Interim financial report of Bremer Landesbank as of 30 June 2010 in accordance with IFRSs

The Bremer Landesbank Group at a glance

	1 Jan – 30 Jun 2010	1 Jan – 30 Jun 2009	Change Absolute	Change in %
Income statement figures in EUR m				
Net interest income	137	132	5	4
Risk provisions in the lending business	–25	–22	–3	14
Net interest income after risk provisions	112	110	2	2
Net commission income	19	18	1	6
Trading profit/loss	–52	31	–83	–268
Profit/loss from financial assets	17	–16	33	–206
Administrative expenses	71	65	6	9
Other profit/loss	9	9	0	0
Earnings before taxes	34	87	–53	–61
Income taxes	8	27	–19	–70
Consolidated net profit	26	60	–34	–57
	30 Jun 2010	**31 Dec 2009**		
Balance sheet figures in EUR m				
Total assets	35,091	33,781	1,310	4
Customer deposits	10,976	10,236	740	7
Customer loans	22,026	20,988	1,038	5
Risk provisions	–285	–270	–15	6
Equity	949	963	–14	–1
	30 Jun 2010	**30 Jun 2009**		
Key ratios in %				
Return on equity (after taxes)	7.6	20.9	–	–
Cost-income ratio	63.0	34.3	–	–
	30 Jun 2010	**31 Dec 2009**		
BIS capital ratios				
Core capital in EUR m	1,577	1,556	21	1
Capital in EUR m	1,932	1,853	79	4
Risk assets in EUR m	17,059	15,635	1,424	9
Core capital ratio (after appropriation of profit)	8.58%	9.28%	–	–
Capital adequacy ratio (%)	11.33%	11.85%	–	–
	30 Jun 2010	**30 Jun 2009**		
Number of employees				
Total	1,022	964	58	6
	30 Jun 2010	**31 Dec 2009**		
Current ratings (long-term rating)				
Moody's	AA2	AA2		
Fitch Ratings	A	A		

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1. Interim group management report

The terms “Bank”, “Bremer Landesbank” and “BLB” are used below interchangeably to refer to the Bremer Landesbank Group. The development of the Group is almost exclusively 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 of 31 December 2009.

1. Business and general conditions

Economic situation and financial markets

Economic growth and trade picked up appreciably in the first half of 2010, driven by the global recovery. Following a harsh winter in Northern Europe, which had an adverse effect on the first quarter of 2010, the second quarter saw a resurgent world economy, led by the export-based industrial countries. Last year’s recession gave way to a sustained recovery. As a result, the IMF upped its forecast for the global economy for 2010 from 3.4% (November 2009 forecast) to 4.6%, following a contraction of 0.6% in 2009.

Global growth rates vary considerably, the emerging countries, accounting for around half of the world’s economy and growing at more than 6%, being the key catalyst. Structurally sound industrial nations contribute 25% to the global economy and are growing at an average rate in excess of 2%. Greece, Spain, Ireland, Portugal and the United Kingdom are undergoing considerable restructuring and the reforms are bearing first fruits unexpectedly soon. All in all, these countries, which represent about 7% of the global economy, made a positive contribution to growth in the first six months of the year. The United States, with its 18% share of gross global output, started the first quarter 2010 with strong growth of 3.7% (extrapolated for the year as a whole). As the year progressed, the economy slowed considerably, to 2.4% in the second quarter.

Germany, a strong exporting nation, reaped disproportionately large rewards with order intake as of June 2010 up 28.4% on the same time last year. The automotive sector, the chemicals industry, mechanical engineering and, most recently, plant engineering have been driving this growth. The improved employment situation has steadied private spending.

In the first half of 2010, the recovery in the emerging economies and strong industrial nations has showed signs of becoming self-sustaining. The United States displays structural weaknesses which prompted both politicians and the Federal Reserve to renew their large-scale subsidies to trade and industry.

The improved economic situation worldwide has only partly translated into an improvement in the financial markets, which were burdened by the debates surrounding the phasing-out of the economic stimulus packages. The discussion about burgeoning national deficits, particularly in Southern Europe, one of the symptoms of the global financial crisis, spawned a heightened aversion to risk which caused the euro to slide against the US dollar to less than USD 1.20.The equity markets were also edgy and did not fully reflect the good macroeconomic news or corporate results. Safety first was the motto on the international capital market, boosting demand for safe havens such as German bunds and US treasuries at the expense of bonds issued by countries in Southern Europe and others with a critical deficit situation.

Surging global growth and government and central bank aid have helped to stabilize the world's financial architecture, while the stress tests for the European banking sector delivered encouraging results for the defined scenarios. The international money markets have been gradually returning to functionality.

The region

The economy in Bremen expanded during the first half of 2010 and the Bremen Chamber of Commerce's Business Climate Index has almost returned to pre-crisis levels. Nevertheless, company bankruptcies were on the rise, but only affected a relatively low number of jobs.

Industry was a major beneficiary, with manufacturing order books up by 60.9% and 34.7% year on year in the first and second quarters, respectively, according to Bremen's Statistical Office.

Industrial revenue rose by just under 30%, indicating that the global economic recovery has well and truly arrived in Bremen. Export revenue was up around 50% year on year.

According to the Chamber of Commerce, Bremen's businesses are more optimistic in planning their level of investment.

Untouched by this positive trend, an appreciable number of jobs were lost in industry. The number of employed persons was 0.3% lower than in the prior year.

Trade also improved from a low baseline. The trend gathered pace in the first half of the year with retail revenue increasing by 1% (price-adjusted). Domestic demand remained sluggish as is the case nationwide.

In summer 2010, transshipment activity at the Port of Bremen had almost returned the pre-crisis level of spring 2008, a sign that the logistics industry has picked up considerably.

The global upturn has also left its mark on the Oldenburg region, where the economy is once again gathering steam. The Economic Climate Index climbed by more than 6 points in the second quarter of 2010 to 116.8, which raises it above the average of the last five years for the first time since summer 2008. All sectors are benefiting from this recovery. The regional economy has been boosted by rebounding German exports.

The first half of 2010 also got off to a good start in the East Frisia and Papenburg districts, where the recovery has been strong. The Economic Barometer swung to 121 of a maximum 200 points, the third highest figure in the last 10 years. The upturn is encompassing all sectors and export business is providing substantial growth impetus. The employment situation is steady and improving.

Business performance

Sustainable operating income at Bremer Landesbank developed extremely satisfactorily in the first half of the year. This is primarily due to growing net interest income, steady net commission income combined with a sustainable trading profit, achieved in the face of adverse market conditions.

Expenses for risk provisions have not been as a high as originally budgeted by the Bank. Bremer Landesbank's stringent risk management, backed by the surprisingly early economic recovery, has once again proven its worth.

The uncertainty surrounding the refinancing of a number of states, especially in Southern Europe, emerging on the capital markets in the spring led to high volatilities in values of financial instruments which had a negative impact on the Bank's net valuation effect. However, there were no genuine losses involving financial assets or derivatives in the reporting period.

The Bremer Landesbank Group's personnel expenses changed only marginally, whereas other administrative expenses increased as planned, mainly due to higher information technology expenditure and higher consulting expenses for projects. Overall, administrative expenses increased, as the Bank had expected.

There have been no changes in the basis of consolidation to date in 2010. The results of the subsidiaries are as planned.

Despite the negative net valuation effect, the Bremer Landesbank Group reports a pre-tax profit and a consolidated net profit for the first six months of 2010.

Below, we report in greater detail on the business performance of the Bremer Landesbank Group in the first half of 2010.

2. Results of operations

On the whole, the Bank's results of operations were again highly satisfactory in 2010.

Income statement

	Notes	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Interest income		1,054	1,334	–21
Interest expenses		917	1,202	–24
Net interest income	(6)	137	132	4
Risk provisions in the lending business	(7)	–25	–22	14
Net interest income after risk provisions		**112**	**110**	**2**
Commission income		29	27	7
Commission expenses		10	9	11
Net commission income	(8)	**19**	**18**	**6**
Trading profit/loss		–52	31	–
Profit/loss from the use of the fair value option		1	–	–
Profit/loss from financial instruments at fair value through profit or loss	(9)	**–51**	**31**	**–**
Profit/loss from hedge accounting	(10)	3	8	–63
Profit/loss from financial assets	(11)	17	–16	–
Profit/loss from investments accounted for using the equity method	(12)	3	2	50
Administrative expenses	(13)	71	65	9
Other operating profit/loss	(14)	2	–1	–
Earnings before taxes		**34**	**87**	**–61**
Income taxes	(15)	8	27	–70
Consolidated profit		**26**	**60**	**–57**
thereof: attributable to shareholders of the parent company		26	60	
thereof: attributable to non-controlling interests		–	–	

The prior-year figures were adjusted due to a change in disclosure which was explained and performed retrospectively in the consolidated financial statements as of 31 December 2009.

Net interest income

Net interest income rose by 4%, or EUR 5m, from EUR 132m to EUR 137m.

Net interest income from business with customers has risen yet again. The Special Finance segment was once again the main driver, as was business transacted with regional corporate customers. The costs of maintaining adequate liquidity were reduced year on year.

The forecast of a steady, or moderately higher, net interest income for 2010 as a whole has been confirmed.

Risk provisions in the lending business

Risk provisions in the lending business rose only marginally in the first half of 2010, from

EUR 22m to EUR 25m.

As anticipated, the financial market crisis has since spilled over into the real economy. As a consequence, specific allowances relating to customer business – especially for ship finance – are higher than in the prior year but still below budget. Bremer Landesbank’s stringent risk management, backed by the surprisingly early economic recovery, has once again proven its worth.

The Bank expects risk provisions in the lending business to remain high during the forecast period, reflecting the economic situation, but there is a good chance that the increase will be lower than originally budgeted.

Net commission income

Net commission income increased moderately from EUR 18m to EUR 19m, as the Bank had expected. Guarantee business for new ship builds was down slightly as anticipated, whereas fees for designing finance arrangements for renewable energies improved.

The forecast of steady net commission income in the fiscal year has been confirmed.

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

The recovery on the international capital markets, which began in 2009, continued into the new year before giving way to profound uncertainty as to the debt management of a number of countries, mostly in Southern Europe, Greece especially. This significantly widened the credit spreads for government bonds and other debt instruments, which had a negative impact on the value of Bremer Landesbank’s financial instruments. Despite its successful activities on the financial markets, the Bank was unable to offset the net valuation effect of -EUR 64m for the credit default swaps on its books. Overall, the loss from financial instruments at fair value through profit or loss came to EUR 51m, compared to the profit of EUR 31m generated in the prior-year period. There were no credit events involving credit derivatives in the reporting period, for example with recourse to the Bank as protection seller requiring delivery of the reference assets.

As the Bank had forecast early in the year, the markets are stilling reacting highly sensitively to bad news, which may lead to further negative net valuation effects in the second half of the year.

Profit/loss from hedge accounting

Since the beginning of 2010, Bremer Landesbank has been using portfolio fair value hedges, in addition to micro fair value hedges, to reduce the effects on income of IAS-related balance mismatches as part of its fair value hedge accounting.

The residual net valuation effect from hedges generated a profit of EUR 3m in the first half of 2010 (prior year: EUR 8m).

Profit/loss from financial assets

The profit/loss from available-for-sale (AFS) securities and equity investments amounts to EUR

17m, after a loss of EUR 16m in the prior-year period. This profit chiefly stemmed from the sale of an inflation-linked bond.

Administrative expenses

As planned, administrative expenses rose overall, by 9%, from EUR 65m to EUR 71m.

The personnel expenses of the Bremer Landesbank Group fell just below the prior-year level of EUR 42m. Expenses for wages and salaries rose in line with the increase the number of qualified staff, whereas pension and benefit costs decreased.

By contrast, the other administrative expenses rose by approximately EUR 6m to EUR 26m, in line with the Bank's budget. IT and consulting expenses increased as planned, mainly because of the forthcoming migration to the Finanz Informatik systems in 2011 and management projects initiated to comply with legal or regulatory changes. On the whole, other administrative expenses are nevertheless below budget to date.

For the year as a whole, administrative expenses are set to increase further, as budgeted, in connection with projects.

Other operating profit/loss

Other operating profit amounted to EUR 2m, compared with a loss of EUR 1m in 2009. In addition to reversals of provisions, this item also contains expenses and income from buying back own issues.

Earnings before taxes

Earnings before taxes in the Bremer Landesbank Group amounted to EUR 34m for the first six months of 2010; this represents a decrease of EUR 53m against 2009. The positive development of sustainable operating income components was unable to offset the negative valuation effects on the trading result.

Income taxes

Bremer Landesbank's current income taxes increased by EUR 8m compared with the prior year, to EUR 36m, reflecting the increase in taxable income. The net valuation effects of credit derivatives are not included in this figure.

Deferred taxes, for which income of EUR 1m was recognized in the first six months of 2009, come to EUR 28m in the year to date, reducing income taxes overall by EUR 19m to EUR 8m. The pre-tax consolidated profit is significantly lower than the actual taxable income.

Consolidated net profit

Consolidated net profit for the first half of 2010 amounted to EUR 26m, compared with EUR 60m in the first half of 2009. The positive development of sustainable operating income components was unable to offset the negative valuation effects on the trading result.

3. Net assets and financial position

Total assets

As in prior years, the Bank focused on transacting high-yield business. Short-term interbank business was expanded moderately in order to fine-tune liquidity management during the year. Overall, total assets increased by 4% to EUR 35.1b (prior year: EUR 33.8b).

