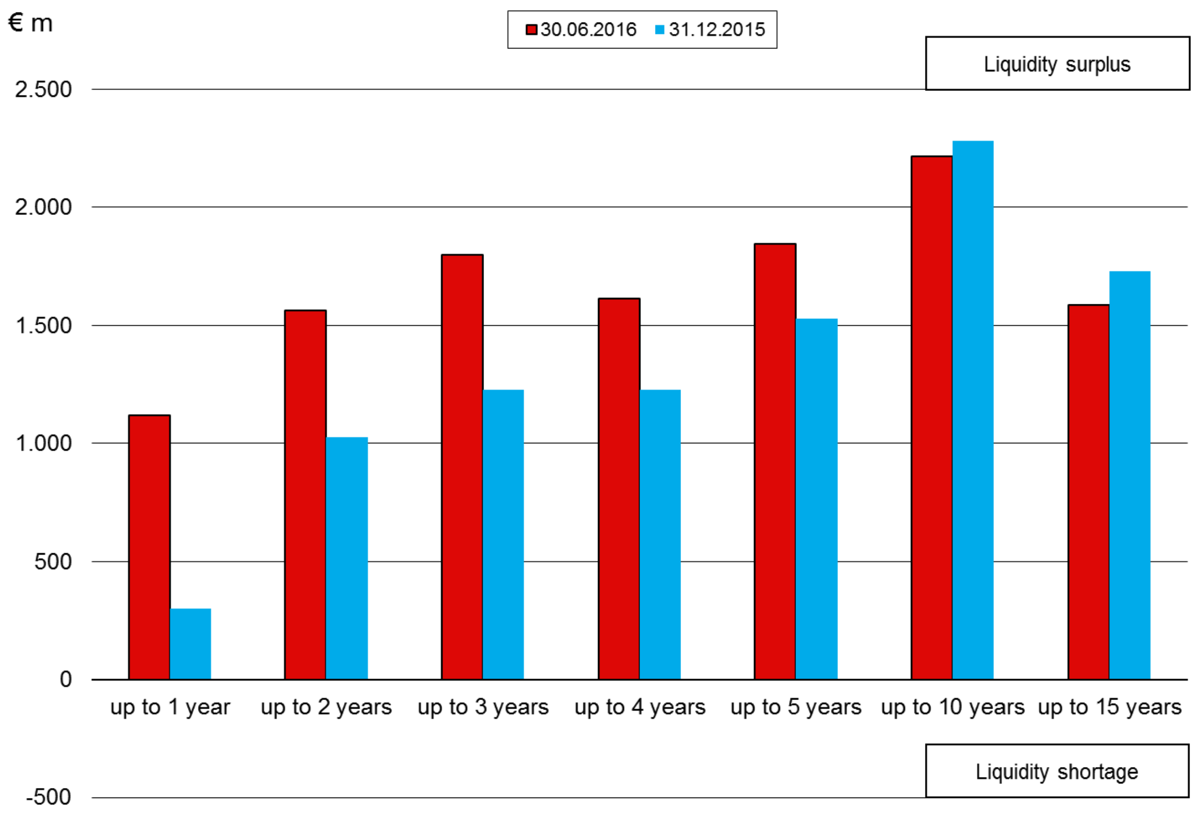
In the first half of 2016, the average interest rate risk in relation to the liable equity capital was 3.7%. The Bank is therefore far away from being classified as a "bank with heightened interest rate risk" (above a rate of 20 per cent).

5.2.5 Liquidity Risk

During the first five months of 2016, the Bank's liquidity situation was satisfactory at all times. The dynamic liquidity stress test, a classic liquidity risk management instrument, showed that even under tighter stress parameters the amount of liquidity was sufficient. In its ad-hoc announcement dated 2 June 2016, Bremer Landesbank provided information about an anticipated strong increase of the need for risk provisioning. As a consequence the Moody's ratings agency downgraded Bremer Landesbank's short-term and long-term ratings. This rating is based exclusively on publicly accessible information. The contractual relationship with Moody's was terminated already in February 2014. For Bremer Landesbank, the downgrade caused uncertainty among investors and the refinancing partners that led to a limited presence in the capital market for the Bank. Moreover, because of the rating initiative, adjustments with respect to the presentation of the credit risk and the deposits at call had to be made in the stress test and despite an adequate liquidity situation in June this resulted in a yellow status in the dynamic liquidity stress test. In each case, short-term borrowing from Nord/LB meant that it was possible for the yellow status to be reversed and green status was restored within a maximum of two days.

In contrast to the dynamic stress scenario, the liquidity maturity balance sheet, which comprises anticipated inflows and outflows from the Bank's existing business, as at 30 June 2016, showed that the long-term liquidity situation overall has not changed significantly. Unlike in the dynamic stress test, which includes scenario assumptions for stochastic cash flows, the liquidity maturity balance sheet is more of a dispositive view of the Bank's existing business. The purpose of the liquidity maturity balance sheet is long-term/structural liquidity management. For that reason, cash flows from future, or merely planned, transactions are not included in the liquidity maturity balance sheet.

Accumulated liquidity maturity balance sheet



The outcome of the liquidity management was the maintenance or slight expansion in accumulated liquidity surpluses when compared with the previous year-end. The liquidity buffer requirement under MaRisk was complied with; the utilisation of the liquidity buffer for a week was 21 per cent on the reporting date (previous year-end: 32 per cent). The utilisation of the liquidity buffer for one month was 37 per cent on the reporting date (previous year-end: 38 per cent).

The present value limit used to restrict the refinancing risk was complied with at all times in the first half of 2016. During the reporting period, the liquidity ratio in accordance with the German Liquidity Regulation exceeded the minimum of 1.00, which is required by the supervisory authorities, at all times; on 30 June 2016 it was 2.97 and 1.95 as at 31 December 2015.

5.2.6 Operational Risk

The loss events that occurred in the first half of 2016 were immaterial from an overall Bank point of view. The gross amount of all reported loss events (there were no events that had an effect on the credit risk in the first half-year) stood at € 1.5 million. Taking into consideration the minimisation of losses, the resulting net amount was € 0.6 million. As at 31 December 2015, the gross amount of all reported loss events (including events that had an effect on credit risk) was € 2.4 million.

On the basis of the self-assessment results, the risk indicators and entries in the loss database, the Bank does not consider it to be very likely that operational risk could lead to losses that would threaten the existence of the Bank.

5.2.7 Other Risks

Other risks not included in the presentation of risks relating to credit, investment, the market, liquidity and operations are of minor significance for the Bank.

5.2.8 Overall Assessment of the Risk Situation

The situation of Bremer Landesbank is currently marked to a large extent by the continuing very unfavourable developments in the shipping markets. This is specifically reflected in the risk-bearing capacity as at 30 June 2016, where the utilisation rate, after including the forecast planned loss, was at 105%. As a consequence of increased regulatory requirements, Bremer Landesbank cannot avoid a substantial increase in risk provisioning for ship finance and then subsequently making use of these provisions. In 2016, this will result in significant losses and will necessitate an increase in Common Equity Tier 1 capital. The altered situation of the Bank was publicised on 2 June 2016 via an ad-hoc announcement. The Bank's owners have stated that they will ensure that the Bank's capital will be maintained intact at an adequate level. At the same time, the utilisation of the risk-bearing capacity should be restored to an appropriate level. Intensive discussions are being held by the owners about the nature of the measure so that the necessary measures should be implemented by the end of 2016.

A consequence of this development was a downgrade by the Moody's ratings agency as part of a non-commissioned rating. Moody's has indicated that the rating will be reviewed upon the completion of the capital measure. For Bremer Landesbank, the downgrade caused uncertainty among investors and the refinancing partners that led to a limited presence in the capital market for the Bank.

In view of the high proportion of ships financed in USD and the ongoing high probability of default, the Bank's capital ratios and risk-bearing capacity are also dependent on the performance of the USD.

Given the above recapitalisation necessity, but also on account of the future SREP process and the expected increases in the minimum requirements under the CRR (Capital Requirements Regulation), it will be necessary to continue to intensify the measures introduced within the scope of RWA and shortfall management. Among other things, a restructuring of shipping loans in default was carried out successfully. This transfers the ships from a default rating to a rating that provides capital relief. In addition, the ship portfolio in the mainly non-strategic customer area will be disencumbered and streamlined. Moreover, in 2015, Bremer Landesbank accelerated its first synthetic securitisation transaction. A second securitisation was successfully placed in June 2016.

Through the capital measure announced by the owners and based on the measures already initiated or already carried out, Bremer Landesbank considers itself to be adequately prepared for the way forward. However, the Bank's plans are still fraught with the uncertainty due to the current volatile market environment. The developments in the credit and capital markets will continue to be monitored and analysed closely.

Apart from the risks set out above, the Bremer Landesbank Group, currently, does not see any further aspects that have not already been taken into account through appropriate precautionary measures.

