

Luxembourg, 10 October 2014

NORD/LB Luxembourg achieves good half-year results and prepares for realignment

Results for the first half-year of 2014

NORD/LB Luxembourg generated earnings of EUR 31.6 million in the first half-year of 2014 and was therefore able to improve on last year's half-year result (EUR 3.1 million) as well as the total earnings for 2013 (EUR 15.2 million) quite considerably.

Net interest income (EUR 44.9 million) dropped in comparison to the same period last year (-6.5%). This can be partly ascribed to interest rate levels, which have fallen again, but due consideration must also be given in this respect to the fact that securities from the "Available for Sale (AfS)" category were sold and replaced by securities in the "Designated at Fair Value (dFV)" category. The interest income from this category of securities was around EUR 3.0 million for the half-year and is reported in the results from financial instruments at fair value through profit or loss. Overall, the result from financial instruments at fair value (including the result from hedge transactions) contributed EUR -2.8 million to the results.

In addition to a one-off effect within the scope of the deconsolidation of a subsidiary (EUR 6.3 million), the aforementioned sale of AfS securities had a positive effect on earnings from financial assets (EUR 20.8 million).

Net commission (EUR -6.2 million) was below the comparative value for the previous year (EUR -0.7 million). This is due to the smaller share of one-off commission collected in the lending business as well as increased expenses for commission paid to the group's parent company NORD/LB within the scope of the allied lending business.

Risk provisions in the lending business delivered positive net results in the first half-year of 2014 in the amount of EUR 2.9 million. Allocations to

individual loan loss provisions (EUR -7.4 million) were considerably over-compensated by the reversal of portfolio-based provisions (EUR 1.0 million) and the reversal of provisions in the lending business (EUR 8.7 million).

Administrative expenses (EUR -22.2 million) were above the comparative value (EUR -21.1 million). This is partly attributable to the non-linear course of project expenditure. Moreover, increased costs have been incurred within the context of preparations for the realignment of the NORD/LB Luxembourg sub-group.

New structure within the NORD/LB Luxembourg sub-group: formation of NORD/LB Vermögensmanagement Luxembourg S.A. and integration of NORD/LB CFB

Over the course of the first half of 2015, Norddeutsche Landesbank Luxembourg S.A. and its wholly owned subsidiary NORD/LB Covered Finance Bank S.A. (NORD/LB CFB) will be merging. The new bank will be set up as a covered bond bank. It will thus be continuing NORD/LB CFB's task of generating additional covered refinancing for the core business of the NORD/LB Group via the issue of covered bonds under Luxembourg law ("Lettres de Gage"). The merger of the two banks and the associated synergy effects mean that the policy of stringent cost management already being pursued will be continued rigorously.

The private banking activities of the bank will be transferred to a separate company. The sole shareholder of "NORD/LB Vermögensmanagement Luxembourg S.A." will be the German parent company of the group, Norddeutsche Landesbank Girozentrale, which is based in Hanover, Braunschweig and Magdeburg. The bank will thus be fulfilling regulatory requirements whereby covered bond bank issuers are not permitted to manage any customer business.

The current Chairman of the Board of Directors at NORD/LB Luxembourg, Harry Rosenbaum, will take over as Chairman of the Board of the new asset management company. Markus Linnert, who is currently head of Private Banking at NORD/LB Luxembourg, will assist him as an additional member of the Board of Directors.

The management of the merged specialist bank will be undertaken by the current Chairman of the Board at NORD/LB CFB and Deputy Chairman of the Board of Directors at NORD/LB Luxembourg, Christian Veit. The deputy chairmanship will be taken over by his long-term colleague, Thorsten Schmidt, who already holds this position at NORD/LB CFB and is also a member of the Board of Directors at NORD/LB Luxembourg.

“With an efficient specialist bank and covered bond platform on the one hand and excellent asset management on the other, we will have an even more powerful and compelling position on the Luxembourg market in future”, explains the Chairman of the Supervisory Board at NORD/LB Luxembourg, Dr. Gunter Dunkel. The continuity of personnel right up to management level will guarantee that nothing will change for our customers in terms of the high quality of services, products and advice. “In Harry Rosenbaum we have an expert with a wealth of experience and an excellent network in private banking, who is predestined for leading the new asset management company like nobody else. Christian Veit and Thorsten Schmidt in turn are proven experts in the capital market and have been synonymous with the successful covered bond strategy of the bank for years, a central component of the funding strategy of the whole group. This team has already proven itself to be successful and will continue to do so in the future set-up.”

Subject to final approval by the regulators regarding the intended reorganisation, the business model of the merged specialist bank provides for the following business sectors:

Allied Lending Business with the Group: the existing portfolios of the two merged banks will be continued here and additional commitments eligible for investment in the cover pool according to Luxembourg criteria from the NORD/LB Group will be pooled. The bank is working on refinancing other asset classes of the group via covered bonds according to Luxembourg law. Until then only “Lettres de Gage publique” will be issued.

Financial Markets/Sales: this sector will be responsible for interest/liquidity and currency management, and manage the cover pool and issuing activities. Moreover, it will look after the investors of the covered bond bank. The pan-European sales activities will not only consist of covered bonds but also of additional products. These will be sold to institutional customers on behalf of the Group without assuming the risk.

Client Services/B2B: the merged specialist bank, which will not operate any private banking itself, will use its efficient IT infrastructure in order to offer services to external asset managers (including account and deposit management). The first customer will be the asset management company which is going to be founded within the corporate group.

For more information and the full sub-group report to 30 June 2014 please go to www.nordlb.lu

Norddeutsche Landesbank Luxembourg S.A. is a wholly-owned subsidiary of Norddeutsche Landesbank Girozentrale, Hanover. NORD/LB Luxembourg itself is the parent company of a group with two subsidiaries (of which only NORD/LB Covered Finance Bank S.A. is taken into account in the consolidated financial statements). The information presented in this press release relates to the consolidated results of the NORD/LB Luxembourg Group.

Summary of Key Data

Norddeutsche Landesbank Luxembourg S.A.

(Information in accordance with IFRS, consolidated financial statements)

EUR million	30.06.2014	30.06.2013
Net interest income	44.9	47.8
Net commission	-6.2	-0.7
Profit/loss from financial assets	20.8	-17.0
Other profit/loss	0.7	-0.6
Administrative expenses	-22.2	-21.1
Profit/loss from changes in valuation and risk provision	0.1	-5.8
Earnings before taxes	38.0	2.6
Taxes	-6.4	0.5
Earnings after taxes	31.6	3.1

	30.06.2014	31.12.2013
Balance sheet total (EUR billion)	16.7	16.8
Core capital ratio	15.6%	15.6%