Loans and advances to banks

Loans and advances to banks increased by 12% in the first half of the year, to EUR 5.4b. Short-term interbank business was expanded moderately for liquidity management purposes.

Loans and advances to customers

Loans and advances to customers increased by EUR 1.0b to EUR 22.0b. Whereas loans and advances from money market business decreased, limited-term loans and advances to German and non-German customers rose considerably. Please see the notes on the development of the business segments in the segment report for a more detailed analysis of this item.

Risk provisions

The risk provisions of the Bremer Landesbank Group, deducted from the asset side on the face of the balance sheet in accordance with international accounting standards, increased marginally, by EUR 15m to EUR 285m, and now represent 1.04% of total loans and advances, the same figure as in the prior year.

Financial instruments at fair value through profit or loss (AFV)

This item comprises the fair values of held-for-trading financial instruments. Instruments with a positive fair value are reported in assets and those with negative fair values in liabilities. Financial instruments with a positive fair value increased in the first half of 2010 by EUR 138m to EUR 1,261m, while financial instruments with a negative fair value increased by EUR 544m to EUR 1,809m.

Bremer Landesbank enters into derivative transactions mainly for managing and hedging interest rate and foreign currency risks, but also for generating proprietary trading income.

Bremer Landesbank also utilized available equity to conclude credit derivative transactions to generate commission income reported in trading profit/loss and to diversify its loan portfolio, notably with regard to regions/countries and rating categories. The Bank only sold protection to prime counterparties and always used recognized standard agreements. Due to the difficulties which arose on the international financial and capital markets over the course of 2007 and the related widening in credit spreads, the Bank has discontinued all new business in this area except for a small number of selected position liquidations and hedges.

The nominal volume of derivative transactions at mid-year 2010 amounted to EUR 64.2b, compared with EUR 64.1b in the prior year, i.e., approximately 1.8 times (prior year: 1.9 times) total assets. In comparison to other institutions in the sector, Bremer Landesbank only engages in such transactions to a relatively minor extent. Almost all counterparties are banks located in OECD member countries and therefore may be assumed to have a sound financial background. Please see the discussion in the notes to the interim consolidated financial statements of Bremer Landesbank for more details on volumes.

Financial assets

Financial assets decreased by EUR 0.6b to EUR 5.9b, mainly due to maturities or sales. This item mainly comprises available-for-sale securities and investments in non-consolidated entities at fair value.

Securities are either allocated to the Management Board's strategic position or the Financial Markets segment's credit investment portfolio. In 2010 to date, there have been changes due to disposals and additions of financial assets as well as changes in the fair value of securities held. Such changes are reflected in the revaluation reserve, shown under equity.

Liabilities to banks

Liabilities to banks rose by EUR 0.5b, from EUR 10.5b to EUR 11.0b. Liquidity management was fine-tuned by entering into short-term liabilities.

Liabilities to customers

Bank refinancing through liabilities to customers was increased by 7% to EUR 11.0b. While liabilities from money market business increased substantially in comparison to the prior year, the other liabilities – especially to German customers – were on a par with the high prior-year level. Savings deposits are an insignificant element of Bremer Landesbank's refinancing.

Securitized liabilities

Securitized liabilities at the Bank include *Pfandbriefe*, municipal debt securities and other debt securities and money market instruments such as commercial paper. Their volume decreased by 6% to EUR 8.7b in the first half of 2010. Due to the Bank's good liquidity and refinancing position, only selected new securitized liabilities were issued.

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

Provisions

Provisions in the Bremer Landesbank Group totaled EUR 331m at mid-year 2010 (prior year: EUR 300m) and have hence risen by EUR 31m.

Provisions for pensions and similar obligations account for the largest share, amounting to EUR 287m for the Group, compared with EUR 259m in the prior year. The present value of defined benefit obligations is calculated actuarially using specific parameters, such as a group-wide discount rate based on the yield of senior corporate bonds of the same maturity (5.00%; prior-year end: 5.50%).

Equity

The equity of the Bremer Landesbank Group totaled EUR 949m at the end of the first half of 2010, compared with EUR 963m at year-end 2009. While the revaluation reserve increased slightly, retained earnings decreased marginally due to profit distributions and the change in actuarial gains/losses. Since converting to international accounting standards at the beginning of 2006, the Group's equity has increased by EUR 86m or 10%.

Contingent liabilities and other obligations

The volume of Bremer Landesbank's traditional off-balance sheet business, reported as guarantees, was slightly lower at mid-year at EUR 1.3b (prior year: EUR 1.4b).

Irrevocable loan commitments which were not taken up amounted to EUR 3.0b on the balance sheet date (prior year: EUR 2.8b).

There are also other financial obligations of the Bremer Landesbank Group resulting from the facts and circumstances described in the notes to the consolidated financial statements.

Financing

In the first half of 2010, bearer and registered debt securities were once again the most important source of medium to long-term refinancing for the Bank.

Due to lower refinancing requirements, the gross volume of issues transacted by Bremer Landesbank, including borrower's note loans, amounted to EUR 1.1b (excluding the ECP program and EIB loans), compared with EUR 2.1b in the first half of 2009.

The volume of debt securities outstanding fell to EUR 17.9b (prior year-end: EUR 18.7b).

The total outstanding volume of refinancing loans raised from the European Investment Bank was EUR 1.2b as of 30 June 2010 (prior year-end: EUR 1.0b).

In connection with refinancing and liquidity management during the year, Bremer Landesbank employed the various instruments of the European Central Bank in particular, in addition to the interbank and repo market.

The European Commercial Paper Program (ECP program) has not been used in 2010 to date. The Bank had no outstanding commercial paper from this program as of 30 June 2010 (prior year-end: EUR 0.0m).

For more details, please see the opportunities and risk section and the business and general conditions section.

Key ratios

As of the reporting date, the return on equity (ROE) stood at 7.6%, compared with 20.9% at mid-year 2009.

The cost-income ratio (CIR) was 63.0%, compared with 34.3% at mid-year 2009.

The risk ratio as of 30 June 2010 came to 0.15%, after 0.11% at mid-year 2009.

Capital requirements under the SolvV ["Solvabilitätsverordnung": German Solvency Ordinance] total approximately EUR 1.4b (prior year: approximately EUR 1.3b), equivalent to risk assets of approximately EUR 17.1b (prior year: approximately EUR 15.6b). The overall ratio is 11.3%, compared with 11.9% at the prior year-end. The main reasons for the increase in risk assets and the decrease in the overall ratio are rating migrations, leading to a higher shortfall for IRBA exposures. No condensed report in accordance with Sec. 10a KWG ["Kreditwesengesetz": German Banking Act] is required due to the exemption granted under Sec. 10a (10) KWG.

At mid-year, the core capital ratio was 8.6% (prior year: 9.3%).

Investing activities

Bremer Landesbank still intends to invest substantially in modernizing and redesigning its buildings. The construction work for Oldenburg was close to finalization in the first half of 2010. Bremen is still at the planning stage.

Other non-financial performance indicators

For Bremer Landesbank, being close to the markets and to the people who live and work in the region is both a privilege and an obligation and is reflected in its social involvement, the sponsoring of the "NordWest Award" prize, and in the fact that the Bremer Landesbank Group, with an average of 1,022 employees (prior year-end: 964), is a major economic factor in the State of Bremen and the North-West region. The Bank offers attractive jobs, as is shown by the employee turnover rate, which, at 0.7% (prior year: 0.9%), is low for the industry, and a relatively high average length of service of 15.9 years (prior year: 16.3 years) for Bremer Landesbank AöR.

Conclusion

Another highly satisfactory result for the first half of 2010, in spite of the adverse economic situation, especially in ship finance, and heavy burdens from the valuation of financial instruments, once again validates Bremer Landesbank's alignment as a regional bank with specialty offerings – in the North-West and for the North-West. In close cooperation with the savings banks and its association partners, Bremer Landesbank has firmly positioned and established itself as a leading bank in the region. The Bank is still by far the most significant partner for small and medium-sized businesses in the North-West of Germany. Having clearly focused on its business model at the right time, Bremer Landesbank is well positioned to drive forward its business development in future years.

4. Segment reporting

Information on the business segments

The following segment information is based on the management approach, which requires segment information to be presented on the basis of the internal reporting system, i.e., the information used regularly by the chief operating decision-maker to make decisions on the allocation of resources to the segments and to assess their performance. In the BLB Group, the Management Board functions as the chief operating decision-maker.

The segment report follows the organizational structure of the Group underlying the management accounts. The financial performance of the segments is assessed on this basis and decisions are made on the allocation of resources to the segments.

The segment report provides information on the Group's business segments and is in compliance with the Bank's business model. The segments are defined as customer or product groups in alignment with the Group's organizational structures. In view of the fact that the Bank's business activities are mainly conducted within the region, the criteria for geographical segmentation are not met.

In addition to figures relating to the income statement, the segment report also shows allocable segment assets and liabilities and the cost-income ratio and risk-adjusted return on capital/return on equity. The cost-income ratio is defined as the ratio of administrative expenses to the total income excluding profit/loss from financial assets.

RAROC in the business segments is calculated as the ratio of earnings before taxes to committed core capital. ROE at group level is calculated as the ratio of operating result after risk provisions to committed core capital.

The revaluation reserve is included in the profit/loss from financial assets of the individual segments. The reconciliation is presented separately together with an adjustment.

For additional information, please also see the notes to the consolidated financial statements.

There has been no change in the number of segments in the Group. The following segments are analyzed in the segment report by business segment.

Corporate Customers

The Corporate Customers segment mainly comprises business conducted by the Bank with large mid-caps in the North-West of Germany.

The earnings trend in the first six months was satisfactory. Income is on target and is up on the prior year. Owing to the slow pace of economic recovery, demand for loans continued to be subdued in the first three months. The volume of new lending business increased compared to the prior year.

Deposit-based income was steadied, while the services business is showing a pleasing development and is well above target.

Due to the low demand for interest rate derivatives, in particular, the trading profit is below budget. Sales were up in the second quarter. Demand going forward will hinge on the general interest rate trend.

The Bank's positioning as a successful regional bank and reputation as the leader in corporate customer business in the region will be used to expand its position as principal banker for the larger mid-caps. Consequently, it is expected that the overall income targets will be achieved in the second half of the year.

Special Finance

The Special Finance segment at Bremer Landesbank covers ship finance, renewable energies, with the subsegments wind, biogas and photovoltaics, refinancing of companies that lease movable assets and the community interest properties segment.

Bremer Landesbank's Special Finance segment continued to develop well in the first half of 2010 and generated its budgeted income. The segment's income targets for the year as a whole are also achievable. Since the financial crisis, Special Finance has only seen moderate growth. While the Bank clearly cut back on ship finance, the renewable energies segment grew perceptibly in the first six months. Refinancing of companies that lease movable assets and community interest properties performed as planned. The business segment's risk provisions are slightly lower than expected to date.

The various shipping market segments have started to recover earlier than anticipated. Charter rates have shown an appreciable recovery in some instances but it remains to be seen whether the current market situation is sustainable. During the shipping crisis we have again benefited from our function as principal banker for shipping customers in the region. From implementing repayment agreements to presenting alternative sources of equity, by making the necessary adjustments to the financing structures of individual projects, and together with a young, modern ship portfolio, the segment is well positioned to overcome the shipping crisis. Nonetheless, the Bank will make further provision for risks should the need arise. It will conclude a limited volume of selected new business. Despite substantial cancellations of order volumes by customers, portfolio growth was achieved through further deliveries of contracted vessels. Besides existing interest-bearing business and the service income from past transactions, the relatively strong US dollar helped to bolster income.

Bremer Landesbank's new business in renewable energies was above budget in the first half of the year. Demand was particularly high in the photovoltaics subsegment due to a forthcoming reduction in government subsidies under the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. Since the other core segments, wind (with its growing potential in re-powering) and biogas also developed encouragingly the overall income target for 2010 is expected to be achieved as well. Within the NORD/LB Group, Bremer Landesbank is the competence center for biogas and photovoltaics in Germany. It also supports experienced renewable energies customers in selected ventures in other European countries, especially France.

In refinancing of companies that lease movable assets, Bremer Landesbank stood its ground as a leading financer of medium-sized leasing companies in the first half of the year. Since 2008, the Bank has acted as a competence center for the NORD/LB Group in this segment and is also a reliable partner for leasing companies with bank functions. The development of the portfolio is reflective of the fall in new business seen in 2009 on the back of the poor economy. However, business started to gather momentum again at the end of the second quarter.

We are also seeing signs of recovery in community interest properties with renewed growth in new business. In nursing home finance, our key focus and a field for which we are also a competence center in the NORD/LB Group, we expect a further upturn in investment activity and are confident of achieving our income target.

With its various subsegments and its consistent focus on long-term, reliable customer relationships, Bremer Landesbank's Special Finance segment considers itself to be well positioned with a clientele dominated by mid-cap companies.

Private Customers

The Private Customers segment covers all of Bremer Landesbank's business transacted with private customers. The segment comprises the private customer service, private banking and asset and securities management business units.

The persisting uncertainties on the international capital markets and the strong preference of investors for low-risk investments are putting the securities business under pressure. However, this was compensated by sound income in the lending and, in particular, the deposit business. Business is slightly above expectations overall and we are confident of achieving our target for 2010.