6. Disclaimer – Forward-looking Statements

This report contains forward-looking statements concerning the development of business and earnings at Bremer Landesbank that are based on current plans, assessments, forecasts and expectations. These forward-looking statements are subject to risks and uncertainties, as there are numerous factors which influence Bremer Landesbank's business and to a great extent are beyond its sphere of control. In particular, these include economic developments, the state of financial markets worldwide and potential loan losses. Therefore, the actual results and developments may differ considerably from the assumptions made in this report. They are thus 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 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Interest income		563	646	-13
Interest expenses		379	439	-14
Net interest income	**7**	**184**	**207**	**-11**
Loan loss provisions	8	-449	-108	>100
Net interest income after risk provisioning		**-265**	**99**	**>-100**
Commission income		23	24	-4
Commission expenses		10	4	>100
Net commission income	**9**	**13**	**20**	**-35**
Trading profit/loss		-15	29	>-100
Profit/loss from designated financial instruments		0	0	0
Profit/loss from financial instruments at fair value through profit or loss	**10**	**-15**	**29**	**>-100**
Profit/loss from hedge accounting	11	-4	16	>-100
Profit/loss from financial assets	12	1	3	-67
Profit/loss from accounting using the equity method for financial assets	13	3	4	-25
Administrative expenses	14	105	102	3
Other operating profit/loss	15	-14	6	>-100
Earnings before taxes		**-386**	**75**	**>-100**
Income taxes	16	-2	19	>-100
Consolidated profit/loss		**-384**	**56**	**>-100**
of which: attributable to shareholders of the parent company		-384	56	>-100
of which: attributable to non-controlling interests		-	-	-

Statement of comprehensive income

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

	Notes	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Consolidated profit/loss		**-384**	**56**	**>-100**
Other comprehensive income that is not reclassified to the income statement in subsequent periods				
Revaluation of the net liability from defined benefit plans		-68	31	>-100
Financial assets accounted for using the equity method - Share of other comprehensive income		4	0	>100
Deferred taxes	16	22	-10	>100
Total		**-42**	**21**	**>-100**
Other comprehensive income that, under certain conditions, will be reclassified to the income statement in subsequent periods				
Changes from available-for-sale (AfS) financial instruments				
Unrealised gains/losses		-3	15	>-100
Reclassifications due to realised gains/losses		0	-2	-100
Deferred taxes	16	2	-	>100
Total		**-1**	**13**	**>-100**
Other comprehensive income		**-43**	**34**	**>-100**
Total comprehensive income		**-427**	**90**	**>-100**
of which: attributable to shareholders of the parent company		-427	90	>-100
of which: attributable to non-controlling interests		-	-	-

Consolidated balance sheet

ASSETS

	Notes	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Cash reserve		166	73	>100
Loans and advances to banks	17	3,631	3,480	4
Loans and advances to customers	18	22,453	22,781	-1
Risk provisioning	19	-1,364	-1,063	28
Adjustment item for financial instruments hedged in the fair value hedge portfolio		107	49	>100
Financial assets at fair value through profit or loss	20	657	666	-1
Positive fair values from hedge accounting derivatives		714	541	32
Financial assets	21	2,917	2,919	0
Financial assets accounted for using the equity method	22	124	118	5
Property and equipment	23	105	89	18
Investment property	24	75	76	-1
Intangible assets	25	13	14	-7
Designated assets held for sale	26	22	22	0
Current income tax assets		1	0	>100
Deferred income taxes		177	149	19
Other assets	27	71	57	25
Total assets		**29,869**	**29,971**	**0**

LIABILITIES

	Notes	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Liabilities to banks	28	10,564	10,603	0
Liabilities to customers	29	9,721	9,892	-2
Securitised liabilities	30	5,445	5,295	3
Adjustment item for financial instruments hedged in the fair value hedge portfolio		323	212	52
Financial assets at fair value through profit and loss	31	887	870	2
Negative fair values from hedge accounting derivatives		356	201	77
Provisions	32	406	333	22
Current income tax liabilities		12	16	-25
Deferred income taxes		2	2	0
Other liabilities	33	81	41	98
Subordinated capital	34	602	602	0
Equity		1,470	1,904	-23
Subscribed capital		265	265	0
Capital reserves		478	478	0
Retained earnings		520	953	-45
Revaluation reserve		58	59	-2
Equity attributable to Bremer Landesbank shareholders		1,321	1,755	-25
Instruments of additional regulatory Tier 1 capital	35	149	149	0
Attributable to non-controlling interests		-	-	-
Total liabilities and equity		**29,869**	**29,971**	**0**

Statement of changes in equity

(in € m)	Notes	Sub-scribed Capital	Capital res-erves	Retained res-erves	Reva-luation res-erves	Equity before minority interests	Instruments of add. reg. Tier 1 capital	Consol idated equity
Equity 1 Jan 2015		**265**	**478**	**902**	**46**	**1,691**	**-**	**1,691**
Changes in the fair value of AfS financial instruments		-	-	-	13	**13**	-	**13**
Financial assets reported using the equity method Share of other comprehensive income	13	-	-	-	-	**-**	-	**-**
Revaluation of the net liability from defined benefit plans		-	-	31	-	**31**	-	**31**
Deferred taxes on changes recognised directly in equity		-	-	-10	0	**-10**	-	**-10**
Other comprehensive income		**-**	**-**	**21**	**13**	**34**	**-**	**34**
Consolidated profit/loss		-	-	56	-	**56**	-	**56**
Total comprehensive income		**-**	**-**	**77**	**13**	**90**	**-**	**90**
Issue of instruments of additional regulatory equity	35	-	-	0	-	**0**	50	**50**
Other changes		-	-	0	-	**0**	-	**0**
Equity as at 30 June 2015		**265**	**478**	**979**	**59**	**1,781**	**50**	**1,831**
Equity as at 1 January 2016		**265**	**478**	**953**	**59**	**1,755**	**149**	**1,904**
Changes in the fair value of AfS financial instruments		-	-	-	-3	**-3**	-	**-3**
Financial assets reported using the equity method - Share of other comprehensive income	13	-	-	4	-	**4**	-	**4**
Revaluation of the net liability from defined benefit plans		-	-	-68	-	**-68**	-	**-68**
Deferred taxes on changes recognised directly in equity		-	-	22	2	**24**	-	**24**
Other comprehensive income		**-**	**-**	**-42**	**-1**	**-43**	**-**	**-43**
Consolidated profit/loss		-	-	-384	-	**-384**	-	**-384**
Total comprehensive income		**-**	**-**	**-426**	**-1**	**-427**	**-**	**-427**
Interest paid on instruments of additional regulatory Tier 1 capital	35	-	-	-9	-	**-9**	-	**-9**
Taxes on instruments of additional regulatory Tier 1 capital		-	-	2	-	**2**	-	**2**
Other changes		-	-	-	-	**-**	-	**-**
Equity as at 30 June 2016		**265**	**478**	**520**	**58**	**1,321**	**149**	**1,470**

Condensed Cash Flow Statement

(in € m)	1 Jan - 30 Jun 2016	1 Jan - 30 Jun 2015
Funds at the start of the period	**73**	**211**
Cash flow from operating activities	91	-149
Cash flow from investment activities	15	-24
Cash flow from financing activities	-13	44
Total cash flow	**93**	**-129**
Funds at the end of the period	**166**	**82**

The cash flow from investment activities primarily includes payments of € 34 million for the acquisition and sale of financial assets as well as outgoing payments of € 19 million for the acquisition of financial assets.

Cash flow from financing activities includes interest payments of € 9 million on instruments of additional regulatory Tier 1 capital as well as interest payments of € 4 million on subordinated capital.

Condensed Consolidated Notes

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

Accounting Policies

(1) Principles for the preparation of the interim financial report

The consolidated financial statements of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – as at 30 June 2016 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the EU. Specifically, IAS 34 is applied for requirements relating to interim financial statements. The national regulations in § 315a of the German Commercial Code (HGB) were also observed where they applied as of the interim reporting date. The interim report constitutes a half-year report in accordance with § 37w of the German Securities Trading Act (WpHG). The interim financial report should be read in conjunction with information contained in the published and attested consolidated financial statements of Bremer Landesbank as at 31 December 2015.

The interim consolidated financial statements, as at 30 June 2016, comprise the consolidated income statement, the statement of comprehensive income, the consolidated balance sheet, the statement of changes in equity, the condensed cash-flow statement and selected notes in the condensed consolidated notes. Segment reporting is included in the notes.

The reporting currency for the interim financial statements is the euro. Amounts are all stated rounded in millions of euros (€ m), unless otherwise indicated. The previous year's figures are shown in brackets. These consolidated financial statements were signed and approved for publication by the Management Board on 17 August 2016.

(2) Adjustment of prior-year figures

Adjustments to prior year's figures were only made to a minor extent.

(3) Accounting policies applied

The accounting policies used for the interim financial statements are based on those applied to the consolidated financial statements as at 31 December 2015, unless stated otherwise.

In the process of modernising the subledger system for presenting financial instruments in accordance with IFRS in certain Group companies, accounting-related estimates were amended.

From 30 June 2016 onwards, the hedge amortised cost for hedging investments in the fair value hedges portfolio will be calculated by way of a constant update of the yield curve instead of via the effective interest rate method as previously. Additionally, to calculate the hedge amortised cost for underlying transactions in the fair value hedges portfolio, the yield curve is rolled over from the period start to the period end in a risk-free and arbitrage-free manner, instead of being constantly updated from the period start to the period end as previously. In future, the amended estimate of the interest distribution will prevent a mismatch in the profit/loss from hedge accounting based on the use of different calculation methods for the hedge amortised cost in hedging investments and underlying transactions. Besides the shift between the net interest income and the profit/loss from hedge accounting, there will be effects on the balancing items for financial instruments hedged in the fair value hedge portfolio, the revaluation reserve as well as on the profit/loss from hedge accounting and, consequently, there will be an impact on the consolidated profit and comprehensive income for the period.

