

Luxembourg, 31.05.2015

NORD/LB Luxembourg S.A. Covered Bond Bank – Self-commitment for exercising mortgage banking activities

NORD/LB Luxembourg S.A. Covered Bond Bank (hereinafter referred to as the “Bank”) is a mortgage bank (*banque d’émission de lettres de gage*) within the meaning of the Luxembourg law of 5 April 1993 on the financial sector (hereinafter referred to as the “Financial Sector Law”). As mortgage bank based in the Grand Duchy of Luxembourg the Bank is subject to statutory requirements of the Luxembourg covered bond law, in particular articles 12–1 and seq. of the Financial Sector Law.

In the interest of the highest possible transparency and the best protection possible to its mortgage bonds holders the Bank shall - besides the aforementioned regulations of the Luxembourg covered bond law - comply as from 01.03.2015 with the following additional requirements when exercising its mortgage bank activity:

1. Securing of 180-day liquidity

To secure its liquidity for the following 180 days, the Bank (based on § 4 Section 1a of the German covered bond act) will (as this is not stringently required by the Financial Sector Law) reconcile on a daily basis the claims becoming due under assets registered in the cover pool and the obligations becoming due under the outstanding mortgage bonds as well as derivative transactions applicable thereto. For each day the total amount of the daily differences accruing to this particular day is provided. The Bank ensures that the greatest negative amount arising is covered at any time during the following 180 days by the amount of assets in the cover pool, that are classified by the European system of central banks as eligible collateral.

2. Compliance with transparency regulations

Pursuant to Article 12–6 Section 2 of the Financial Sector Law the Bank is obliged to publish details regarding the total amount of mortgage bonds in circulation and the composition of the cover pools on a regularly basis. Since these transparency requirements are not specified in more detail in the Luxembourg covered bond law, the Bank will observe the legal provisions of German law (§ 28 of the German covered bond law) as well as the requirements of Article 129 Section 7 of Regulation (EU) No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter referred to as “CRR”), with respect to the details and frequency of these publications.

3. Over-collateralisation level

The Luxembourg covered bond law (Article 12-5 Section 5 of the Financial Sector Law) provides that the nominal amount of the assets in the cover pool shall exceed the nominal amount of the liabilities under the mortgage bonds in circulation by 2% (over-collateralisation). This over-collateralisation also applies to the cash value. In deviation of these minimum legal requirements the Bank ensures that it maintains an over-collateralisation of at least 22 percent for the nominal value as well as for the cash value.

4. Compliance with institutions quota pursuant to Article 129 Section 1 c) CRR as precondition for achieving the LCR eligibility

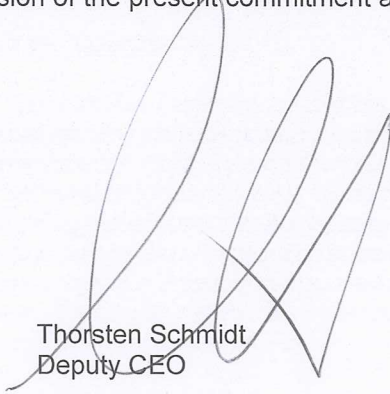
As from 30.09.2015, the Bank undertakes to comply with the requirements regarding the total exposure towards institutions included in the cover pool as mentioned in Article 129 Section 1 c) CRR. The total exposure towards institutions with credit quality step 1 shall not exceed 15% of the nominal amount of the outstanding covered bonds of the Bank. Exposures to institutions within the European Union with a maturity date of up to 100 days do not fall within the requirements of credit quality step 1, however, they have to be classified at least as credit quality step 2. In the event that after consultation with the European banking regulator (EBA) the competent authorities partially suspend the application of Article 129 Section 1) c) CRR and approve the credit quality step 2 for up to 10% of the total exposure of the nominal value of the outstanding covered bonds of the Bank, the Bank undertakes to comply with this restriction and to apply it to the cover pool. The compliance with these quotas shall be audited and confirmed on a regular basis by the special auditor of the cover pool assets (*réviseur special*).

The aforementioned self-commitments apply subject to any possible future changes to the statutory and regulatory provisions. Furthermore, the Bank reserves its right to make any changes it deems fit or desirable for reasons of business strategies at any time. The Bank shall publish these changes on its website (www.nordlb.lu). They shall come into force and effect 1 month after their publication. In case of any discrepancies between the English version of the present commitment and the German version, the latter shall prevail.

With kind regards,



Christian Veit
CEO



Thorsten Schmidt
Deputy CEO