Bremer Landesbank is seen as a solid and reliable partner by private customers. This has allowed us to perceptibly expand our customer base once more.

Financial Markets

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

The segment also engages in refinancing business with associated savings banks in the region and syndicated loan finance for savings bank customers.

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

Refinancing carried out by Bremer Landesbank both during the year and for a period longer than one year are also part of the Financial Markets segment. Detailed information is provided under "Financing" in the management report.

This segment's result is principally shaped by the valuation effects shown in the segment report.

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

The volume of interbank business was increased in the first six months of 2010 as part of ongoing liquidity management.

Loans and advances to regional authorities and other municipal customers are virtually unchanged on the prior year.

The long-term lending volume for the 14 associated savings banks was down once more due to the lower demand for refinancing.

The management and sales activities of the trading and sales desks went well, with the trading desk focusing on liquidity and interest risk management and securing liquidity for the Bank.

The segment's sales desks recorded a high volume of trade and unabated demand for consulting services for all money, currency and derivative products.

Bremer Landesbank's business with associated banks was successfully continued in 2010 and included comprehensive support services for the associated savings banks. Despite the testing economic environment with strong competitive structures, earnings again remained stable.

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

In 2010, the municipal customer business mastered the challenge of maintaining demand in this business segment and thereby ensuring continuity amidst the special circumstances on the financial market.

This segment's result is principally shaped by the valuation effects shown in the segment report.

The persisting tensions on the financial markets have shaped the market, which has been highly volatile in 2010 to date.

5. Subsequent events

There were no events of special significance for the economic situation of the Bank in the period from mid-year end 2010 to preparation of the interim financial statements.

As in the prior year, there are no risks to the Bank's ability to continue as a going concern.

6. Outlook

The following section should be read in conjunction with the outlook in the group management report for 2009.

Economic situation and financial markets

The global economy has seen a huge improvement which is set to last. Global growth is on a fast track, forecast to top 4.5%.

Endogenous growth forces are on the rise, particularly in the emerging economies, which are largely independent of western finance and which, thanks to low national and private debt, are a firm anchor of growth. Commodity-producing countries and export-driven industrial nations are flourishing in their wake. The current pace of growth is permitting the strong countries to scale down government and central bank support packages without jeopardizing the upturn.

The international inventory cycle continues to fuel growth. Overall, inventory levels are still below average. The capital goods cycle started to pick up again in the first quarter of 2010, having lain dormant since mid-2008. The employment situation in 60% to 70% of the world economy is also starting to improve, indicating an imminent rebound in private spending. This means that for the second half of 2010 there are three driving forces behind global growth, all helping to sustain the upswing.

The bright outlook for the global economy will have a knock-on effect on national deficits as government coffers are refilling while the economy recovers. In this context, the German government expects to reduce its net borrowing by EUR 20b against its spring forecast. What is true for Germany applies to all countries sharing in the growth.

Recently, the IMF adjusted its growth forecast for the world economy (currently at 4.6%) significantly upward, as did leading German economic research institutes for the German economy. Growth of between 2.0% and 2.5% is now anticipated for Germany. The German labor market is also going from strength to strength and the Federal Labor Office believes it possible that unemployment could undercut the 3 million mark in fall 2010.

Even though the financial markets have calmed down significantly since 30 June, they are still nervous, unsettled by disappointing figures from the United States. The market's focus on the United States, no longer the sole pillar of the global economy, will have to be rethought. Both the current drivers of growth, the emerging economies and strong industrial nations, which make up around 75% of gross global output, and the cyclical effects described above are firmly entrenched. The further growth in the global economy and the ensuing easing of pressure on government finances should reduce risk aversion and enhance value on the financial markets.

The region

The economy in Bremen continues to experience a steady upward trend in summer 2010. The three key forces driving the global economy – the continuing inventory cycle, the incipient capital goods cycle and the budding private spending cycle – will persist in the second of the year as the economy is Bremen is closely linked to the fortunes of the world economy.

The positive trend in trade, which has recently started to gain momentum, is set to continue. Transshipment activity will increase further. This may turn around the employment situation, which was negative in the first six months compared to the prior year.

Companies continue to be optimistic about the economic situation in the Oldenburg and the East Frisia and Papenburg districts, both in terms of domestic and foreign demand, and especially with regard to the labor market situation.

Investment activity in the Oldenburg district is subdued, whereas a greater willingness to invest is becoming apparent in the East Frisia and Papenburg district.

Overall, the upswing is set to continue, albeit at a slightly slower pace, in the second half of 2010 in both regions.

Bremer Landesbank

Having clearly focused on its business model at the right time, Bremer Landesbank is well positioned to drive forward its business development despite the difficult economic environment, in particular in the shipping segment. The uncertain and nervous mood on the capital markets had a negative impact on the net valuation effect, but this was made up for by the sound performance of the Bank's core business areas. The Bank remains confident that it will stay on course in these difficult waters.

The Bank's subsidiaries operating in real estate business still anticipate that income will be stable medium to long term and that it will rise steadily in the long term.

In the first half of the year, the leasing subsidiary generated less new business than in the first half of 2009, when a special deal was concluded. Thanks to its good start to the second half of the year, it is nevertheless confident that it will reach its new business target for the whole of 2010.

The associates accounted for using the equity method performed well in the first half of the year and the Bank expects them to make a good contribution to the net profit for 2010.

Results of operations, net assets and financial position

The Bank's estimates of its future performance have been largely validated as of mid-year 2010. Risk provision expenses have increased, albeit less sharply than assumed, the nervous capital market led to a negative valuation effect and operating expenditure increased as planned. However, thanks to the sound performance of the core business areas and a continued increase in ordinary income, consolidated profit is clearly positive. The Bank still expects to be able to strengthen its capital base and pay a reasonable dividend in the years to come. According to the Bank's forecasts, it will not need to make use of any state aid.

The forecast for a steady, or moderately higher, net interest income for 2010 as a whole has been confirmed.

The Bank expects risk provisions in the lending business to remain high during the forecast period, reflecting the economic situation, but there is a good chance that the increase will be lower than originally budgeted.

The forecast of steady net commission income in the fiscal year has been confirmed.

As the Bank had anticipated, the international financial markets are still reacting highly sensitively to bad news, which may lead to further negative net valuation effects in the second half of the year. However, the outlook for successful dealing on the financial markets is still good.

In 2010, administrative expenses will increase further, as budgeted, in connection with projects.

The impact of the financial market crisis on the real economy and the edgy and nervous international financial and capital markets affected the results of the Bremer Landesbank Group in the first half of 2010. The Bank was, however, able to absorb these effects without any substantial impairment to its highly satisfactory results of operations. The Bank expects this to remain the status quo in the future.

Disclaimer – forward-looking statements

This report contains forward-looking statements concerning the development of business and earnings at Bremer Landesbank which are based on current plans, estimations, forecasts and expectations. These statements entail risks and uncertainties since there are numerous factors which influence Bremer Landesbank's business, many of which are beyond its control. These notably include economic developments, the state of financial markets worldwide and potential loan losses. Actual results and developments may therefore differ considerably from the assumptions made in the report. They are 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.

7. Opportunities and risks

Scope

The scope of risk reporting as of 30 June 2010 covers all entities in the IFRS basis of consolidation. From a group point of view, no investees contribute significantly to risks. The risks to which these companies are exposed are summarized under investment risk, as in the report for the year ended 31 December 2009.

Consequently, Bremer Landesbank does not qualitatively evaluate any risks relating to Bremer Landesbank subsidiaries in the IFRS notes; however, information is provided on significant or specific risks irrespective of materiality.

Integrated bank management

The effects of the economic crisis and in particular the merchant shipping crisis become increasingly evident as we present the Bank's risk situation. In this light, the Bank's risk management system has proven its effectiveness.

The risk management system of Bremer Landesbank, the relevant structures and procedures, the processes and methods implemented to measure and monitor risk and the risks relating to the Group's development were described in detail in the management report for 2009. This interim report therefore only describes significant developments in the first six months of 2010.

The framework for the design of risk management is specified by the MaRisk ["Mindestanforderungen an das Risikomanagement": Minimum Requirements for Risk Management] on the basis of Sec. 25a KWG. In first six months of the year, the risk management process for the group companies was enhanced. In accordance with the materiality concept of NORD/LB, we conducted a quantitative and qualitative materiality test which did not identify any investees as material.

The risk-bearing capacity model is the methodological basis for monitoring the risk strategy. It compares aggregated risk potential with Bremer Landesbank's risk capital.

The model has four levels. The first three (A/B/C cases) are defined internally and act as early warning indicators. The fourth level meets the regulatory requirements of the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP is based on regulatory capital, while the internal levels use available capital, i.e., capital above the regulatory minimum requirements.

The minimum capital-risk ratio of 125% and the allocation of risk capital to the individual risk types ensure that actual operations remain consistent with the risk policy.

Type of risk	Allocation to risk capital
Credit risk	max. 70%
Investment risk	max. 2%
Market price risk	max. 16%
Liquidity risk	max. 5%
Operational risk	max. 7%

The NORD/LB Group, to which Bremer Landesbank belongs, is currently fundamentally revising its risk-bearing capacity model. In doing so, it is focusing in particular on implementing the requirements of the second revision of the MaRisk with regard to extending its presentation of multiple-risk stress tests and a more detailed group-wide risk management process.

The NORD/LB Group's future model will still cover several scenarios and furnish proof of capital adequacy and that operations are consistent with the risk strategy. Compliance with the regulatory capital ratio as a strict condition for integrated bank management will be more strongly integrated into the risk-bearing capacity model. In addition, the risk situation will be assessed in greater detail with reference to multiple-risk stress scenarios.

The NORD/LB Group plans to introduce the enhanced risk-bearing capacity model both at group level and at the level of Bremer Landesbank in the second half of 2010.

The Bank's risk-bearing capacity was ensured throughout the first half of 2010 despite the effects the financial crisis and the merchant shipping crisis had on the portfolio.

The following table shows the utilization of the available risk capital with risk potential in the ICAAP level. Increased estimated credit risk was the main reason for the lower capital-risk ratio than in the prior year. The allocation limit of 70% for credit risk is currently utilized in full. Bremer Landesbank expects that its capital-risk ratios will fall over the next six months. However, its risk-bearing capacity will continue to be ensured.

Risk potential coverage by available risk capital in the ICAAP

	Risk-bearing capacity			
in EUR m	**30 Jun 2010**		**31 Dec 2009**	
Risk capital	1,932.1	100.0%	1,853.1	100.0%
Credit risk	1,346.5	69.7%	894.7	48.3%
Investment risk	18.6	1.0%	19.7	1.1%
Market price risk	44.6	2.3%	27.8	1.5%
Liquidity risk	2.2	0.1%	0.1	0.0%
Operational risk	58.3	3.0%	55.1	3.0%
Total risk potential	1,470.2	76.1%	997.4	53.8%
Excess coverage	**461.9**	**23.9%**	**855.7**	**46.2%**
Capital-risk ratio		**131.4%**		**185.8%**

Credit risk

Credit risk is an element of default risk. It describes the risk of loss stemming from a borrower's failure to pay or deterioration in a borrower's credit rating.

In addition to the counterparty-related credit risk, cross-border capital services are subject to country risk, which includes the risk that losses are incurred due to overriding state barriers (transfer risk) despite the individual borrower's ability and willingness to repay.

Counterparty risk is included in the umbrella term of credit risk and describes the risk that an unrealized profit from pending trades cannot be recognized due to the default of a contractual partner (replacement risk) or that the consideration for an advance delivery cannot be provided due to the default of the counterparty in a delivery-versus-payment transaction (settlement risk).

Risk reporting follows the management approach in accordance with IFRS 7, with internal and external risk reports based on the same terms, methods and data. Credit exposure is a significant parameter in managing credit risk. This figure reflects the value of all the transactions bearing credit risk concluded with a counterparty.

The Bank's credit exposure came to approximately EUR 39,894m as of 30 June 2010, an increase of some 2.3% compared with the end of the prior year.

The following table compares the rating structure of the loan portfolio with 31 December 2009. The classification follows the standard IFD rating scale which was agreed on by the banks, savings banks and associations participating in the Initiative for Germany as a Financial Location ["Initiative Finanzstandort Deutschland": IFD]. It was designed to improve the comparability of the different rating categories used by banks.

The rating categories of the 18-step DSGV rating master scale applied at the Bank may be transposed directly to the IFD categories.

Lending business by rating structure

Risk structure[1) 2)] in EUR m	Loans[3)]	Securities[4)]	Derivatives[5)]	Other[6)]	Total	
	30 Jun 2010				30 Jun 2010	31 Dec 2009
Very good to good	14,300	5,594	3,685	5,255	**28,834**	**28,401**
Good/satisfactory	3,439	87	100	425	**4,051**	**4,432**
Still good/adequate	2,675	20	106	401	**3,201**	**3,139**
Increased risk	1,106	–	35	93	**1,234**	**1,008**
High risk	547	–	21	24	**592**	**469**
Very high risk	1,305	–	27	14	**1,346**	**921**
Default (= NPL)	606	–	7	23	**636**	**640**
Total	**23,978**	**5,700**	**3,980**	**6,235**	**39,894**	**39,010**

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

The high proportion of allocations to the "very good" and "good" categories is the result of the significance attached to business with banks and the public sector and, at the same time, reflects the Bank's risk policy. However, the risk structure of the loan portfolio deteriorated overall in the period leading up to the reporting date. The global financial market and economic crisis had a particularly negative impact on the ship finance portfolio. Thanks to the conservative financing structures and the diversified portfolio in the various sub-markets and ship sizes, Bremer Landesbank still anticipates only a limited realization of the default risks.