Furthermore, as at 30 June 2016, the profit/loss in foreign currencies for the interim consolidated financial statements will be updated in euro on a daily basis instead of once at month end. Switching from an estimate to a defined daily rate will enable the standard requirements for currency translation to be fulfilled more precisely. There will be a shift between the foreign exchange result reported in the trading profit/loss and other items in the income statement without any changes the consolidated profit.

The effects of the amendments to estimates described above on the current period cannot be calculated as the new subledger system has used the amended estimates in respect of interest allocation and price definition since 1 January 2016, however, the old subledger system with the previously applicable estimates was only used up to 31 December 2015. Information about the size of these effects on future periods will not be provided as it is not possible to perform an estimate of these effects.

(4) Applied IFRSs

The accounting policies used for the interim financial statements are based on those applied to the consolidated financial statements as at 31 December 2015, unless otherwise stated.

The following standards, effective from 1 January 2016, were applied by the Bremer Landesbank Group for the first time in the period under review:

Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

As part of the amendments to IFRS 11, published in May 2014, there was an explanation of the accounting treatment of acquired interests in joint operations that constitute a business operation within the meaning of IFRS 3. All principles for the accounting of business combinations in accordance with IFRS 3 or other standards shall be applied and the respective disclosure requirements have to be observed for the share of the acquired interest. The amendments to IFRS 11 are not applicable to any transactions within the Bremer Landesbank Group at the present time.

Amendments to IAS 1 – Presentation of Financial Statements

With the amendment to the standard, published on 18 December 2014, the initial proposals within the scope of the IASB initiative for improving notes to the financial statements were implemented. The amendments stress the concept of materiality in order to improve the disclosure of relevant information in IFRS financial statements. The non-disclosure of immaterial information should provide the possibility for additional subtotals and greater flexibility in the structure of the notes to the financial statements. Furthermore, it provides a clarification in respect of the breakdown of other comprehensive income (OCI) in the statement of comprehensive income. The amendments of IAS 1 produced no effects on the interim consolidated financial statements of Bremer Landesbank.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation

On 12 May 2014, the IASB published amendments to IAS 16 - Property and Equipment and IAS 38 - Intangible Assets that relate to permissible methods that enable the proper presentation of the consumption of the future economic benefits. These amendments clarify that, in the case of property and equipment, depreciation on the basis of revenue generated by goods produced by such assets was not proper and that this was only possible for intangible assets with a limited useful life in specifically listed exceptions. The amendments to IAS 16 and IAS 38 have no effects because this depreciation method is not used by the Bremer Landesbank Group.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The amendment of IAS 19 - Employee Benefits - which was published in November 2013, specifies the rules concerning the classification of employee contributions and contributions by third parties for periods of employee service if the contributions are linked to the length of service. Furthermore, simplifications will be available if the contributions are independent of the number of years of service. The amendments to IAS 19 produced no requirement for any amendments to the Bremer Landesbank consolidated financial statements.

Improvements in the IFRS cycle 2010-2012 and the cycle 2012-2014 as part of the annual improvement process of the IASB

As part of the annual improvements process amendments of formulations in individual IFRSs have been made to clarify or improve existing rules. Cycle 2010-2012 effected amendments to the standards IFRS 2, IFRS 3, IFRS 8 and IFRS 13 as well as IAS 16, IAS 24 and IAS 38, while cycle 2012-2014 included amendments to standards IFRS 5 and IFRS 7 as well as IAS 19 and IAS 34. These annual improvements to IFRS did not have any effect on Bremer Landesbank's consolidated interim financial statements.

The Bremer Landesbank Group does not apply early any standards, interpretations or amendments that have been published but are not yet mandatory.

(5) Basis of consolidation

Besides 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 a controlling influence, are included in the consolidated financial statements:

- 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
- NORD/LB AM ARB Europe (special fund)

In the first half of 2016 the special fund NORD/LB AM ARB Europe was reissued with a volume of € 50 million; Bremer Landesbank holds 100 per cent of the shares.

Furthermore, the following affiliated companies are accounted for using the equity method:

- AMMERLÄNDER Wohnungsbau-Gesellschaft mbH, Westerstede
- BREBAU GmbH, Bremen
- Bremische Wohnungsbaubeteiligungsgesellschaft mbH, Bremen
- 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 2014) as the company does not prepare its financial statements until after the Bremer Landesbank Group.

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

Segment Reporting

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

(in € m)	Corporate Customers	Special Finance	Ship Finance	Private Customers	Financial Markets	Group Control/ Other	Recon-ciliation	Total Group
30 Jun 2016								
Net interest income	37	41	68	11	31	13	-17	**184**
Loan loss provisions	15	-1	419	0	-1	15	2	**449**
Net interest income after risk provisioning	**22**	**42**	**-351**	**11**	**32**	**-2**	**-19**	**-265**
Net commission income	7	5	2	6	1	-6	-2	**13**
Profit/loss from financial instruments at fair value through profit or loss	1	0	1	0	4	-22	1	**-15**
Profit/loss from hedge accounting	0	0	0	0	0	0	-4	**-4**
Profit/loss from financial assets	0	0	0	0	1	0	0	**1**
Profit/loss from companies accounted for using the equity method	0	0	0	0	0	0	3	**3**
Total income	**30**	**47**	**-348**	**17**	**38**	**-30**	**-21**	**-267**
Administrative expenses	15	6	8	12	6	59	-1	**105**
Other operating profit/loss	0	0	0	0	0	19	-33	**-14**
Earnings before taxes	**15**	**41**	**-356**	**5**	**32**	**-70**	**-53**	**-386**
Segment assets	5,076	5,944	7,241	1,125	7,751	2,290	442	**29,869**
Segment liabilities	2,598	4,581	2,116	1,478	11,418	83	6,125	**28,399**
Committed capital/sustainable capital	256	210	1,505	67	56	72	-696	**1,470**
CIR[1)]	32.5%	12.7%	11.7%	69.4%	16.0%	-	-	**57.7%**
RoRaC[2)]	9.0%	26.2%	-47.4%	11.6%	61.3%	-	-	**-**
RoE[3)]	-	-	-	-	-	-	-	**-52.5%**

[1)] Administrative expenses / (Total income before risk provisions + other comprehensive income).
[2)] Return on Risk-adjusted Capital.
[3)] Earnings before taxes / Sustainable capital.

(in € m)[1]	Corporate Customers	Special Finance	Ship Finance	Private Customers	Financial Markets	Consol- Control/ Other	Recon- ciliation	Group Total
30 Jun 2015								
Net interest income	38	40	76	13	38	-5	7	**207**
Loan loss provisions	-3	5	115	-2	0	18	-25	**108**
Net interest income after risk provisioning	**41**	**35**	**-39**	**15**	**38**	**-23**	**32**	**99**
Net commission income	7	5	4	5	1	-1	-1	**20**
Profit/loss from financial instruments at fair value through profit or loss	1	1	1	0	7	18	1	**29**
Profit/loss from hedge accounting	0	0	0	0	0	0	16	**16**
Profit/loss from financial assets	0	0	0	0	3	0	0	**3**
Profit/loss from companies accounted for using the equity method	0	0	0	0	0	0	4	**4**
Total income	**49**	**41**	**-34**	**20**	**49**	**-6**	**52**	**171**
Administrative expenses	17	6	8	12	6	60	-7	**102**
Other operating profit/loss	0	0	0	0	0	-31	37	**6**
Earnings before taxes	**32**	**35**	**-42**	**8**	**43**	**-97**	**96**	**75**
Segment assets	4,978	5,768	8,166	1,205	9,209	2,191	410	**31,927**
Segment liabilities	2,593	4,048	2,474	1,381	12,397	7,253	-50	**30,096**
Committed capital/sustainable capital	303	264	1,894	77	86	72	-974	**1,722**
CIR[2]	35.6%	13.9%	10.1%	63.6%	13.3%	-	-	**34.1%**
RoRaC[3]	18.9%	23.9%	-4.5%	19.6%	71.3%	-	-	**-**
RoE[4]	-	-	-	-	-	-	-	**8.7%**

[1] Previous year's figures for the segments were updated because of the restructuring of the business segments.
[2] Administrative expenses / (Total income before risk provisions + 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

Classification by business segment

As described below, the Group has six segments, which constitute its strategic structures and are subject to reporting requirements. The segments represent customer and product groups that reflect the organisational structures and thus the internal management of the Group. The main criterion for the segmentation is the respective specific focus of the business and income, a largely standardised structure for the customers that are aggregated there in terms of finance and investment needs, product usage and customer support. As the business activity takes place solely in the Federal Republic of Germany and given that the sales channels have been reduced down to the branches in Bremen and Oldenburg, neither the regions nor the sales channels have been segmented.

Corporate Customers

The Corporate Customers Segment manages the homogenous customer group of companies in the North-West business region and they are supported with a customer-specific product offering that ranges from individual corporate finance, transaction management, the hedging of risk through to company pension plans.

Special Finance

The segmenting criterion for Special Finance is the customer sector and therefore particularly the object of finance as the core business in customer relations. The products are geared towards the industry-specific focus of the customers' projects and their financing.

Ship Finance

With its important portfolio, Ship Finance now constitutes a dedicated segment and is no longer part of Special Finance. The segmentation criterion for ship finance is the customer sector and, thus, particularly the object of finance as the core business of the customer relationship. The products are geared towards the industry-specific focus of the customers' projects and their financing.