The table below shows the Bank's credit exposure by region.

Lending business by region

	Loans	Securities	Derivatives	Other	Total	
Regions in EUR m	30 Jun 2010				30 Jun 2010	31 Dec 2009
Euro countries	22,513	5,187	3,118	5,966	**36,785**	**35,974**
- thereof Germany	20,832	3,449	1,126	5,799	**31,206**	**30,564**
Rest of Western Europe	373	344	838	235	**1,790**	**1,804**
Eastern Europe	43	9	0	4	**56**	**63**
North America	160	140	25	29	**354**	**293**
Latin America	151	–	–	0	**151**	**137**
Middle East/Africa	107	–	–	1	**108**	**101**
Asia	71	21	0	0	**92**	**93**
Other	559	–	–	–	**559**	**545**
Total	**23,978**	**5,700**	**3,980**	**6,235**	**39,894**	**39,010**

The table shows that country risk continues to be of secondary importance for the Bank. The eurozone is still by far the Bank's most important business region. Discrepancies between the totals presented above and those of the financial instruments included in the balance sheet are due to differences in valuation and other add-ons.

Bremer Landesbank has a direct exposure of some EUR 142m to the PIIGS states. Otherwise the Bank invests predominantly in financial institutions with very good credit ratings.

The table below shows the Bank's credit exposure by industry group.

Lending business by industry group

	Loans	Securities	Derivatives	Other	Total	
Industry groups in EUR m		**30 Jun 2010**			**30 Jun 2010**	**31 Dec 2009**
Financial institutions/insurance companies	4,634	4,309	3,457	2,814	**15,214**	**14,923**
Service industries/other	7,366	1,376	188	1,345	**10,275**	**10,576**
- thereof real estate and housing	1,041	–	17	142	**1,201**	**1,223**
- thereof public administration	3,158	1,376	142	727	**5,403**	**5,431**
Transport/communications	8,147	9	239	107	**8,502**	**7,793**
- thereof shipping	7,439	0	234	49	**7,722**	**7,008**
- thereof aviation	121	–	0	–	**121**	**118**
Manufacturing	687	–	16	134	**837**	**850**
Energy, water and mining	1,721	–	12	1,571	**3,304**	**3,107**
Trade, maintenance and repairs	909	6	65	108	**1,088**	**1,077**
Agriculture, forestry and fishing	141	–	4	94	**238**	**214**
Construction	370	–	1	62	**433**	**431**
Other	3	–	–	0	**3**	**40**
Total	**23,978**	**5,700**	**3,980**	**6,235**	**39,894**	**39,010**

The percentage of financial institutions and insurance companies contained in the aggregate exposure is relatively high, at 38.14%, but includes institutions with very good to good ratings. The most significant credit risks still relate to Special Finance and Corporate Customers.

The Bank recognizes specific allowances for acute default risks if there are objective indications of such risks. The level of risk provisions is based on a present value analysis of expected interest and redemption payments as well as on proceeds from the realization of collateral.

The Bank accounts for the latent default risk of the aggregate unimpaired exposure by establishing portfolio allowances for any impairments which may have already occurred but were not known on the balance sheet date.

Specific allowances and loan loss provisions rose again in the first six months of 2010. The specific allowance ratio, expressed as the ratio of specific allowances (first six months of 2010: EUR 178m; prior year: EUR 164m) to the aggregate exposure (first six months of 2010: EUR 39,894m; prior year: EUR 39,010m), is 0.45% (prior year: 0.42%). The percentage of non-performing loans (first six months of 2010: EUR 636m; prior year: EUR 640m) in the aggregate exposure is 1.59% (prior year: 1.64%). Before deducting collateral, 28.0% of non-performing loans are covered by specific allowances (prior year: 25.6%).

The past due or impaired financial assets at the Bank are primarily secured by standard collateral and other credit enhancements valued on the basis of lending principles.

The Bank did not acquire any assets in the first half of the year in connection with the realization of collateral held and other credit enhancements as a result of the default of borrowers.

Overall, the effects of the financial crisis and the merchant shipping crisis in particular are increasingly reflected in the development of the credit risk potential. In 2010 and 2011, the Bank again expects burdens in the form of risk provisions for the lending business.

The Bank is continuing to enhance its credit risk control system in 2010. In this context, the risk parameters and the credit portfolio model will be validated. The credit risk analyses with a focus on stress testing, which will need to be intensified in the wake of the financial crisis, as well as the risk concentration analyses will provide further input for efficient credit risk management at the Bank.

Investment risk

Investment risk is an element of credit risk. It describes the risk of loss stemming from the provision of equity to third parties.

Bremer Landesbank's investment risk has not changed significantly against 31 December 2009. A minor equity investment was sold. The materiality analysis of the investments conducted in the first half of the year in accordance with the MaRisk showed that the Bank has no equity investments of material importance for the risk situation of the Bremer Landesbank Group. Market-induced changes in the valuation parameters increased the values of some investments as of 30 June 2010 as compared with 31 December 2009. The values were unchanged for the majority of the investments. Optimization of the investment portfolio will be continued in the future.

Market price risk

Market price risk describes the potential loss arising from changes in market parameters. The Bank divides market price risk into interest rate risk, credit spread risk in the banking book, currency risk, equity price and fund price risk, volatility risk and commodity risk. Commodity risk currently has no relevance for Bremer Landesbank because it does not have any open positions in this area.

In accordance with the trading strategy, trading activities focus on interest rate risk, resulting in a concentration of risk in this area. The main products are interest rate derivatives and annuities (bank bonds, *Pfandbriefe*, public sector bonds). The risk concentrations are minimized by means of limits for the various risk categories.

In compliance with MaRisk requirements, Risk Control, which operates independently of the departments responsible for the positions, reports daily on market price risks to the Management Board. The report on credit spread risks in the banking book is included in the daily market price risk report. The Management Board is informed in detail about market price risks and the earnings position in monthly reports; the General Working and Credit Committee is informed five times a year.

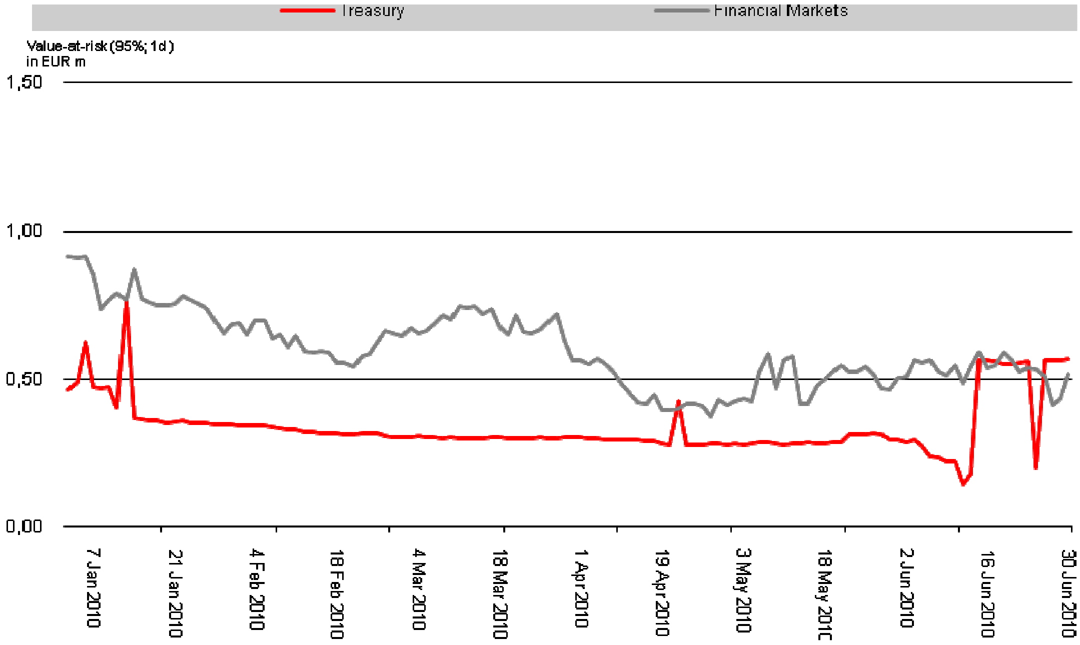
The following table shows the Bank's market price risk in the reporting year and in the prior year:

Market price risks – overview:

Market price risk in EUR k	Maximum		Average		Minimum		End-of-period value	
	1 Jan 2010 – 30 Jun 2010	1 Jan 2009 – 31 Dec 2009	1 Jan 2010 – 30 Jun 2010	1 Jan 2009 – 31 Dec 2009	1 Jan 2010 – 30 Jun 2010	1 Jan 2009 – 31 Dec 2009	30 Jun 2010	31 Dec 2009
Interest rate risk (VaR)	1,492	3,189	926	1,495	653	1,019	1,075	1,285
Currency risk (VaR)	164	218	57	66	18	16	53	28
Equity price and fund price risk (VaR)	164	1,364	113	185	83	95	87	164
Subtotal	2,418	3,575	1,879	1,457	1,472	892	1,992	1,244
CSR	52,788	80,042	38,339	51,481	30,676	32,800	47,515	33,186
Total	**55,206**	**83,617**	**40,218**	**52,939**	**32,148**	**33,692**	**49,507**	**34,430**

The table shows the maximum, average, minimum and the end-of-period values of the risk categories listed (in thousands of euros). In accordance with the second revision of the MaRisk (MaRisk BTR 2.3, item 7 Market price risks in the banking book), components of equity which are available to the Bank without any time restrictions may not be included in calculating the present value of interest rate risk. This has been taken into account in the Bank's internal market price risk management since 31 May 2010. In the table, this is included in the subtotal, but not in the line "Interest rate risk (VaR)".

The progress of value-at-risk at the Bank for the first six months of 2010 is shown in the following chart. This chart does not include banking book credit spread risks because no value-at-risk is calculated for these risks.



The average utilization of the market price risk limit for the overall Bank was 13% in the first six months of 2010 (maximum 27% and minimum 7%). As of 30 June 2010, the value-at-risk (confidence level of 95% and a holding period of one day) at the Bank amounted to EUR 1.99m. Average utilization of the risk limit in Financial Markets was 17% in the first half of 2010; in Treasury it was 10%.

Banking book credit spread risks from 31 December 2009 to 30 June 2010

In view of the financial market crisis, market price risk for the Bank has risen distinctly due to a change in credit spreads in the credit investment portfolio, amounting to EUR 48m on 30 June 2010 based on the scenario approach (average risk in the first six months of 2010: EUR 39m). The risk reached an all-time high in June 2010, which was partly due to the widening of spreads for Greece and other European countries and the resulting increase in volatility. Against this backdrop, the risk limit was raised from EUR 50m to EUR 60m by Management Board resolution on 7 June 2010. A separate risk limit used in the management process is in place for this position. In fortnightly meetings, the Credit Investment Board and the Management Board continued to scrutinize market and risk developments; the entire portfolio was closely and regularly examined in order to reduce individual positions where necessary.

In addition, the interest rate shock according to Basel II is calculated monthly (parallel shift in the yield curve by 130 basis points (BP) upwards and 190 BP downwards). In the first six months of 2010, the average interest rate risk in relation to liable equity was 1.83%. The results show that the Bank is far from being classified as an “outlier bank” (from 20%).

In the second half of 2010, the Bank and NORD/LB are planning to jointly enhance the VaR model for banking book credit spread risks, in particular with regard to modeling less liquid positions.

In addition, the Bank is currently further enhancing its market price risk model and reviewing to what extent a change in the basic method (e.g., to historical simulation) might make sense.

Liquidity risk

Liquidity risks are risks which arise from disruptions to the liquidity of individual market segments, unexpected events in lending or deposit business or a deterioration in the Bank’s own refinancing conditions. A distinction is made between traditional liquidity risk, refinancing risk and market liquidity risk.

A global group liquidity policy was drawn up in the first half of the year as part of enhancing group risk management which, analogous to the Bremer Landesbank’s liquidity policy, lays down the framework for group-wide liquidity management. Both the liquidity policy and the global group liquidity policy are updated annually.

The liquidity contingency plan governs activities and management in crisis situations. The aim of this plan is to preserve the solvency of the Bank should an extreme, unforeseen market situation arise. As part of enhancing group-wide liquidity management, group-wide contingency management has also been extended in line with the most recent regulatory requirements. This relates in particular to the emergency processes, the allocation of responsibilities and ensuring group-wide liquidity.

One of the main changes in liquidity measurement is the extension of the LST (Liquidity Stress Test) to include foreign currency scenarios. The liquidity positions in USD have been identified as significant. The LST gives a daily simulation of the impact of unexpected events on the Bank’s liquidity.

Further enhancements to group-wide liquidity measurement at present include extending refinancing risk management to include a calculation of the USD forward liquidity exposure.