Private Customers

The Private Customers Segment includes the homogenous customer group of private customers, including freelancers. The product range is based on the finance concept of comprehensive advice and includes all the usual bank services and products relating to bank accounts, loans, investment and transactions.

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 proprietary business. Besides standard products, alternative individual financial products not connected with standardised financial market transactions can also be provided.

Group Controlling / Others

Group Controlling / Others includes all other performance data 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 units), strategic measures (primarily net interest income from investments and the cost of liquidity maintenance), investment and financing results which cannot be directly allocated to the segments, as well as the consolidation of subsidiaries in the sub-group and risk provisioning other than specific valuation allowances. Information about additions to long-term assets other than financial instruments includes, e.g.: the additions of operating and office equipment (property and equipment) that are mainly attributable to IT equipment acquired for regulatory purposes. Intangible assets relate to system and application software. They 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 effects of the 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 aggregation occurs 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 shown under “Group Controlling / Others” instead of under “Reconciliation”. The Group’s net interest income is calculated on the basis of 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 shown under “Group Controlling / Others” analogously to internal reporting.

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

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

Profit/loss from hedge accounting

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

Profit/loss from investments accounted for using the equity method

This item is allocated to the “Group Controlling / Others” segment and not to the four segments directly focused on sales.

Administrative expenses

Directly attributable administrative expenses and the reallocations from internal service are assigned to the business segments. In internal reporting, there is a detailed reconciliation between the internal cost types and 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 business segments whereas the group figures are as at the balance sheet date. Refinancing funds are not shown for the business segments and 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 shown in external reports.

Bank RoE

This ratio is calculated identically throughout the Group for ease of comparison.

Notes to the Consolidated Income Statement

(7) Net interest income

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

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Interest income			
Interest income from lending and money market transactions	361	398	-9
Interest income from fixed-interest securities and debt register claims	11	20	-45
Interest income from financial instruments at fair value through profit or loss			
Trading portfolio and hedge accounting derivatives	140	182	-23
Interest income from the use of the fair value option	-	-	-
Current income			
from shares and other non fixed-interest securities	0	0	0
from investments	0	2	-100
Interest income from other amortisation			
from the adjustment item for the fair value hedge portfolio	25	25	0
from hedge accounting derivatives	26	19	37
Expected income from plan assets	-	-	-
Total interest income	**563**	**646**	**-13**
Interest expenses			
Interest expenses from lending and money market transactions	155	188	-18
Interest expenses from securitised liabilities	39	46	-15
Interest expenses from financial instruments at fair value through profit or loss			
Interest expenses from the trading portfolio and hedge accounting derivatives	122	140	-13
Interest expenses from the use of the fair value option	-	-	-
Interest expenses from subordinated capital	5	10	-50
Interest expenses from other amortisation			
Interest expenses from the adjustment item for the fair value hedge portfolio	7	7	0
Interest expenses from hedge accounting derivatives	47	42	12
Interest expenses from provisions and liabilities	4	6	-33
Other interest expenses and similar expenses	0	0	0
Total interest expenses	**379**	**439**	**-14**
Total	**184**	**207**	**-11**

Interest income from lending and money market transactions includes interest income from the unwinding of the discount related to impaired assets in the amount of € 18 million (comparable period of the previous year: € 16 million).

Total interest income for financial instruments that are not measured at fair value through profit or loss amounted to € 398 million (same period in the previous year: € 445m). The total interest expenses for financial instruments that are not measured at fair value through profit or loss amounted to € 210 million (same period in the previous year: € 257 million).

Interest income from lending and money market transactions was netted with negative interest of € 0 million (same period in the previous year: € 0 million). In terms of interest expenses from lending and money market transactions, a set-off with positive interest of € 0 million was performed (same period in the previous year: € 0 million). The expenses from negative interest rates and income from positive interest rates result from call money and time deposits in the interbank business and in business with non-banks as well as securities lending transactions. In all cases, a negative reference interest rate (usually the EURIBOR rate for different maturity ranges) produced the effects shown.

(8) Loan loss provisions

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowances for loans and advances	67	108	-38
Reversal of general valuation allowances on loans and advances	10	23	-57
Reversal of loan loss provisions	1	1	0
Additions to receivables written off	2	8	-75
Income from loan loss provisions	**80**	**140**	**-43**
Expenses for loan loss provisions			
Allocation to specific valuation allowances for loans and advances	498	236	>100
Allocation to general loan loss provisions	-	9	-100
Allocation to loan loss provisions	1	0	>100
Direct write-offs of loans and advances	30	3	>100
Expenses for loan loss provisions	**529**	**248**	**>100**
Total	**-449**	**-108**	**>100**

The significant rise in allocations from specific valuation allowances, in the first half of 2016, was again attributable to the difficult environment in the “Ship” segment.

(9) Net commission income

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Commission income			
Commission income from banking business			
Lending and guarantee business	6	5	20
Security and custodian business	5	6	-17
Account management and payment transactions	5	5	0
Trust business	0	0	0
Brokerage business	0	1	-100
Other standard bank commission income	7	7	0
Commission income from non-banking transactions			
Real estate business	0	0	0
Total commission income	**23**	**24**	**-4**
Commission expenses			
Commission expenses from banking transactions			
Security and custodian business	1	2	-50
Trust business	-	-	-
Brokerage business	0	0	0
Lending and guarantee business	8	2	>100
Other standard bank commission expenses	1	0	>100
Total commission expenses	**10**	**4**	**>100**
Total	**13**	**20**	**-35**

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

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

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Trading profit/loss			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	2	1	100
Profit/loss from derivatives	4	1	>100
Total realised profit/loss	**6**	**2**	**>100**
Valuation result			
Profit/loss from debt securities and other fixed-interest securities	-	-3	-100
Profit/loss from derivatives	-19	29	>-100
Total valuation result	**-19**	**26**	**>-100**
Foreign exchange result	-2	1	>-100
Other comprehensive income	0	0	0
Total trading profit/loss	**-15**	**29**	**>-100**
Profit/loss from the use of the fair value option			
Valuation result			
Debt securities and other fixed-interest securities	-	-	-
Total profit/loss from designated financial instruments (fair value option)	**-**	**-**	**-**
Total	**-15**	**29**	**>-100**

(11) 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 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	2	19	-89
from derivative hedging instruments	-2	-21	-90
Total micro fair value hedges	**-**	**-2**	**-100**
Profit/loss from the fair value hedges portfolio			
from hedged underlying transactions	-22	64	>-100
from derivative hedging instruments	18	-46	>100
Total fair value hedge portfolio	**-4**	**18**	**>-100**
Total	**-4**	**16**	**>-100**

(12) Profit/loss from financial assets

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

The profit/loss from financial assets classified as AfS comprises the following:

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Profit/loss from the disposal of			
debt securities and other fixed-income securities	0	-	>100
Shares and other non fixed-interest securities	1	3	-67
Total	**1**	**3**	**-67**

(13) Profit/loss from financial assets accounted for using the equity method

As at 30 June 2016, the proportional income from affiliated companies accounted for using the equity method came to € 3 million (same period in the previous year: € 4m).

(14) Administrative expenses

The Group's administrative expenses comprise staff expenses, expenses for property and equipment (other administrative expenses) and scheduled depreciation of property and equipment, investment properties and intangible assets.

The specific breakdown of the expenses is as follows:

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Staff expenses	49	51	-4
Other administrative expenses	52	46	13
Depreciation	4	5	-20
Total	**105**	**102**	**3**

(15) Other operating profit/loss

	1 Jan - 30 Jun 2016 (in € m)	1 Jan - 30 Jun 2015 (in € m)	Change (in %)
Other operating income			
from rental and lease income	4	4	0
from cost reimbursements	1	1	0
reversals of other provisions	0	0	0
Other income	2	2	0
Total other operating income	**7**	**7**	**0**
Other operating expenses			
from rental and lease expenses	1	1	0
from the redemption of issued debt securities	2	0	>100
from the repurchase of registered bonds	15	0	>100
Other expenses	3	0	>100
Total other operating expenses	**21**	**1**	**>100**
Total	**-14**	**6**	**>-100**

(16) Income taxes

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

Notes to the Consolidated Balance Sheet

(17) Loans and advances to banks

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	97	142	-32
Foreign banks	-	-	-
Total loans and advances resulting from money market transactions	**97**	**142**	**-32**
Other loans and advances			
German banks			
Due on demand	297	22	>100
With a fixed term or period of notice	3,101	3,207	-3
Foreign banks			
Due on demand	121	37	>100
With a fixed term or period of notice	15	72	-79
Total other loans and advances	**3,534**	**3,338**	**6**
Total	**3,631**	**3,480**	**4**

(18) Loans and advances to customers

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Loans and advances resulting from money market transactions			
German customers	298	312	-4
Foreign customers	29	17	71
Total loans and advances resulting from money market transactions	**327**	**329**	**-1**
Other loans and advances			
German customers			
Due on demand	1,374	1,331	3
With a fixed term or period of notice	17,688	18,183	-3
Foreign customers			
Due on demand	360	290	24
With a fixed term or period of notice	2,704	2,648	2
Total other loans and advances	**22,126**	**22,452**	**-1**
Total	**22,453**	**22,781**	**-1**

(19) Risk provisioning

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Risk provisioning for loans and advances to banks			
German banks	-	-	-
General valuation allowances on loans and advances	-	-	-
Total risk provisioning for loans and advances to banks	**-**	**-**	**-**
Risk provisioning for loans and advances to customers			
German customers	1,226	917	34
Foreign customers	0	0	0
General valuation allowances on loans and advances	138	146	-5
Total risk provisioning for loans and advances to customers	**1,364**	**1,063**	**28**
Total	**1,364**	**1,063**	**28**

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

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

	Specific valuation allowances		General valuation allowances (on balance sheet)		Total		Loan loss provisions[1]	
(in € m)	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
As at 1 Jan	**917**	**656**	**146**	**201**	**1,063**	**857**	**12**	**11**
Changes through profit or loss								
Allocations	498	507	-	-	**498**	**507**	1	3
Reversals	-67	-188	-8	-12	**-75**	**-200**	-3	-2
Unwinding	-18	-36	-	-	**-18**	**-36**	-	-
Changes recognised directly in equity								
Utilisation	-97	-82	-	-	**-97**	**-82**	-	-
Foreign currency effects	-7	17	-	-	**-7**	**17**	-	-
Reclassifications	-	43	-	-43	**-**	**0**	-	-
As at 30 June 2016 / 31 December 2015	**1,226**	**917**	**138**	**146**	**1,364**	**1,063**	**10**	**12**

1) Including off-balance-sheet general loan loss provisions

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

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities			
Bonds and debt securities			
issued by the public sector	-	10	-100
issued by other borrowers	19	42	-55
Total debt securities and other fixed-interest securities	**19**	**52**	**-63**
Positive fair values from derivatives in connection with:			
interest-rate risks	622	593	5
currency risks	15	20	-25
credit derivatives	1	1	0
Total positive fair values from derivatives	**638**	**614**	**4**
Total trading assets	**657**	**666**	**-1**
Designated financial assets reported at fair value through profit or loss			
Debt securities and other fixed-interest securities	-	-	-
Total designated financial assets reported at fair value through profit or loss	**-**	**-**	**-**
Total	**657**	**666**	**-1**

(21) Financial assets

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

Investments in the equity of other companies as well as silent partnerships and profit participation rights with loss participation are allocated to the category of available for sale (AfS).

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Financial assets classified as LaR	**-**	**-**	**-**
Available-for-sale financial assets (AfS)			
Debt securities and other fixed-interest securities			
issued by the public sector	2,223	2,496	-11
issued by other borrowers	633	380	67
Total debt securities and other fixed-interest securities	**2,856**	**2,876**	**-1**
Shares and other non fixed-interest securities	19	3	>100
Shares in non-consolidated entities	28	24	17
Other financial assets classified as AfS	14	16	-13
Total	**2,917**	**2,919**	**0**

(22) Financial assets accounted for using the equity method

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Affiliated companies			
Banks	-	-	-
Other companies	124	118	5
Total	**124**	**118**	**5**

(23) Property and equipment

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Land and buildings	42	43	-2
Operating and office equipment	10	5	100
Other property and equipment	53	41	29
Total	**105**	**89**	**18**

(24) Investment property

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Investment property	75	76	-1
Total	**75**	**76**	**-1**

(25) Intangible assets

	Carrying amount (in € m)		remaining depreciation period (in years)	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Software developed internally				
Architecture of FI migration interfaces	2	3	2	2
SPOT	1	1	3	3
Purchased software				
Prepayments OptiMA (SAP BA 8.0)	7	7	-	-
Other	3	3	0 to 5	0 to 5
Total	**13**	**14**		

(26) Designated assets held for sale

Under designated assets held for sale are shown financial assets with a carrying amount of € 22 million (previous year-end: € 22 million) . Designated assets held for sale in accordance with IFRS 5 are shares in an affiliated company that, as at 30 June 2015, were classified for the first time as being held for sale. The sale agreement was concluded by 30 June 2016; the disposal will be made at the end of August 2016 after the fulfilment of the conditions precedent.

(27) Other assets

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Initial margin payment	28	16	75
Receivables in interim accounts	23	19	21
Receivables from non-consolidated subsidiaries	15	15	0
Leasing agreements in preparation (prepayments)	2	2	0
Tax refund claims resulting from other taxes	1	0	>100
Other assets	2	5	-60
Total	**71**	**57**	**25**

(28) Liabilities to banks

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Deposits from other banks			
German banks	404	456	-11
Foreign banks	50	-	>100
Total deposits from other banks	**454**	**456**	**0**
Liabilities resulting from money market transactions			
German banks	1,103	1,171	-6
Foreign banks	-	28	-100
Total liabilities resulting from money market transactions	**1,103**	**1,199**	**-8**
Other liabilities			
German banks			
Due on demand	340	573	-41
With a fixed term or period of notice	8,409	8,073	4
Foreign banks			
Due on demand	4	2	100
With a fixed term or period of notice	254	300	-15
Total other liabilities	**9,007**	**8,948**	**1**
Total	**10,564**	**10,603**	**0**

(29) Liabilities to customers

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Savings deposits			
With an agreed period of notice of 3 months			
German customers	165	194	-15
Foreign customers	7	8	-13
With an agreed period of notice of more than 3 months			
German customers	4	4	0
Foreign customers	1	1	0
Total savings deposits	**177**	**207**	**-14**
Liabilities resulting from money market transactions			
German customers	1,299	1,629	-20
Foreign customers	37	66	-44
Total liabilities resulting from money market transactions	**1,336**	**1,695**	**-21**
Other liabilities			
German customers			
Due on demand	3,273	3,306	-1
With a fixed term or period of notice	4,549	4,427	3
Foreign customers			
Due on demand	180	151	19
With a fixed term or period of notice	206	106	94
Total other liabilities	**8,208**	**7,990**	**3**
Total	**10,564**	**10,603**	**0**

(30) Securitised liabilities

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Issued debt securities			
Pfandbriefe	406	472	-14
Municipal bonds	1,276	1,454	-12
Other debt securities	3,713	3,369	10
Total issued debt securities	**5,395**	**5,295**	**2**
Money market instruments			
Commercial papers	50	-	>100
Total money market instruments	**50**	**-**	**>100**
Total	**5,445**	**5,295**	**3**

Of the total amount, € 4,663 million (previous year-end: € 4,545 million) is for securitised liabilities that will probably only be realised or settled after more than twelve months.

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

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Trading liabilities			
Negative fair values from derivatives in connection with:			
interest-rate risks	662	584	13
currency risks	222	284	-22
credit derivatives	3	2	50
Total trading liabilities	**887**	**870**	**2**
Total	**887**	**870**	**2**

(32) Provisions

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Provisions for pensions and similar obligations	383	307	25
Other provisions			
Loan loss provisions	10	12	-17
Provisions for uncertain liabilities	13	14	-7
Total	**406**	**333**	**22**

(33) Other liabilities

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Liabilities from interim accounts	55	22	>100
Liabilities to third parties	11	6	83
Liabilities from outstanding invoices	6	3	100
Liabilities from short-term employee remuneration	3	5	-40
Liabilities from payable taxes and social security contributions	1	1	0
Deferred items	0	1	-100
Other liabilities	5	3	67
Total	**81**	**41**	**98**

(34) Subordinated capital

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Subordinated liabilities	602	602	0
Total	**602**	**602**	**0**

(35) Instruments of Additional Regulatory Tier 1 capital

During 2015, subordinated bearer debt securities in a total amount of € 150 million (thereof € 100 million to the NORD/LB) were issued and these are reported under equity as "Instruments of additional regulatory equity". The issued Additional Tier-1 bonds have no maturity.

The purpose of these subordinated bearer debt securities is to provide Bremer Landesbank with additional Tier 1 capital for an indefinite period of time. The bonds have a fixed interest rate of 8.50 per cent for the first five years for tranche 1 (€50 million) and 9.50 per cent for tranche 2 (€ 100 million), subsequently they will switch into a variable interest phase.

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

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

The redemption and nominal amounts of the bonds may be reduced by a triggering event. Such a triggering event would occur if the Common Equity Tier 1 capital ratio of Bremer Landesbank ("Common Equity Tier 1 capital ratio") were to fall below 5.125 per cent (the "Minimum CET1 ratio"). The triggering event may occur at any time and the relevant Common Equity Tier 1 capital ratio is not only determined with respect to specific key dates. Once a write-down has occurred , the nominal amount and the redemption amount of each debt security may be written up again, in each of Bremer Landesbank's financial years following the write-down, back to the full amount of the original nominal amount (provided they have not been previously repaid or purchased and cancelled) if an appropriate amount of annual net income is available and if doing so does not generate or increase a net annual loss.

The creditors are not entitled to terminate the debt securities.

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

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

Notes on Financial Instruments

(36) Fair value hierarchy

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

Level 1

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

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

Level 2

In the event that no price quotes are available in active markets, fair value is measured using recognised valuation methods or models or using external pricing services, provided that, in this case, valuation is carried out either fully or to a significant extent using observable input data such as spread curves (Level 2). For measuring financial instruments, the usual methods for this include valuation models established on the market under normal market conditions (e.g. discounted cash-flow method, Hull & White model for options) whose calculations are based on standard input parameters available on an active market. A requirement here is that the variables used in the measurement process should be ones which market participants would have considered when fixing the price. Wherever possible, the appropriate parameters should be taken from the market on which an instruments was issued or acquired.

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

For securities on the assets side, for which there is no active market and market prices cannot be used for the measurement, a fair value calculation using the mark-to-matrix technique, based on discounted cash flows, was performed for valuation purposes. In the discounted cash-flow method, all payments are discounted using a risk-free yield curve adjusted by 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 division into active and inactive markets. A changing assessment of the market is used continuously for the measurement. The identification, analysis and valuation of financial instruments in inactive markets take place in several areas of the Group, whereby the inactivity is assessed as objectively as possible. The valuation model for financial instruments for which there are no usable quoted prices on active markets is based on term-specific interest rates, the credit rating of the respective issuer and, if required, further components such as foreign currency premiums.