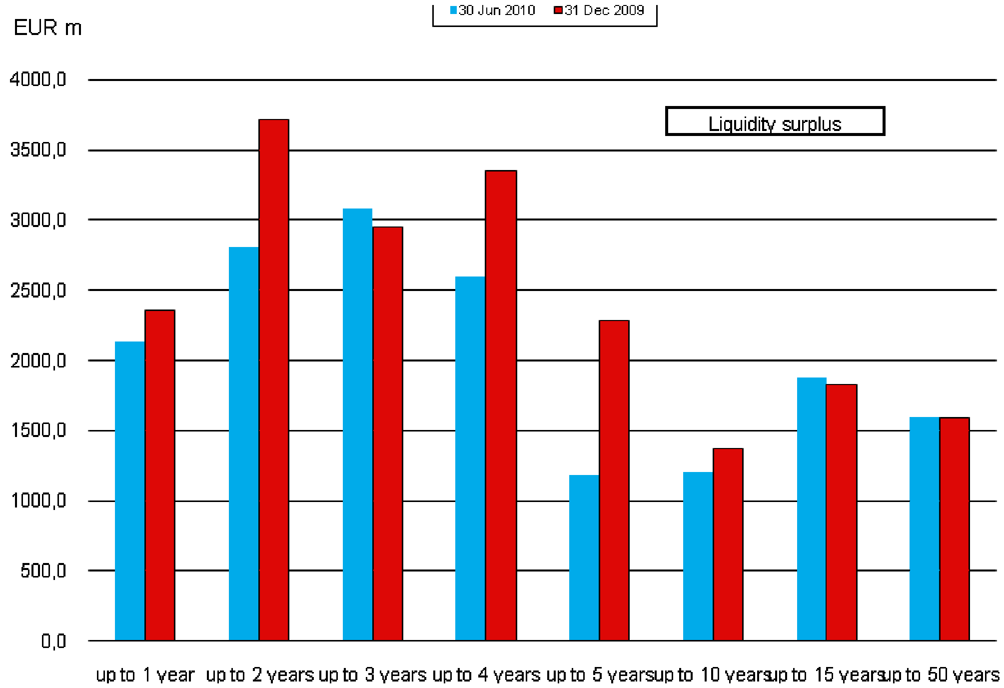
Until the beginning of July 2010, reporting on the liquidity risk situation took the form of the liquidity status report issued every four weeks, which was discussed every two weeks by the Treasury Committee and the Liquidity Working Group alternately. Both committees now receive the status report monthly.
Furthermore, the Management Board is notified of the liquidity situation in the monthly general risk report and the General Working and Credit Committee receives information five times a year. In addition, the risk report informs the Management Board about the risks related to Pfandbrief operations.

The liquidity ratio is reported to Money Market Trading every day to support operative management, whereas reporting to the Bundesbank takes places monthly. The results of the liquidity stress test are also provided daily to the liquidity management units, Money Market Trading and Asset/Liability Management, those of the liquidity status report are communicated to the management units in Financial Markets every four weeks. The forward liquidity exposure was presented and discussed fortnightly by the Treasury Committee.

The effects of the financial market crisis can still be observed on the money and capital markets, albeit in a more varied form than in 2009. The Bank nevertheless still had sufficient access to money and capital markets in the first half of 2010, which was evident in the fact that it was able to refinance at comparatively good terms on these markets. Close observation of the markets and active liquidity management ensured that the Bank had a sufficient supply of liquidity at all times in fiscal year 2010 to date. In addition, the Bank continuously reduced its liquidity levels in 2010 and saved on liquidity costs as a result.

The forward liquidity exposure used for internal management of refinancing risk is as follows as of the balance sheet date:

Accumulated liquidity surplus



Overall, the Bank's forward liquidity exposure as of 30 June 2010 shows that the liquidity situation remains comfortable. Except for isolated and only minor mismatches of a short-term nature which resulted in a maximum refinancing risk of EUR 25k in the course of the half-year, the Bank had a liquidity surplus throughout the entire reporting period.

Liquidity limits employed for management purposes were maintained at all times in the first six months of 2010. During the course of the year the liquidity ratio in accordance with the LiqV ["Liquiditätsverordnung": German Liquidity Ordinance] far exceeded the minimum of 1.00 required by regulatory law; the liquidity ratio as of 30 June 2010 was 1.51.

The management of liquidity risk, which extends beyond the requirements of regulatory law, ensures that the Bank is always in a position to meet its payment obligations in due time.

Bremer Landesbank constantly enhances its liquidity risk management and controlling system in response to changing demands and in close coordination with the group-wide liquidity risk management projects. Enhancing liquidity risk management also means considering concentration risks in connection with liquidity risk. Bremer Landesbank already implicitly considers concentration risks using gap structures (terms, volumes), refinancing structures and market activities and dependencies.

Developments in 2010 are targeted toward opportunities in liquidity management again after having focused on risk prevention in the wake of the crisis. Adequate liquidity has been maintained and no significant increase in liquidity risk is expected in the second half of 2010.

Operational risk

Operational risk is defined as the risk of losses incurred as a result of inadequate or failed internal processes, employees and technology or as a result of external events. Besides covering legal risk, this definition implicitly includes reputational risks as consequential or secondary risks; strategic risk and business risk are not included.

The Bank still uses the standardized approach for operational risk capital charges. No significant losses were recorded in the first six months of 2010.

Net losses as a percentage of total losses (excluding losses relating to lending)

Loss database	Share 1 Jan 2010 30 Jun 2010	Share 31 Dec 2009	Number 1 Jan 2010 - 30 Jun 2010	Number 31 Dec 2009
External events	79.2%	14.0%	4	16
Internal processes	0.0%	6.2%	0	5
Employees	20.5%	79.8%	13	40
Technology	0.3%	0.0%	4	0

Given the self-assessment results and entries in the loss database, the Bank does not consider it highly likely that operational risk could cause losses that would jeopardize the Bank's ability to exist as a going concern. The Bank still considers payment claims totaling approximately EUR 18.2m plus interest asserted by the insolvency administrator in connection with insolvency proceedings to be unfounded. The claims do not pose a threat to the existence of the Bank in any case.

Other risks

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

Summary and outlook

Bremer Landesbank's risk policy and the effectiveness of its risk management systems continued to ensure adequate capital-risk ratios in the first half of 2010. Nonetheless, the effects of the financial and economic crisis are reflected in the development of the Bank's overall ratios. Measures have been taken to mitigate all significant risks. The loss potential is in reasonable proportion to the Bank's risk-bearing capacity. Bremer Landesbank does not believe there to be any risks to its ability to continue as a going concern.

In the first half of 2010, the Bank complied with current regulatory provisions governing equity and liquidity. The requirements from the second revision of the MaRisk have been analyzed and will be implemented by the end of 2010.

2. Consolidated income statement

Income statement

	Notes	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Interest income		1,054	1,334	–21
Interest expenses		917	1,202	–24
Net interest income	(6)	137	132	4
Risk provisions in the lending business	(79	–25	–22	14
Net interest income after risk provisions		**112**	**110**	**2**
Commission income		29	27	7
Commission expenses		10	9	11
Net commission income	(8)	**19**	**18**	**6**
Trading profit/loss		–52	31	–
Profit/loss from the use of the fair value option		1	0	–
Profit/loss from financial instruments at fair value through profit or loss	(9)	**–51**	**31**	**–**
Profit/loss from hedge accounting	(10)	3	8	–63
Profit/loss from financial assets	(11)	17	–16	–
Profit/loss from investments accounted for using the equity method	(12)	3	2	50
Administrative expenses	(13)	71	65	9
Other operating profit/loss	(14)	2	–1	–
Earnings before taxes		**34**	**87**	**–61**
Income taxes	(15)	8	27	–70
Consolidated profit		**26**	**60**	**–57**
thereof: attributable to shareholders of the parent company		26	60	
thereof: attributable to non-controlling interests		–	–	

The prior-year figures were adjusted due to a change in disclosure which was explained and performed retrospectively in the consolidated financial statements as of 31 December 2009.

3. Statement of comprehensive income

Bremer Landesbank's total comprehensive income for the period comprises other comprehensive income and the income reported in the income statement.

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change in %
Consolidated profit	**26**	**60**	**–57**
Change from AFS financial instruments			
Unrealized gains/losses	16	–79	–
Reclassifications due to realized gains/losses	–14	15	–
Actuarial gains/losses	–23	–7	–
Deferred taxes on changes in value recognized directly in equity	9	19	–
Other comprehensive income	**–12**	**–52**	**–77**
Total comprehensive income for the period	**14**	**8**	**75**
thereof attributable to shareholders of the parent company	14	8	75

4. Consolidated balance sheet

Assets

	Notes	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Cash reserve		35	145	–76
Loans and advances to banks	(16)	5,368	4,780	12
Loans and advances to customers	(17)	22,026	20,988	5
Risk provisions	(18)	–285	–270	6
Financial liabilities at fair value through profit or loss	(19)	1,261	1,123	12
Positive fair values from hedge accounting derivatives	(20)	497	279	78
Financial assets	(21)	5,850	6,440	–9
Investments accounted for using the equity method	(22)	75	81	–7
Property and equipment	(23)	30	27	11
Investment property	(24)	64	64	–
Intangible assets	(25)	2	2	–
Current income tax assets	(26)	7	11	–36
Deferred income taxes	(26)	123	86	43
Other assets	(27)	38	25	52
Total assets		**35,091**	**33,781**	**4**

Liabilities and equity

	Notes	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Liabilities to banks	(28)	10,981	10,508	5
Liabilities to customers	(29)	10,976	10,236	7
Securitized liabilities	(30)	8,661	9,244	–6
Adjustment item for financial instruments included in the portfolio fair value hedge	(31)	32	0	–
Financial liabilities at fair value through profit or loss	(32)	1,809	1,267	43
Negative fair values from hedge accounting derivatives	(33)	124	54	–
Provisions	(34)	331	300	10
Current income tax liabilities	(35)	49	27	81
Deferred income taxes	(35)	1	1	–
Other liabilities	(36)	21	24	–13
Subordinated capital	(37)	1,157	1,157	–
Equity		949	963	–1
Subscribed capital		140	140	–
Capital reserves		40	40	–
Retained earnings		724	742	–2
Revaluation reserve		45	41	10
Equity attributable to BLB shareholders		949	963	–1
Non-controlling interests		–	–	–
Total liabilities and equity		**35,091**	**33,781**	**4**

The prior-year figures have been restated for some items; see Note (3).

5. Statement of changes in equity

Changes in equity:

(in EUR m)	Subscribed capital	Capital reserves	Retained earnings	Revaluation reserve	Equity before minority interests	Consoli-dated equity
Equity as of 1 Jan 2009	**140**	**40**	**722**	**34**	**936**	**936**
Change in the fair value of AFS financial instruments	0	0	0	–64	**–64**	**–64**
Change in actuarial gains/losses	0	0	–7	0	**–7**	**–7**
Deferred taxes on changes in value recognized directly in equity	0	0	2	17	**19**	**19**
Other comprehensive income	**0**	**0**	**–5**	**–47**	**–52**	**–52**
Consolidated net profit	0	0	60	0	**60**	**60**
Total comprehensive income for the period	**0**	**0**	**55**	**–47**	**8**	**8**
Distributions	0	0	–28	0	**–28**	**–28**
Change in the basis of consolidation	0	0	2	3	**5**	**5**
Equity as of 30 Jun 2009	**140**	**40**	**751**	**–10**	**921**	**921**

(in EUR m)	Subscribed capital	Capital reserves	Retained earnings	Revaluation reserve	Equity before minority interests	Consoli-dated equity
Equity as of 31 Dec 2009	**140**	**40**	**739**	**41**	**960**	**960**
Adjustments in accordance with IAS 8						
Amortization of subordinated capital	0	0	6	0	**6**	**6**
Accrued interest on a bond	0	0	–1	0	**–1**	**–1**
Adjustment to risk provisions	0	0	–2	0	**–2**	**–2**
Restated equity as of 31 Dec 2009	**140**	**40**	**742**	**41**	**963**	**963**
Change in the fair value of AFS financial instruments	0	0	0	2	**2**	**2**
Change in actuarial gains/losses	0	0	–23	0	**–23**	**–23**
Deferred taxes on changes in value recognized directly in equity	0	0	7	2	**9**	**9**
Other comprehensive income	**0**	**0**	**–16**	**4**	**–12**	**–12**
Consolidated net profit	0	0	26	0	**26**	**26**
Total comprehensive income for the period	**0**	**0**	**10**	**4**	**14**	**14**
Distributions	0	0	–28	0	**–28**	**–28**
Equity as of 30 Jun 2010	**140**	**40**	**724**	**45**	**949**	**949**

The prior-year figures have been restated for some items; see Note (3).

6. Condensed cash flow statement

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)
Cash and cash equivalents as of 1 Jan	**145**	**122**
Cash flow from operating activities	–645	153
Cash flow from investing activities	603	80
Cash flow from financing activities	–68	–28
Total cash flow	**–110**	**205**
Cash and cash equivalents as of 30 Jun	**35**	**327**

7. Notes to the consolidated financial statements

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, Oldenburg (Bremer Landesbank) (Domshof 26, 28195 Bremen) has its registered office in Bremen (local court of Bremen; HRA no. 22159) and has branches in Bremen and Oldenburg. Norddeutsche Landesbank Girozentrale, Hanover, holds 92.5% of the share capital and the Free Hanseatic City of Bremen 7.5%.

Accounting policies

(1) Basis of preparation of the interim financial report

The interim consolidated financial statements of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – as of 30 June 2010 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) of the International Accounting Standards Board (IASB) as adopted by the EU. Specifically, IAS 34 is applied for requirements relating to interim financial statements. The national regulations in Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] were also observed where they applied as of the interim reporting date. The interim report constitutes semi-annual financial statements in accordance with the TUG ["Transparenzrichtlinie-Umsetzungsgesetz": German Transparency Directive Implementation Act] (Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act])] of 5 January 2007. The interim financial report should be read in conjunction with the information contained in the published and audited consolidated financial statements of Bremer Landesbank as of 31 December 2009.

The interim consolidated financial statements as of 30 June 20010 comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the condensed cash flow statement and selected explanatory notes. The segment report is contained in the notes.

The reporting currency for the interim financial statements is the euro. Amounts are all stated rounded in millions of euros (EUR m), unless otherwise indicated. The prior-year figures are shown in brackets.

(2) Accounting policies applied

The accounting policies used for the interim financial statements are based on those applied to the consolidated financial statements as of 31 December 2009. The assets and liabilities recognized at fair value in the interim consolidated financial statements are also determined in accordance with the fair value hierarchy as of 31 December 2009.

Since the beginning of 2010, the Bank has been using portfolio fair value hedges, in addition to micro fair value hedges, to reduce the effects on income and equity of IAS-related balance mismatches as part of its fair value hedge accounting. The EU approach is used for the portfolio fair value hedges.

Since 31 December 2009, there have been no significant changes in the distribution of volumes and numbers of financial assets and liabilities across Level 1, Level 2 and Level 3. AFS securities amounting to EUR 184.3m migrated from Level 1 to Level 3 and AFS securities amounting to EUR 196.2m migrated from Level 3 to Level 1. As regards credit derivatives, trading assets of EUR 5.2m and trading liabilities of EUR 60.8m migrated from Level 2 to Level 3.

Estimates and judgments by management required as part of accounting are made in accordance with the respective IFRS and are continuously revised. Accordingly, all adjustments were made which are necessary for appropriately presenting the net assets, financial position and results of operations in the interim report. This largely relates to determining the fair value of Level 3 financial assets and liabilities, risk provisions, other provisions and deferred taxes.

The estimate parameters used for measuring CDS were analyzed and adjusted in line with the market in accordance with IAS 39.AG76. Compared to the previous measurement, this resulted in additional expenses of from negative fair values of EUR 0.8m. The negative fair values from the synthetic credit portfolio of CDS total 6% of the nominal amounts of EUR 3.4b (Levels 2 and 3). The current synthetic credit portfolio almost exclusively comprises European banking risks and is intended to be held to maturity. Using reasonably possible alternative assumptions for the model inputs in accordance with IFRS 7.27B(e) would yield additional positive valuation effects of 2.2% of the nominal amounts and additional negative valuation effects of 3.0% of the nominal amounts, respectively.

The same accounting methods used for the preparation of the consolidated financial statements as of 31 December 2009 were also applied for the preparation of the interim condensed consolidated financial statements, except for the following standards and interpretations which were adopted for the first time as of 1 January 2010:

- In January 2008, the IASB published a revised version of IFRS 3 *Business Combinations* and an amended version of IAS 27 *Consolidated and Separate Financial Statements*. While the revised IFRS 3 contains further developments in applying the acquisition method to business combinations, IAS 27 contains amended provisions on the accounting treatment of non-controlling interests and on accounting in the event of a loss of control of a subsidiary.
- In April 2009, the IASB published amendments to existing IFRSs as part of its annual improvement project. These encompass both changes to various IFRSs with effects on the recognition, measurement and disclosure of transactions as well as editorial and terminology corrections. Most amendments become effective for fiscal years beginning on or after 1 January 2010. Early adoption is permitted.

The amendments to the standards stated above do not lead to any significant effects on recognition, measurement and presentation in the interim consolidated financial statements. The Group did not opt for early adoption of any other standards, interpretations or amendments which have been published but are not yet mandatory.

There have been further changes due to the matters presented in Note (3).

(3) Restatement of the prior-year figures

The amortization expense for a subordinated liability disclosed under subordinated capital was too high in the consolidated financial statements as of 31 December 2009. This resulted in subordinated capital being disclosed EUR 9m higher than it should have been.

In addition, the allowance on a silent participation disclosed under loans and advances to banks was understated by EUR 3m.

As of 31 December 2009, accrued interest on a bond disclosed in financial assets was EUR 2m too high. The following table shows the adjustments made to the prior-year figures including the deferred tax effects:

	31 Dec 2009		
	Before adjustment (in EUR m)	Adjustment (in EUR m)	After adjustment (in EUR m)
Risk provisions	–267	–3	–270
Financial assets	6,442	–2	6,440
Deferred income tax assets	87	–1	86
Subordinated capital	1,166	–9	1,157
Equity	960	3	963

No retrospective adjustments due to the aforementioned matters were required for the income statement for the reference period 1 January to 30 June 2009.

The respective adjustments were also taken into account in the following items explained in Notes (18), (21), (26) and (37):

(4) Basis of consolidation

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

- BLB Immobilien GmbH
- BLB Leasing GmbH
- Bremische Grundstücks-GmbH
- NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG

The following associates are accounted for using the equity method:

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

Segment reporting

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

30 Jun 2010 in EUR m	Corporate Customers	Special Finance	Private Customers	Financial Markets	All other segments	Recon-ciliation	Total Group
Net interest income	28	82	14	30	15	–32	137
Risk provisions in the lending business	–9	–13	–1	0	0	–2	–25
Net interest income after risk provisions	**19**	**69**	**13**	**30**	**15**	**–34**	**112**
Net commission income	5	10	4	2	–1	–1	19
Profit/loss from financial instruments at fair value through profit or loss	1	2	1	–65	–1	11	–51
Profit/loss from hedge accounting	0	0	0	0	0	3	3
Profit/loss from financial assets	1	0	0	19	8	–11	17
Profit/loss from investments accounted for using the equity method	0	0	0	0	0	3	3
Total income	**26**	**81**	**18**	**–14**	**21**	**–29**	**103**
Administrative expenses	13	13	13	8	16	8	71
Other operating profit/loss	0	0	0	0	–3	5	2
Earnings before taxes	**13**	**68**	**5**	**–22**	**2**	**–32**	**34**
Segment assets	3,883	12,874	1,821	14,171	1,783	558	35,091
Segment liabilities	1,880	4,173	1,254	14,631	38	12,166	34,141
CIR [1]	38%	14%	70%	–24%	–	–	63%
RAROC [2] ROE [3]	14%	15%	9%	–42%	–	–	8%

[1] Administrative expenses/total income excluding profit/loss from financial assets.
[2] Earnings before taxes/committed core capital.
[3]. Operating result after risk provisions and valuation/committed core capital.

30 Jun 2009 in EUR m	Corporate Customers	Special Finance	Private Customers	Financial Markets	All other segments	Recon-ciliation	Total Group
Net interest income	29	70	15	17	-16	17	132
Risk provisions in the lending business	–6	–14	–1	1	0	–2	–22
Net interest income after risk provisions	**23**	**56**	**14**	**18**	**–16**	**15**	**110**
Net commission income	4	10	3	3	1	–3	18
Profit/loss from financial instruments at fair value through profit or loss	1	3	0	37	8	–18	31
Profit/loss from hedge accounting	0	0	0	0	0	8	8
Profit/loss from financial assets	0	0	0	–76	36	24	–16
Profit/loss from investments accounted for using the equity method	0	0	0	0	0	2	2
Total income	**28**	**69**	**17**	**–18**	**29**	**28**	**153**
Administrative expenses	13	12	12	9	28	–9	65
Other operating profit/loss	0	0	0	0	–1	0	–1
Earnings before taxes	**15**	**57**	**5**	**–27**	**0**	**37**	**87**
Segment assets (31 Dec 2009)	3,970	11,157	1,969	14,523	1,993	170	33,781
Segment liabilities (31 Dec 2009)	1,407	3,579	1,361	15,456	16	10,999	32,818
CIR [1]	37%	15%	70%	15%	–	–	34%
RAROC [2] ROE [3]	18%	19%	10%	44%	–	–	21%

[1] Administrative expenses/total income excluding profit/loss from financial assets.
[2] Earnings before taxes/committed core capital.
[3] Operating result after risk provisions and valuation/committed core capital.

Information on the business segments

The following segment information is based on the management approach, which requires segment information to be presented on the basis of the internal reporting system, i.e., the information used regularly by the chief operating decision-maker to make decisions on the allocation of resources to the segments and to assess their performance. In the BLB Group, the Management Board functions as the chief operating decision-maker.

The segment report follows the organizational structure of the Group underlying the management accounts. The financial performance of the segments is assessed on this basis and decisions are made on the allocation of resources to the segments.

The segment report provides information on the Group's business segments and is in compliance with the Bank's business model. The segments are defined as customer or product groups in alignment with the Group's organizational structures. In view of the fact that the Bank's business activities are mainly conducted within the region, the criteria for geographical segmentation are not met.

In addition to figures relating to the income statement, the segment report also shows allocable segment assets and liabilities and the cost-income ratio and risk-adjusted return on capital/return on equity. The cost-income ratio is defined as the ratio of administrative expenses to the total income excluding profit/loss from financial assets.

RAROC in the business segments is calculated as the ratio of earnings before taxes to committed core capital. ROE at group level is calculated as the ratio of operating result after risk provisions to committed core capital.

The revaluation reserve is included in the profit/loss from financial assets of the individual segments. The reconciliation is presented separately together with an adjustment.

For additional information, please also see the notes to the consolidated financial statements.

There has been no change in the number of segments in the Group. The following segments are analyzed in the segment report by business segment.

Corporate Customers

The Corporate Customers segment mainly comprises business conducted by the Bank with large mid-caps in the North-West of Germany.

The earnings trend in the first six months was satisfactory. Income is on target and is up on the prior year. Owing to the slow pace of economic recovery, demand for loans continued to be subdued in the first three months. The volume of new lending business increased compared to the prior year.

Deposit-based income was steadied, while the services business is showing a pleasing development and is well above target.

Due to the low demand for interest rate derivatives, in particular, the trading profit is below budget. Sales were up in the second quarter. Demand going forward will hinge on the general interest rate trend.

The Bank's positioning as a successful regional bank and reputation as the leader in corporate customer business in the region will be used to expand its position as principal banker for the larger mid-caps. Consequently, it is expected that the overall income targets will be achieved in the second half of the year.

Special Finance

The Special Finance segment at Bremer Landesbank covers ship finance, renewable energies, with the subsegments wind, biogas and photovoltaics, refinancing of companies that lease movable assets and the community interest properties segment.

Bremer Landesbank's Special Finance segment continued to develop well in the first half of 2010 and generated its budgeted income. The segment's income targets for the year as a whole are also achievable. Since the financial crisis, Special Finance has only seen moderate growth. While the Bank clearly cut back on ship finance, the renewable energies segment grew perceptibly in the first six months. Refinancing of companies that lease movable assets and community interest properties performed as planned. The business segment's risk provisions are slightly lower than expected to date.

The various shipping market segments have started to recover earlier than anticipated. Charter rates have shown an appreciable recovery in some instances but it remains to be seen whether the current market situation is sustainable. During the shipping crisis we have again benefited from our function as principal banker for shipping customers in the region. From implementing repayment agreements to presenting alternative sources of equity, by making the necessary adjustments to the financing structures of individual projects, and together with a young, modern ship portfolio, the segment is well positioned to overcome the shipping crisis. Nonetheless, the Bank will make further provision for risks should the need arise. It will conclude a limited volume of selected new business. Despite substantial cancellations of order volumes by customers, portfolio growth was achieved through further deliveries of contracted vessels. Besides existing interest-bearing business and the service income from past transactions, the relatively strong US dollar helped to bolster income.

Bremer Landesbank's new business in renewable energies was above budget in the first half of the year. Demand was particularly high in the photovoltaics subsegment due to a forthcoming reduction in government subsidies under the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. Since the other core segments, wind (with its growing potential in re-powering) and biogas also developed encouragingly the overall income target for 2010 is expected to be achieved as well. Within the NORD/LB Group, Bremer Landesbank is the competence center for biogas and photovoltaics in Germany. It also supports experienced renewable energies customers in selected ventures in other European countries, especially France.

In refinancing of companies that lease movable assets, Bremer Landesbank stood its ground as a leading financer of medium-sized leasing companies in the first half of the year. Since 2008, the Bank has acted as a competence center for the NORD/LB Group in this segment and is also a reliable partner for leasing companies with bank functions. The development of the portfolio is reflective of the fall in new business seen in 2009 on the back of the poor economy. However, business started to gather momentum again at the end of the second quarter.

Signs of recovery are also apparent in community interest properties with renewed growth in new business. In nursing home finance, a key focus and a field for which the Bank is also a competence center in the NORD/LB Group, we expect a further upturn in investment activity and are confident of achieving our income target.

With its various subsegments and its consistent focus on long-term, reliable customer relationships, Bremer Landesbank's Special Finance segment considers itself to be well positioned with a clientele dominated by mid-cap companies.

Private Customers

The Private Customers segment covers all of Bremer Landesbank's business transacted with private customers. The segment comprises the private customer service, private banking and asset and securities management business units.

The persisting uncertainties on the international capital markets and the strong preference of investors for low-risk investments are putting the securities business under pressure. However, this was compensated by sound income in the lending and, in particular, the deposit business. Business is slightly above expectations overall and we are confident of achieving our target for 2010.