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

Level 3

Financial instruments for which there is no active market and the measurement of which can no longer be based completely on observable market parameters are allocated to Level 3. In relation to and distinct from Level 2 measurements, in Level 3 measurements, bank-specific models are generally used and, to a significant extent, data that are not observable in the markets. The input parameters used in these methods contain, among other things, assumptions about cash flows, loss estimates and the discount rate and are collected close to the market as far as possible.

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

For derivatives of OTC markets there are generally no listed prices available, so that the fair values have to be established using other measurement methods. The valuation is initially performed 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. This is done via an add-on procedure.

In the Bremer Landesbank Group, collateralised OTC derivatives, for the most part, are valued on the basis of the current market standard of Overnight Index Swap Discounting (OIS discounting).

Additionally, use is made of the option to determine the counterparty default risk (credit value adjustment (CVA)/Debit value adjustment (DVA)) on the basis of the net risk position in accordance with IFRS 13.48.

All the valuation models used in the Group are checked periodically. The fair values are subject to internal controls and procedures in the Bremer Landesbank Group. These controls and procedures are performed or coordinated in the Finance/Risk Control division. The models, the data inputs 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 Jun 2016 Fair value	30 Jun 2016 Carrying amount	31 Dec 2015 Fair value	31 Dec 2015 Carrying amount
Assets					
Cash reserve	Fair value	166	166	73	73
Loans and advances to banks	Amortised cost	3,846	3,631	3,628	3,480
Loans and advances to customers	Amortised cost	22,409	22,453	21,777	22,781
of which: Receivables from finance leases	Amortised cost	16	16	24	24
Risk provisioning		-	-1,364	-	-1,063
Adjustment item for financial instruments included in the hedged in the fair value hedge portfolio	Fair value	-	107	-	49
Financial liabilities at fair value through profit or loss					
Trading assets	Fair value	657	657	666	666
Financial assets					
Financial assets classified as AFS	Fair value	2,917	2,908	2,919	2,910
Financial assets classified as AFS	at cost	-	9	-	9
Positive fair values from hedge accounting derivatives	Fair value	714	714	541	541
Other assets					
classified as LaR	Amortised cost	0	0	35	35
Total assets		**30,709**	**29,281**	**29,639**	**29,481**
Liabilities					
Liabilities to banks	Amortised cost	10,823	10,564	10,750	10,603
Liabilities to customers	Amortised cost	10,430	9,721	10,449	9,892
of which: Receivables from finance leases	Amortised cost	-	-	-	-
Securitised liabilities	Amortised cost	5,536	5,445	5,380	5,295
Adjustment items for financial instruments hedged in the fair value hedge portfolio	Fair value	-	323	-	212
Financial liabilities at fair value through profit or loss					
Trading liabilities	Fair value	887	887	870	870
Negative fair values from hedge accounting derivatives	Fair value	356	356	201	201
Subordinated capital		549	602	574	602
Other liabilities		65	65	28	28
Total liabilities		**28,646**	**27,963**	**28,252**	**27,703**
Additional classes					
Irrevocable loan commitments		1,947	2,000	96	1,830
		0	326	0	303
		0	143	0	198
Financial guarantees		-	469	-	501

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

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

Shares in companies in the amount of € 9 million (previous year-end: € 9 million) were recognised at acquisition cost because, for these, there is no quoted price in an active market and the fair value attributable to them cannot be reliably determined.

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

(in € m)	30 Jun 2016 Level 1	Level 2	Level 3	Total	31 Dec 2015 Level 1	Level 2	Level 3	Total
Assets								
Trading assets								
Debt securities and other fixed-interest securities	11	8	-	**19**	52	-	-	**52**
Derivatives								
Interest-rate risks	-	622	-	**622**	-	593	-	**593**
Currency risks	-	15	-	**15**	-	20	-	**20**
Share-price and other price risks	-	-	-	**-**	-	-	-	**-**
Credit risks	-	1	-	**1**	-	1	-	**1**
Financial assets designated at fair value	-	-	-	**-**	-	-	-	**-**
Positive fair values from allocated micro fair value hedge derivatives	-	121	-	**121**	-	131	-	**131**
Positive fair values from allocated fair value hedge derivatives portfolio	-	593	-	**593**	-	410	-	**410**
Financial assets reported at fair value								
Debt securities and other fixed-interest securities and shares	1,971	904	-	**2,875**	2,153	726	0	**2,879**
Shares in companies (non-consolidated)	-	-	28	**28**	0	0	15	**15**
Other financial assets classified as AFS	-	-	14	**14**	-	-	16	**16**
Designated assets held for sale reported at fair value	-	-	22	**22**	0	0	0	**0**
Other assets reported at fair value	15	-	-	**15**	16	0	-	**16**
Total	**1,997**	**2,264**	**42**	**4,303**	**2,221**	**1,881**	**31**	**4,133**
Liabilities								
Trading liabilities								
Interest-rate risks	-	662	-	**662**	-	584	-	**584**
Currency risks	-	222	-	**222**	-	284	-	**284**
Credit risks	-	3	-	**3**	-	2	0	**2**
Negative fair values from allocated micro fair value hedge derivatives portfolio	-	16	-	**16**	-	22	-	**22**
Negative fair values from allocated fair value hedge derivatives portfolio	-	340	-	**340**	-	179	-	**179**
Total	**-**	**1,243**	**-**	**1,243**	**-**	**1,071**	**0**	**1,071**

Fair values from the synthetic credit portfolio of CDSs (Level 2) total as at 30 June 2016 0.4 per cent (previous year-end: 0.3 per cent) of the nominal amounts of € 0.4 billion (previous year-end: € 0.4 billion). The Bank intends to hold the existing synthetic credit portfolio to maturity.

Transfers within the fair value hierarchy break down as follows:

(in € m)	From Level 1 to Level 2	From Level 1 to Level 3	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 1	From Level 3 to Level 2
30 Jun 2016						
Trading assets						
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets reported at fair value						
Debt securities and other fixed-interest securities	178	-	112	-	-	-
Other assets reported at fair value	-	-	-	-	-	-
Assets	**178**	**-**	**112**	**-**	**-**	**-**
Trading liabilities						
Financial assets designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
31 Jan 2015						
Trading assets						
Financial assets designated at fair value	-	-	-	-	-	-
Positive fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial assets reported at fair value						
Debt securities and other fixed-interest securities	3	-	330	-	-	-
Other assets reported at fair value	-	-	-	-	-	-
Assets	**3**	**-**	**330**	**-**	**-**	**-**
Trading liabilities	-	-	-	-	-	-
Financial liabilities designated at fair value	-	-	-	-	-	-
Negative fair values from hedge accounting derivatives	-	-	-	-	-	-
Financial liabilities designated for sale reported at fair value	-	-	-	-	-	-
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**

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

At the individual transaction level, for financial instruments, a review of the activity status of the parameters used for the valuation is performed. The review as at 30 June 2016 showed that financial assets in the amount of € 178 million were transferred from Level 2 to Level 1 due to an improvement in liquidity. In the reporting period, financial assets in the amount of € 112 million were transferred from Level 1 to Level 2 due to decreasing liquidity.

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

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

(€ m)	Debt securities and other fixed-interest securities	Negative fair values from derivatives (Credit derivatives)
Opening balance 1 Jan 2015	**53**	**-**
P&L effect[1)]	0	-
Effect of revaluation reserve	6	-
Purchases	2	-
Sales	-30	-
Redemptions	-	-
Shift up from Levels 1 and 2	-	-
Shift down to Levels 1 and 2	-	-
Shift up from at cost	-	-
Closing balance 31 Dec 2015	**31**	**-**
Opening balance 1 Jan 2016	**31**	**-**
P&L effect[1)]	-	-
Effect of revaluation reserve	3	-
Purchases	-	-
Sales	-	-
Redemptions	-2	-
Shift up from Levels 1 and 2	-	-
Shift down to Levels 1 and 2	-	-
Shift up from at cost	-	-
Closing balance as at 30 June 2016	**32**	**-**

[1)] The effects include valuation and realisation effects as well as accrued interest and are shown in the income statement in the items ‘net interest income’ and ‘profit/loss from financial instruments at fair value through profit or loss’.

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

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

Sensitivity Calculation for Non-observable Parameters

The following material and non-observable input parameters were used for the fair value measurement of financial instruments classified as Level 3.

Product (in € m)	Fair value	Material non-observable input paraments used in fair value measurement	Range of non-observable input parameters used	weighted average
30 Jun 2016				
Investments	18	Discount rate	0-750 basis points	50 basis points
Silent participations	14	Credit spread	392 basis points	100 basis points

A significant non-observable input parameter for the fair value measurement of the equity investments is the discount rate. Significant changes in the input parameter can result in a significantly higher or lower fair value. In the sensitivity analysis, stress was applied to the discount rate in the valuation by raising and lowering it by 50 basis points in each case. Accordingly, an imputed change in the underlying assumption-based parameters resulted in a change in the fair value of the equity investments in Level 3 by € 2.2 million (prior year: € 1.0 million) with a corresponding effect on other comprehensive income (OCI) as a consequence.

A significant non-observable input parameter for the fair value measurement of silent participations is the credit spread. Significant changes in the input parameter can result in a significantly higher or lower fair value. In the sensitivity analysis, stress was applied to the credit spread in the valuation by raising and lowering it by 100 basis points in each case. Accordingly, an imputed change in the underlying assumption-based parameters resulted in a change in the fair value of all the silent participations in Level 3 by € 0.2 million (previous year: € 0.2 million) with a corresponding effect on other comprehensive income (OCI) as a consequence.

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

If fair values are provided in the notes for assets and liabilities that are not recognised at fair value in the balance sheet, then these values should be allocated to the fair value hierarchy. The allocation is shown in the following table.

(37) Derivative financial instruments

Derivative financial instruments break down as follows:

	Nominal values		Positive fair values		Negative fair values	
(in € m)	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Interest-rate risks	28,435	32,452	1,336	1,136	1,017	784
Currency risks	5,116	4,437	15	20	222	285
Share-price and other price risks	0	0	0	0	0	0
Credit derivatives	365	405	1	1	3	2
Total	**33,916**	**37,294**	**1,352**	**1,157**	**1,242**	**1,071**

(38) Disclosures on selected countries

The following table shows the reported values of financial assets with counterparties in selected countries. The sovereign exposure figures include, besides transactions with the respective sovereigns, transactions with regional governments, municipalities and government-oriented companies.

(in € m)	Financial Instruments held for trading 30 Jun 2016	Financial Instruments held for trading 31 Dec 2015	Available-for-sale Assets 30 Jun 2016	Available-for-sale Assets 31 Dec 2015	Loans and receivables 30 Jun 2016	Loans and receivables 31 Dec 2015
Italy						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	0	0
Corporates/other	-	-	-	-	0	0
Total Italy	-	-	-	-	0	0
Ireland						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	0	0
Corporates/other	0	0	-	-	18	19
Total Ireland	0	0	-	-	18	19
Greece						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	0	0
Total Greece	-	-	-	-	0	0
Spain						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	3	3	15	15	8	4
Corporates/other	-	-	-	-	-	-
Total Spain	3	3	15	15	8	4
Cyprus						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	-	-
Corporates/other	-	-	-	-	396	392
Total Cyprus	-	-	-	-	396	392
Hungary						
Sovereign exposure	-	-	-	-	-	-
Financial institutions/insurance companies	-	-	-	-	1	1
Corporates/other	-	-	-	-	12	15
Total Hungary	-	-	-	-	13	16
Total	3	3	15	15	435	431

For financial instruments in the available-for-sale category with acquisition costs totalling € 15 million (previous year-end: € 15 million), the cumulative valuation result in other comprehensive income in respect of the above-mentioned selected countries was € 0 million overall (previous year-end: € 0 million). As at previous year-end, no impairment losses were charged to the consolidated income statement for the period.

As in the previous year, no notable specific valuation allowances were made for the loans and receivables category in relation to the above-mentioned selected countries. The general loan loss provisions amounted to € 8 million. The fair value of this exposure in the loans and receivables category was € 230 million overall (previous year-end: € 231 million).

In the first half of 2016, Bremer Landesbank did not have any exposures in Slovenia, Portugal, Russia and Egypt.

In the first half of 2016, Bremer Landesbank had no credit derivatives with Greece and Cyprus in its portfolio.

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

(in € m)	Nominal values Protection buyer 30 Jun 2016	Nominal values Protection buyer 31 Dec 2015	Fair values Protection buyer 30 Jun 2016	Fair values Protection buyer 31 Dec 2015	Nominal values Protection seller 30 Jun 2016	Nominal values Protection seller 31 Dec 2015	Fair values Protection seller 30 Jun 2016	Fair values Protection seller 31 Dec 2015
Portugal								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ Insurance Companies	-	-	-	-	15	15	-1	-1
Corporates/other	-	-	-	-	-	-	-	-
Total Portugal	**-**	**-**	**-**	**-**	**15**	**15**	**-1**	**-1**
Italy								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ Insurance Companies	60	60	1	1	80	80	-1	-1
Corporates/other	-	-	-	-	-	-	-	-
Total Italy	**60**	**60**	**1**	**1**	**80**	**80**	**-1**	**-1**
Ireland								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ Insurance Companies	-	-	-	-	10	10	0	0
Corporates/other	-	-	-	-	-	-	-	-
Total Ireland	**-**	**-**	**-**	**-**	**10**	**10**	**0**	**0**
Spain								
Sovereign exposure	-	-	-	-	-	-	-	-
Financial institutions/ Insurance Companies	20	20	0	0	20	20	0	0
Corporates/other	-	-	-	-	-	-	-	-
Total Spain	**20**	**20**	**0**	**0**	**20**	**20**	**0**	**0**
Total	**80**	**80**	**1**	**1**	**125**	**125**	**-2**	**-2**

The following table shows the application of the fair value hierarchy for the financial assets and credit derivatives that are reported at fair value for selected countries:

€ m	Level 1 30 Jun 2016	Level 1 31 Dec 2015	Level 2 30 Jun 2016	Level 2 31 Dec 2015	Level 3 30 Jun 2016	Level 3 31 Dec 2015	Total 30 Jun 2016	Total 31 Dec 2015
Portugal								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	-1	-1	-	-	**-1**	**-1**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Portugal	**-**	**-**	**-1**	**-1**	**-**	**-**	**-1**	**-1**
Italy								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	-1	0	-	-	**-1**	**-**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Italy	**-**	**-**	**-1**	**0**	**-**	**-**	**-1**	**-**
Ireland								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	0	-	-	-	**-**	**-**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Ireland	**-**	**-**	**0**	**-**	**-**	**-**	**-**	**-**
Greece								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	-	-	-	-	**-**	**-**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Greece	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Spain								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	12	12	-	-	**12**	**12**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Spain	**-**	**-**	**12**	**12**	**-**	**-**	**12**	**12**
Cyprus								
Sovereign exposure	-	-	-	-	-	-	**-**	**-**
Financial institutions/insurance companies	-	-	-	-	-	-	**-**	**-**
Corporates/other	-	-	-	-	-	-	**-**	**-**
Total Cyprus	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**10**	**11**	**-**	**-**	**10**	**11**

Other Notes

(39) Regulatory Data

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

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Risk-weighted assets for			
Credit risks	11,754	12,714	-8
Operational risks	849	881	-4
Market-price risks	156	148	5
Clearing risks	-	-	-
Credit rating adjustments	90	72	25
Total risk-weighted assets	**12,849**	**13,815**	**-7**

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

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Subscribed capital	265	265	-
Retained earnings/reserves	273	600	-55
Premium	478	478	-
Components of Common Equity Tier 1 capital on the basis of grandfathering rights + § 340g of the German Commercial Code (HGB) - Funds for general banking risks	591	589	0
- Deductions	-427	-845	-49
Adjustments due to transition rules	302	505	-40
- Adjustment item to prevent negative Tier 1 capital	-68	-105	-35
Common Equity Tier 1 capital	**1,414**	**1,487**	**-5**
Paid-in instruments of additional Tier 1 capital	150	150	-
- Deductions	-	-	-
Adjustments due to transition rules	-218	-255	-15
Adjustment item for the avoidance of negative additional Tier 1 capital	68	105	-35
Additional Tier 1 capital	**-**	**-**	**-**
Tier 1 capital	**1,414**	**1,487**	**-5**
Paid-in instruments of supplementary capital	600	600	-
Components of supplementary capital due to grandfathering rights	-	-	-
General credit-risk adjustments per standard approach	1	1	-
- Deductions	-	-	-
Adjustments due to transition rules	-83	-249	-67
Supplementary capital	**518**	**352**	**47**
Equity	**1,932**	**1,839**	**5**

in %	30 Jun 2016	31 Dec 2015	Change
Common Equity Tier 1 capital ratio	11.01%	10.76%	2
Tier 1 capital ratio	11.01%	10.76%	2
Regulatory capital ratio	15.03%	13.31%	13

(40) Contingent liabilities and other obligations

	30 Jun 2016 (in € m)	31 Dec 2015 (in € m)	Change (in %)
Contingent liabilities			
Contingent liabilities on bills rediscounted and settled	-	-	-
Liabilities from guarantees	901	751	20
Liability from the provision of collateral for third-party liabilities	-	-	-
Other contingent liabilities	-	-	-
Other obligations			
Placement and underwriting commitments	-	-	-
Irrevocable loan commitments	2,000	1,830	9
Financial guarantees	469	501	-6
Total	**3,370**	**3,082**	**9**

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

(41) Other financial obligations

From the other financial obligations the following material amounts should be mentioned:

- The assessment of the contribution for the deposit security reserve for Landesbanks and giro centres was changed in the course of recognising the S-Haftungsverbund (joint liability scheme) as a bank-related protection system under CRR and the assumption of the deposit protection role under the German Law on Deposit Insurance (EinSiG) In addition to contributions already made, there are obligations to make additional contributions in the amount of € 70 million (previous year-end: € 70 million). These additional contributions can be called in with immediate effect if there is a case where an institution requires support.
- 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 that have already been created.
- Notwithstanding the disposal of the investment in DekaBank Deutsche Girozentrale, Frankfurt am Main, held indirectly through GLB GmbH & Co. OHG, Frankfurt am Main, and the related reduction in the capital of GLB GmbH & Co. OHG, Bremer Landesbank is still jointly liable with the other owners as guarantors for certain existing liabilities of DekaBank Deutsche Girozentrale.