Bremer Landesbank is seen as a solid and reliable partner by private customers. This has allowed us to perceptibly expand the customer base once more.

Financial Markets

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

The segment also engages in refinancing business with associated savings banks in the region and syndicated loan finance for savings bank customers.

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

Refinancing carried out by Bremer Landesbank both during the year and for a period longer than one year are also part of the Financial Markets segment. Detailed information is provided under "Financing" in the management report.

This segment's result is principally shaped by the valuation effects shown in the segment report.

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

The volume of interbank business was increased in the first six months of 2010 as part of ongoing liquidity management.

Loans and advances to regional authorities and other municipal customers are virtually unchanged on the prior year.

The long-term lending volume for the 14 associated savings banks was down once more due to the lower demand for refinancing.

The management and sales activities of the trading and sales desks went well, with the trading desk focusing on liquidity and interest risk management and securing liquidity for the Bank.

The segment's sales desks recorded a high volume of trade and unabated demand for consulting services for all money, currency and derivative products.

Bremer Landesbank's business with associated banks was successfully continued in 2010 and included comprehensive support services for the associated savings banks. Despite the testing economic environment with strong competitive structures, earnings again remained stable.

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

In 2010, the municipal customer business mastered the challenge of maintaining demand in this business segment and thereby ensuring continuity amidst the special circumstances on the financial market.

This segment's result is principally shaped by the valuation effects shown in the segment report.

The persisting tensions on the financial markets have shaped the market, which has been highly volatile in 2010 to date.

Reconciliation of the segment results to the consolidated financial statements

The "All other segments" column comprises the results of all staff departments, Strategic Measures, which accounts for measures in the Management Board portfolio, as well as the consolidation of subsidiaries. The items reconciling the management accounts to the overall group figures in the income statement are shown in the reconciliation.

Net interest income generated by the individual segments was calculated using the market interest rate method and includes the net interest income from lending and deposit business. The Group's net interest income is calculated as actual interest income less interest expenses.

The net commission income is spread between the segments. The EUR 2m difference compared to the consolidated amount stems from the different treatment of guarantee commissions and from the different classification of income from asset management and foreign commissions.

The reconciliation result from the item "profit/loss from financial instruments at fair value through profit or loss" came to EUR 11m in the fiscal year due to various almost fully offsetting effects, in particular payments and the net valuation effect from derivatives.

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

The reconciliation to the consolidated amount was also presented in the item profit/loss from financial assets.

The profit/loss from investments accounted for using the equity method of EUR 3m is not allocated to the segments and is shown in the reconciliation column.

Administrative expenses in the business segments comprise their primary personnel and other administrative expenses as well as cost allocations. Reconciliation to the consolidated amount is required due to social security and expenses for pensions and other benefits which are not allocated to the segments.

Other operating profit/loss is not allocated to the individual segments.

The difference between the sum of segment assets/liabilities and the consolidated assets/liabilities is mainly due to the fact that averages are used for the segments whereas the group figures are based on figures at the balance sheet date.

Refinancing funds are not presented for the business segments; they are included in segment liabilities in the reconciliation.

Notes to the consolidated income statement

(6) Net interest income

In addition to interest income and interest expenses, the interest income and expenses items include pro rata amortization of premiums and discounts resulting from financial instruments. Net interest income includes interest expenses from silent participations classified as debt.

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Interest income			
Interest income from lending and money market business	484	528	–8
Interest income from fixed-income securities and governmentinscribed debt	57	103	–45
Interest income from financial instruments at fair value through profit or loss			
Interest income from the trading book	506	697	–27
Interest income from the use of the fair value option	2	2	–
Current income			
From equity investments	2	3	–33
Interest income from the amortization of the portfolio fair value hedge	2	0	–
Expected return on plan assets	1	1	–
Interest income	**1,054**	**1,334**	–21
Interest expenses			
Interest expenses from lending and money market business	296	331	–11
Interest expenses from securitized liabilities	122	153	–20
Interest expenses from financial instruments at fair value through profit or loss			
Interest expenses from the trading book	464	681	–32
Interest expenses from subordinated capital	24	29	–17
Interest expenses from the amortization of the portfolio fair value hedge	3	0	–
Interest expenses for provisions and liabilities	8	8	–
Interest expenses	**917**	**1,202**	–24
Total	**137**	**132**	**4**

The prior-year figures were adjusted due to a change in disclosure which was explained and performed retrospectively in the consolidated financial statements as of 31 December 2009.

Interest income from lending and money market business contains interest income from the unwinding of the discount related to impaired assets in the amount of EUR 3m (1 January 2009 to 30 June 2009: EUR 2m).

(7) Risk provisions in the lending business

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Income from risk provisions in the lending business			
Reversal of specific allowances on loans and advances	9	4	–
Reversal of loan loss provisions	3	2	50
Recoveries on loans and advances previously written off	0	1	–
Income from risk provisions in the lending business	**12**	**7**	**71**
Expenses for risk provisions in the lending business			
Allocation to specific allowances on loans and advances	30	17	76
Allocation to portfolio allowances	1	11	–91
Allocation to loan loss provisions	6	1	–
Expenses for risk provisions in the lending business	**37**	**29**	**28**
Total	**–25**	**–22**	**14**

(8) Net commission income

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Commission income			
Commission income from banking business			
Lending and guarantee business	6	7	**–14**
Security and custodian business	4	3	**33**
Account management and payment transactions	5	5	**–**
Trust business	7	6	**17**
Other standard bank commission income	7	6	**17**
Total commission income	**29**	**27**	**7**
Commission expenses			
Commission expenses from banking business			
Security and custodian business	1	1	–
Trust business	6	5	20
Account management and payment transactions	1	1	–
Lending and guarantee business	2	2	–
Total commission expenses	**10**	**9**	**11**
Total	**19**	**18**	**6**

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

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Trading profit/loss			
Realized profit/loss			
From shares and other variable-yield securities	1	0	–
From debt securities and other fixed-income securities	1	0	–
From derivatives	–3	1	–
Total realized profit/loss	–1	1	–
Net valuation effect from derivatives	–55	16	–
Total net valuation effect	–55	16	–
Foreign exchange profit/loss	0	10	–
Other profit/loss	4	4	–
Total trading profit/loss	**–52**	**31**	–
Profit/loss from the use of the fair value option			
Net valuation effect from			
Debt securities and other fixed-income securities	1	0	–
Total profit/loss from the use of the fair value option	**1**	**0**	–
Total	–51	**31**	**–**

(10) 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 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Profit/loss from micro fair value hedges			
From hedged underlying transactions	–130	–22	–
From derivative hedging instruments	132	30	–
Total micro fair value hedges	**2**	**8**	–75
Profit/loss from portfolio fair value hedges			
From hedged underlying transactions	–25	0	–
From derivative hedging instruments	26	0	–
Total portfolio fair value hedges	**1**	**0**	–
Total	**3**	**8**	**–63**

(11) Profit/loss from financial assets

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

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Profit/loss from the disposal of			
Debt securities and other fixed-income securities	17	6	–
Shares and other variable–yield securities	0	–9	–
Impairment of debt securities and other fixed-income securities	0	–13	–
Total	**17**	**–16**	**–**

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

As of 30 June 2010, the income from the associates accounted for using the equity method came to EUR 3m (30 Jun 2009: EUR 2m).

(13) Administrative expenses

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

The expenses break down as follows:

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Personnel expenses	42	42	–
Other administrative expenses	26	20	30
Amortization, depreciation and impairment	3	3	–
Total	**71**	**65**	**9**

(14) Other operating profit/loss

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan –30 Jun 2009 (in EUR m)	Change (in %)
Other operating income			
From rental and lease income	4	3	33
From cost reimbursements	0	1	–
From the redemption of issued debt securities	0	1	–
Other income	1	0	–
Total other operating income	**5**	**5**	**–**
Other operating expenses			–
From disposals	0	3	–
From the redemption of issued debt securities	2	2	–
Other expenses	1	1	–
Total other operating expenses	**3**	**6**	**–50**
Total	**2**	**–1**	**–**

(15) Income taxes

The Group's income taxes break down as follows:

	1 Jan – 30 Jun 2010 (in EUR m)	1 Jan – 30 Jun 2009 (in EUR m)	Change (in %)
Current income taxes	36	28	29
Deferred taxes	–28	–1	–
Total income tax expense	**8**	**27**	**–70**

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

(16) Loans and advances to banks

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Loans and advances from money market business			
German banks	790	506	56
Foreign banks	300	28	–
Total loans and advances from money market business	**1,090**	**534**	**–**
Other loans and advances			
German banks			
Payable on demand	29	71	–59
Limited term	3,740	3,775	–1
Foreign banks			
Payable on demand	63	53	19
Limited term	446	347	29
Total other loans and advances	**4,278**	**4,246**	**1**
Total	**5,368**	**4,780**	**12**

(17) Loans and advances to customers

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Loans and advances from money market business			
German customers	88	111	–21
Foreign customers	7	7	–
Total loans and advances from money market business	**95**	**118**	**–19**
Other loans and advances			
German customers			
Payable on demand	725	669	8
Limited term	18,807	17,998	4
Foreign customers			
Payable on demand	68	54	26
Limited term	2,331	2,149	8
Total other loans and advances	**21,931**	**20,870**	**5**
Total	**22,026**	**20,988**	**5**

(18) Risk provisions

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Risk provisions for loans and advances to banks			
German banks	7	7	–
Portfolio allowances on loans and advances	1	1	–
Total risk provisions for loans and advances to banks	**8**	**8**	**–**
Risk provisions for loans and advances to customers			
German customers	173	156	11
Foreign customers	0	3	–
Portfolio allowances on loans and advances	104	103	1
Total risk provisions for loans and advances to customers	**277**	**262**	6
Total	**285**	**270**	**6**

The risk provisions disclosed on the assets side and the loan loss provisions developed as follows:

in EUR m	Specific allowances		Portfolio allowances		Loan loss provisions		Total	
	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
As of 1 Jan	**167**	**97**	**103**	**52**	**25**	**22**	**295**	**171**
Allocations	30	93	1	55	6	7	37	155
Reversals	–9	–8	0	0	–3	–4	–12	–12
Unwinding	–3	–6	0	0	0	0	–3	–6
Utilizations	–4	–13	0	0	0	0	–4	–13
Reclassifications	0	4	0	–4	0	0	0	0
As of 30 Jun/31 Dec	**181**	**167**	**104**	**103**	**28**	**25**	**313**	**295**

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

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Trading assets			
Debt securities and other fixed-income securities	22	64	–66
Positive fair values from derivatives	1,148	969	18
Total trading assets	**1,170**	**1,033**	**13**
Financial assets designated at fair value			
Debt securities and other fixed-income securities	91	90	1
Total financial assets designated at fair value	**91**	**90**	**1**
Total	**1,261**	**1,123**	**12**

(20) Positive fair values from hedge accounting derivatives

This item comprises the positive fair values of hedging instruments in effective fair value hedges.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Derivatives from micro fair value hedges	430	279	54
Derivatives from portfolio fair value hedges	67	0	–
Total	**497**	**279**	**78**

(21) Financial assets

The financial assets balance sheet item includes all the debt securities and other fixed-income securities which are classified as available for sale (AFS), shares and other variable-yield securities, investments in entities which are not accounted for in accordance with IAS 27, IAS 28 or IAS 31 and financial assets classified as loans and receivables (LAR).

Equity investments are allocated to the AFS category. A silent participation in DekaBank Deutsche Girozentrale (carrying amount: EUR 14m) is allocated to the LAR category.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Financial assets in the LAR category	**14**	**22**	**–36**
Available-for-sale financial assets (AFS)			
Debt securities and other fixed-income securities	5,645	6,238	–10
Investments in non-consolidated entities	191	180	6
Total available-for-sale financial assets (AFS)	**5,836**	**6,418**	**–9**
Total	**5,850**	**6,440**	**–9**

(22) Investments accounted for using the equity method

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Associates			
Banks	11	10	10
Other companies	64	71	–10
Total	**75**	**81**	**–7**

(23) Property and equipment

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Land and buildings	17	17	–
Furniture, fixtures and office equipment	5	5	–
Assets under construction	8	5	60
Total	**30**	**27**	**11**

(24) Investment property

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Investment property	64	64	–
Total	**64**	**64**	**–**

(25) Intangible assets

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Purchased software	2	2	–
Total	**2**	**2**	**–**

(26) Current income tax assets and deferred income taxes

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Current income tax assets	7	11	–36
Deferred tax assets	123	86	42
Total	**130**	**97**	**34**

(27) Other assets

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Inventories	0	1	–
Other assets	38	24	58
Total	**38**	**25**	**52**

Other assets chiefly include receivables of EUR 16.5m from investees, receivables of EUR 9.6m from Icelandic securities as well as collateral from third parties from guarantee obligations recognized pursuant to IAS 37.53 of EUR 4.7m (31 December 2009: EUR 6m).

All the amounts recognized in other assets will be realized within the next 12 months.