- As had been the case in the previous year, there were no securities deposited as collateral for transactions on forward markets. Instead, a cash security of € 15 million was deposited at Eurex Deutschland, Frankfurt am Main (prior year-end: EUR 15 million).
- In accordance with § 12 para. 5 of the German Restructuring Fund Act (*Restrukturierungsfondsgesetz*, RStruktFG), 30 per cent of the set annual contribution for the EU bank levy for 2015 set in accordance with § 12 para. 2, § 12b and § 12g of the RStruktFG was made through an irrevocable payment obligation of € 3 million. Bremer Landesbank covered this payment obligation in full by providing a cash security.

Companies and individuals linked to the Group

(42) Related parties

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

The volume of such transactions is shown below:

(in € m)	Parent Comp-any	Sub-sidiary Company	Affiliated Comp-any	Manage-ment in key positions	Other Related Parties
30 Jun 2016					
Loans and advances to banks	38	-	63	-	-
of which money market transactions	-	-	55	-	-
of which loans	38	-	8	-	-
of which loans collateralised with mortgages	-	-	-	-	-
of which other loans	38	-	8	-	-
Loans and advances to customers	-	-	102	12	86
of which money market transactions	-	-	12	-	-
of which loans	-	-	90	12	86
of which municipal loans	-	-	6	-	79
of which loans collateralised with mortgages	-	-	81	12	4
of which other loans	-	-	3	-	3
Financial assets at fair value through profit or loss	1	-	2	0	3
of which positive fair values from derivatives	-	-	2	0	3
Financial assets	-	-	17	-	-
of which debt securities and other fixed-interest securities	-	-	-	-	-
of which shares and other non-fixed-interest securities	-	-	17	-	-
Other assets	0	-	-	-	-
Total assets	**39**	**-**	**184**	**12**	**89**
Liabilities to banks	556	-	81	-	11
of which money market transactions	-	-	-	-	-
of which deposits from other banks	-	-	-	-	-
Liabilities to customers	-	2	23	2	111
of which money market transactions	-	0	11	-	-
Securitised liabilities	-	-	-	-	1
Financial liabilities at fair value through profit or loss	36	-	0	-	-
of which negative fair values from derivatives	0	-	0	-	-
Subordinated capital	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities and equity	**592**	**2**	**104**	**2**	**123**
Guarantees/sureties received	-	-	-	-	-
Guarantees/sureties granted	0	-	10	-	1

(in € m)	Parent Comp-any	Sub-sidiary Company	Affiliated Comp-any	Manage-ment in key positions	Other Related Parties
31 Dec 2015					
Loans and advances to banks	53	-	15	-	-
of which money market transactions	-	-	10	-	-
of which loans	53	-	5	-	-
of which loans collateralised with mortgages	-	-	-	-	-
of which other loans	53	-	5	-	-
Loans and advances to customers	-	-	104	3	139
of which money market transactions	-	-	13	-	-
of which loans	-	-	91	3	139
of which municipal loans	-	-	6	-	132
of which loans collateralised with mortgages	-	-	84	3	4
of which other loans	-	-	1	0	3
Financial assets at fair value through profit or loss	-	-	2	0	4
of which positive fair values from derivatives	0	-	2	0	4
Financial assets	-	-	16	-	-
of which debt securities and other fixed-interest securities	-	-	-	-	-
of which shares and other non-fixed-interest securities	-	-	16	-	-
Other assets	0	-	-	-	-
Total assets	**53**	**-**	**137**	**3**	**143**
Liabilities to banks	225	-	83	-	11
of which money market transactions	-	-	-	-	-
of which deposits from other banks	-	-	-	-	-
Liabilities to customers	-	2	23	1	145
of which money market transactions	-	0	8	-	-
Securitised liabilities	-	-	-	-	1
Financial liabilities at fair value through profit or loss	57	-	0	0	-
of which negative fair values from derivatives	57	-	0	0	-
Subordinated capital	-	-	-	-	-
Other liabilities	-	-	-	-	-
Total liabilities	**282**	**2**	**106**	**1**	**157**
Guarantees/sureties received	-	-	-	-	-
Guarantees/sureties granted	0	-	9	-	0

(in € m)	Parent Comp-any	Subsid-sidiary company	Affiliated company	Manage-ment in key positions	Other Related Parties
1 Jan - 30 Jun 2016					
Interest expenses	6	-	2	0	0
Interest income	0	-	2	0	3
Commission expenses	-	-	-	-	-
Commission income	-	-	0	0	0
Other expenses	11	-	-	0	1
Other income	1	-	0	-	0
Total contributions to income	**-16**	**0**	**0**	**0**	**2**
1 Jan - 30 Jun 2015					
Interest expenses	6	0	2	0	1
Interest income	0	-	2	0	3
Commission expenses	-	0	0	0	0
Commission income	0	-	0	0	0
Other expenses	38	-	-	0	1
Other income	12	0	0	-	0
Total contributions to income	**-32**	**0**	**0**	**0**	**1**

(43) Members of Governing Bodies as at 30 June 2016

1. Members of the Management Board

Dr. Stephan-Andreas Kaulvers
Chairman

Heinrich Engelken
Deputy Chairman

Dr. Guido Brune

Björn Nullmeyer

2. Members of the Supervisory Board

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

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

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

Ursula Carl
Managing Director
ATLANTIC Grand Hotel, Bremen

Prof. Dr. Wolfgang Däubler, Professor emeritus
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

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

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

Andreas Klarmann
Qualified banker
Bremer Landesbank, Bremen

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

Bernhard Reuter
District Administrator of Göttingen District,
Göttingen

Michael Schlüter
Qualified banker
Bremer Landesbank, Bremen

Prof. Matthias Stauch
State Councillor of Senate Chancellery
Senator for Justice and Constitutional Matters,

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

Jörg Walde
Qualified banker
Bremer Landesbank, Bremen

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

Eike Westermann
Fully qualified lawyer
Bremer Landesbank, Bremen

(44) List of Shareholdings as at 30 June 2016

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

Company name and registered office	Shareholding in % direct	Shareholding in % indirect	Equ-equity (in € m)[1]	Profit/ loss (in € m)
Subsidiaries included in the consolidated financial statements				
BLB Immobilien GmbH, Bremen	-	100.00	-	-[2]
BLB Leasing GmbH, Oldenburg	-	100.00	-	-[2]
Bremische Grundstücks-GmbH, Bremen	-	100.00	-	-[2]
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	-	-	-
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	90.00	10.00	-	-
Investment funds				
NORD/LB AM ARB Europe, Hanover	-	100.00	-	-
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	-	-
Bremische Wohnungsbaubeteiligungsgesellschaft mbH, Bremen	50.00	-	-	-
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	0
BGG Oldenburg GmbH & Co, KG, Bremen	100.00	-	9	1
BLB I Beteiligungs-GmbH, Bremen	100.00	-	0	0
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen	-	49.00	0[4]	1[4]
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen	100.00	-	1	1
Bremische Grundstücks-GmbH & Co., Wohnanlagen Gross-Bonn, Bremen	100.00	-	1	1
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen	-	12.61	19	2
Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	-	20.46	12[4]	0[4]
Interessengemeinschaft KATHARINENKLOSTERHOF GbR, Bremen	30.70	-	0	0
NBV Beteiligungs-GmbH, Hamburg	-	21.33	15[4]	1[4]
Öffentliche Versicherung Bremen, Bremen	-	20.00	6	1
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	-	100.00	0[3]	0[3]
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	-	100.00	171[3]	148[3]
WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	-	23.84	0	0
Wohnungsbaugesellschaft Wesermarsch mbH, Brake	-	21.71	19[4]	0[4]

Company name and registered office	Shareholding in % direct	stake in % indirect	Equ- equity (in € m)[1]	Profit/ loss (in € m)
Companies accounted for under IFRS 5				
Affiliated companies				
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen	-	16.50	140	23

[1] Equity as defined in §§ 266 and 272 of the German Commercial Code There are no unpaid contributions
[2] Control and profit-and-loss transfer agreement concluded with the company.
[3] Figures are from the most recent, but as yet unapproved, financial statements for 2015.
[4] Figures are from the approved financial statements for 2014.

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

Bremen, 17 August 2016

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

Björn Nullmeyer

Responsibility Statement

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

Bremen, 17 August 2016

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

Management Board

Dr. Stephan-Andreas Kaulvers	Heinrich Engelken
Dr. Guido Brune	Björn Nullmeyer

Certification following Audit Review

To Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen:

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated cash-flow statement and condensed consolidated notes, and the interim group management report of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, for the period from 1 January to 30 June 2016, which are part of the half-year financial report in accordance with § 37w of the German Securities Trading Act (WpHG). It is the responsibility of the company's legal representatives to prepare the condensed interim consolidated financial statements in accordance with the IFRSs for interim financial reporting, as adopted by the EU, and the interim group management report in accordance with the applicable regulations of the German Securities Trading Act (WpHG). It is our responsibility to issue a certificate for the condensed interim consolidated financial statements and the interim Group management report on the basis of our review.

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

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

Hanover, 18 August 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Leitz	Mahr
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –

Bremen: Domshof 26, 28195 Bremen
Telefon 0049 421 332-0, Telefax 0049 421 332-2322
Oldenburg: Markt, 26122 Oldenburg
Telefon 0049 441 237-01, Telefax 0049 441 237-1333

www.bremerlandesbank.de
kontakt@bremerlandesbank.de