(28) Liabilities to banks

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Deposits from other banks			
German banks	793	851	–7
Total deposits from other banks	**793**	**851**	**–7**
Liabilities from money market business			
German banks	1,075	1,366	–21
Foreign banks	356	144	–
Total liabilities from money market business	**1,431**	**1,510**	**–5**
Other liabilities			
German banks			
Payable on demand	198	304	–35
Limited term	7,285	6,771	8
Foreign banks			
Payable on demand	47	5	–
Limited term	1,227	1,067	15
Total other liabilities	**8,757**	**8,147**	**7**
Total	**10,981**	**10,508**	**5**

(29) Liabilities to customers

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Savings deposits			
With an agreed period of notice of three months			
German customers	179	203	–12
Foreign customers	14	14	–
With an agreed period of notice of more than three months			
German customers	10	8	25
Foreign customers	1	2	–50
Total savings deposits	**204**	**227**	**–10**
Liabilities from money market business			
German customers	2,215	1,598	39
Foreign customers	172	70	–
Total liabilities from money market business	**2,387**	**1,668**	**43**
Other liabilities			
German customers			
Payable on demand	1,891	1,761	7
Limited term	6,362	6,478	–2
Foreign customers			
Payable on demand	131	102	28
Limited term	1	0	–
Total other liabilities	**8,385**	**8,341**	**1**
Total	**10,976**	**10,236**	**7**

(30) Securitized liabilities

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Issued debt securities			
Pfandbriefe	726	783	–7
Municipal debt securities	2,604	2,698	–3
Other debt securities	5,331	5,666	–6
Total issued debt securities	**8,661**	**9,147**	**–5**
Money market securities			
Commercial paper	0	45	–
Other money market securities	0	52	–
Total money market securities	**0**	**97**	**–**
Total	**8,661**	**9,244**	**–6**

(31) Adjustment item for financial instruments included in the portfolio fair value hedge

This item comprises the changes in value due to interest rate fluctuations of designated other liabilities (OL) in the portfolio fair value hedge.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Adjustment item for financial instruments included in the portfolio fair value hedge	32	0	–
Total	**32**	**0**	**–**

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

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	1,809	1,265	43
Total trading liabilities	**1,809**	**1,265**	43
Financial liabilities designated at fair value (DFV)			
Securitized liabilities	0	2	–
Total	**1,809**	**1,267**	**43**

(33) Negative fair values from hedge accounting derivatives

This item comprises the negative fair values of hedging instruments in effective fair value hedges.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Derivatives from micro fair value hedges	74	54	37
Derivatives from portfolio fair value hedges	50	0	–
Total	**124**	**54**	**–**

(34) Provisions

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Provisions for pensions and similar obligations	287	259	11
Other provisions	44	41	7
Total	**331**	**300**	**10**

Other provisions include loan loss provisions of EUR 28m (31 Dec 2009: EUR 25m).

(35) Current income tax liabilities and deferred income taxes

Income tax liabilities break down as follows:

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Current income tax liabilities	49	27	**81**
Deferred tax liabilities	1	1	**–**
Total	**50**	**28**	**79**

(36) Other liabilities

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Liabilities from outstanding invoices	9	5	80
Liabilities from contributions	0	1	–
Liabilities from short-term employee remuneration	5	8	–38
Other accrued liabilities	2	0	–
Liabilities from payable taxes and			
social security contributions	2	2	–
Other liabilities	3	8	–63
Total	**21**	**24**	–13

(37) Subordinated capital

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Subordinated liabilities	506	495	2
Silent participations	651	662	–2
Total	**1,157**	**1,157**	**–**

Other disclosures

Notes on financial instruments

(38) Derivative financial instruments

	Nominal values		Positive fair values		Negative fair values	
in EUR m	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009	30 Jun 2010	31 Dec 2009
Interest rate risk	45,903	53,956	1,423	1,073	1,111	970
Currency risk	14,890	6,596	212	169	645	239
Equity price and other price risks	0	4	0	0	0	0
Credit derivatives	3,436	3,493	10	6	177	109
Total	**64,229**	**64,049**	**1,645**	**1,248**	**1,933**	**1,318**

(39) Regulatory data

The following regulatory data for the Group were calculated in accordance with the SolvV.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Risk-weighted assets	**17,059**	**15,635**	9
Capital requirements for credit risk	1,248	1,138	10
Capital requirements for market risk	59	58	2
Capital requirements for operational risk	58	55	5
Capital requirements under the SolvV	1,365	1,251	9

No condensed report in accordance with Sec. 10a KWG is required due to the exemption granted under Sec. 10a (10) KWG.

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Paid-in capital	140	140	–
Contributions from silent partners	608	608	–
Other reserves	501	481	4
Special item for general banking risks pursuant to Sec. 340g HGB	330	330	–
Other components (intangible assets)	–2	–3	–33
Core capital	**1,577**	**1,556**	1
Non-current subordinated liabilities	500	500	–
Sec. 340f KWG	80	50	60
Supplementary capital	**580**	**550**	5
Deduction from core and supplementary capital	225	253	–11
Modified available equity	**1,932**	**1,853**	4
Eligible capital pursuant to Sec. 10 KWG	**1,932**	**1,853**	4

Core capital (overall) for solvency purposes after the deductions of EUR 113m pursuant to the KWG amounts to EUR 1,464m.

	30 Jun 2010 (in %)	31 Dec 2009 (in %)	Change (in %)
Overall ratio according to Sec. 2 (6) SolvV	11.33	11.85	–4
Core capital ratio	8.58	9.28	–8

(40) Contingent liabilities and other obligations

	30 Jun 2010 (in EUR m)	31 Dec 2009 (in EUR m)	Change (in %)
Contingent liabilities			
Guarantees	432	423	2
Other obligations			
Irrevocable loan commitments	3,043	2,813	8
Financial guarantees	879	989	–11
Total	**4,354**	**4,225**	**3**

Of the total amount, EUR 9m (31 Dec 2009: EUR 1m) relates to associates.

(41) Other financial obligations

The following significant other financial obligations exist:
As guarantors, Bremer Landesbank and the other partners of DekaBank Deutsche Girozentrale are jointly liable for the latter.
An obligation to contribute to M CAP Finance Deutsche Mezzanine Fonds Zweite GmbH & Co. KG, Leipzig, amounts to EUR 4m.
Another obligation to make additional contributions and additional joint liability for other shareholders relating to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, amounts to EUR 3m.
Contributions to the security reserve of the *Landesbanken* and girobanks were re-calculated on the basis of risk principles, resulting in obligations to make additional contributions of EUR 40m. These additional contributions can be called in when support is required.
In connection with the redemption of shares in FinanzIT GmbH, the withdrawing shareholders NORD/LB, Bremer Landesbank and Landesbank Saar have undertaken to cover the company's risks from the period up to their withdrawal jointly with the remaining FinanzIT shareholders provided these risks actually occur and are not covered by provisions already established.
Securities amounting to EUR 36m were deposited as collateral for transactions on forward markets.

Companies and individuals linked to the Group

(42) Related party relationships

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 Bremer Landesbank.

The volume of such transactions is shown below:

30 Jun 2010 in EUR k	Shareholders	Subsidiaries	Associates	Persons in key positions	Other related parties
Outstanding loans and advances					
To banks	276,178	–	28,052	–	–
To customers	–	–	164,569	30,263	–
Other outstanding assets	–	–	–	–	–
Total assets	**276,178**	**–**	**192,621**	**30,263**	**–**
Outstanding liabilities					
To banks	719,303	–	5,901	–	
To customers	–	4,770	112,059	2,138	13,146
Other outstanding liabilities	–	–	–	–	–
Total liabilities	**719,303**	**4,770**	**117,960**	**2,138**	**13,146**
Guarantees received	1,384	–	4,573	–	–
Guarantees granted	3,236	–	–	–	–

1 Jan – 30 Jun 2010 in EUR k	Shareholders	Subsidiaries	Associates	Persons in key positions	Other related parties
Interest expenses	2,694	7	1,695	–	188
Interest income	2,792	63	2,196	–	–
Commission expenses		–	–	–	–
Commission income	2	–	107	–	–
Other expenses and income	–	–	–	–	–
Total contributions to profit and loss	**100**	**56**	**608**	**0**	**–188**

31 Dec 2009 in EUR k	Share- holders	Subsid- iaries	Associates	Persons in key positions	Other related parties
Outstanding loans and advances					
To banks	280,516	–	10,873	–	–
To customers	–	3,498	137,397	32,632	23,153
Other outstanding assets	–	–	–	–	–
Total assets	**280,516**	**3,498**	**148,270**	**32,632**	**23,153**
Outstanding liabilities					
To banks	299,644	–	5,835	–	–
To customers	–	5,410	80,998	1,482	11,969
Other outstanding liabilities	–	–	–	–	–
Total liabilities	**299,644**	**5,410**	**86,833**	**1,482**	**11,969**
Guarantees received	36	–	4,787	–	–
Guarantees granted	3,908	27	–	–	–

1 Jan – 30 Jun 2009 in EUR k	Share- holders	Subsid- iaries	Associates	Persons in key positions	Other related parties
Interest expenses	3,993	11	1,104	–	675
Interest income	4,146	84	2,839	–	–
Commission expenses	–	–	–	–	–
Commission income	–	–	–100	–	–
Other expenses and income	–	–	–	–	–
Total contributions to profit and loss	**153**	**73**	**1,835**	**–**	**–675**

(43) Members of governing bodies

1. Members of the Management Board

Dr. Stephan-Andreas Kaulvers
Chairman

Heinrich Engelken
Deputy Chairman

Dr. Guido Brune

Eckhard Fiene
(retired from the Management Board with effect from 26 June 2010)

2. Members of the Supervisory Board

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

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

Hermann Bröring
District Administrator of the Emsland District

Elke Heinig
Qualified banker
Bremer Landesbank

Dr. Claas Brons
Y. & B. Brons General Manager
Emden

Cora Hermenau
State Secretary of the
Lower Saxony Ministry of Finance

Dr. Wolfgang Däubler, retired professor
German and European labor law,
civil law and commercial law
Bremen University

Andreas Klarmann
Qualified banker
Bremer Landesbank

Annette Düring
Chairwoman of the German Trade Union Federation for the
Bremen/Elbe-Weser region

Hartmut Möllring
Lower Saxony Minister of Finance

Dr. Gunter Dunkel
Chairman of the Management Board of
NORD/LB Norddeutsche Landesbank Girozentrale

Dr. Johannes-Jörg Riegler
Member of the Management Board of
NORD/LB Norddeutsche Landesbank Girozentrale

Heinz Feldmann
Chairman of the Management Board of
Sparkasse Leer/Wittmund

Jürgen Scheller
Qualified banker
Bremer Landesbank

Lars-Peer Finke
Qualified banker
Bremer Landesbank

Lutz Stratmann
Lawyer

Martin Grapentin
Chairman of the Management Board of
Landessparkasse zu Oldenburg

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

(44) List of shareholdings as of 30 June 2010

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

No.	Company name and registered office	Share in capital held (%)	Equity[1] in EUR k	Profit/ loss in EUR k
1	Ammerländer Wohnungsbau GmbH, Westerstede	32.26	27,041	-209
2	BGG Oldenburg GmbH & Co. KG, Bremen	100.00	4,951	483
3	BGG Bremen GmbH & Co. KG, Bremen	100.00	1,918	460
4	BLB I Beteiligungs-GmbH, Bremen	100.00	22	2
5	BLB Immobilien GmbH, Bremen	100.00	29,700	5,700[2]
6	BLB Leasing GmbH, Oldenburg	100.00	511	0[2]
7	BREBAU GmbH, Bremen	30.00	63,392	4,563
8	BREMER LAGERHAUS-GESELLSCHFT- Aktiengesellschaft von 1877-, Bremen	12.61	15,704	920
9	Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen	49.00	–	–[3]
10	Bremer Toto und Lotto GmbH, Bremen	33.33	4,283	181
11	Bremische Grundstücks-GmbH, Bremen	100.00	49,672	-6,020
12	Bremische Grundstücks-GmbH & Co. KG, Präsident-Kennedy-Platz, Bremen	100.00	671	885
13	Bremische Grundstücks-GmbH & Co. KG Wohnanlagen Groß-Bonn, Bremen	100.00	100	107
14	Deutsch-Indonesische Tabak-Handelsgesellschaft mbH, Bremen	24.53	157	2
15	Deutsch-Indonesische Tabak-Handelsgesellschaft mbh & Co. KG, Bremen	25.00	–	–[3]
16	GEWOBA AG, Bremen	7.75	288,612	34,055
17	Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	20.46	8,666	1,020
18	GSG Oldenburg Bau- und Wohnungsgesellschaft mbH, Oldenburg	22.22	60,132	3,307
19	NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	100	2,337
20	Öffentliche Versicherung Bremen, Bremen	20.00	5,710	360
21	PIKAN Verwaltung GmbH & Co. Vermietungs-KG, Munich	100.00	0	-7
22	Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	100.00	1,059	24
23	Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	100.00	40,672	3,563
24	WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	23.84	41	0

[1] Equity as defined in Secs. 266 and 272 HGB; figures in parentheses denote unpaid contributions.
[2] Profit and loss transfer agreement concluded with the company.
[3] No information provided in accordance with Sec. 286 (3) Sentence 2 HGB.

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

8. Responsibility statement

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

Bremen, 24 August 2010

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
The Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

9. Review report[1]

To Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen:

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the condensed cash flow statement and selected explanatory notes, and the interim group management report of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, for the period from 1 January 2010 to 30 June 2010, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

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

[1] This is a translation of the review report issued in German. The latter is the sole authoritative version.

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

Hamburg, 25 August 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bühring	Meyer
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]