NORD/LB

Die norddeutsche Art.

Interim report as at 30 September 2010

Finanzgruppe

NORD/LB Group at a glance

	1 Jan.– 30 Sep. 2010	1 Jan.– 30 Sep. 2009	Change (in %)
In € million			
Net interest income	1,211	1,041	16
Loan loss provisions	– 443	– 549	– 19
Net commission income	161	124	30
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	62	398	– 84
Other operating profit/loss	9	108	– 92
Administrative expenses	761	727	5
Profit/loss from financial assets	38	– 115	> 100
Profit/loss from investments accounted for using the equity method	– 123	– 148	17
Earnings before taxes	154	132	17
Income taxes	70	21	> 100
Consolidated profit	84	111	– 24
Key figures in %			
Cost-Income-Ratio (CIR)	57.6	47.7	
Return-on-Equity (RoE)	3.2	3.0	

	30 Sep. 2010	31 Dec. 2009	Change (in %)
Balance figures in € million			
Total assets	236,694	238,591	– 1
Customer deposits	64,446	61,303	5
Customer loans	112,710	112,083	1
Equity	5,973	5,787	3
Regulatory key figures (acc. to BIZ)			
Core capital in € million	7,957	8,051	– 1
Regulatory equity in € million	9,501	8,976	6
Risk-weighted assets in € million	89,200	92,575	– 4
BIZ total captial ratio in %	10.7	9.7	10
BIZ core capital ratio in %	8.9	8.7	2

NORD/LB ratings (long-term / short-term / individual)
Moody's Aa2 / P-1 / C–   Fitch Ratings A / F1 / C / D

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Report on income, assets and financial position

(In the following text the previous year's figures for the first nine months of 2009 or the 31 December 2009 are shown in brackets.)

Economic development to 30 September 2010

The economic recovery continued in Germany in the third quarter of 2010. In the summer months price, calendar and seasonally-adjusted gross domestic product (GDP) rose by 0.7 per cent compared to the previous quarter. In addition to this, the values for the first two quarters were revised slightly upwards, with growth for the second quarter now reported at 2.3 per cent. Accordingly the figure for the year was stable at 3.9 per cent.

The recovery in GDP has therefore slowed down in the third quarter, although this is not surprising in view of the record growth of 2.3 per cent in the spring. At 0.7 per cent, growth in the quarter was once again well above the potential growth rate. The manufacturing sector again contributed significantly towards this development. Output in the manufacturing sector grew by 1.6 per cent compared to the previous quarter. However, industrial production fell significantly in September by 0.8 per cent compared to August. There was also a surprisingly heavy fall in incoming orders at the end of the quarter of 4.0 per cent compared to the previous month. This does not represent a reversal in the trend, however, rather that the Germany economy is gradually moving towards a flatter level of growth after the splendid catch-up process in the first half of the year. Nevertheless GDP will grow by 3.7 per cent this year and therefore make up for most of the previous year's fall.

According to the Federal Statistical Office, impetus was provided in equal measure in the summer by private and public consumption, investment in plant and equipment and the trade balance. The trade balance was once again positive as net exports were more favourable in September than expected. The NORD/LB Group expects that exports grew once again in real terms by a good 2.5 per cent compared to the previous quarter. Private consumption continues to recover, and the prospects remain positive in view of the significant rise in consumer confidence and the moderate course of inflation.

The impact of the very positive development in the job market should not be underestimated here. The foundations for economic growth are therefore broad and it is now much less dependent on the expansive impetus provided by the trade balance. Unlike in many other countries, the job market in Germany has been largely unaffected by the crisis. While the unemployment rate (ILO definition) remained at 10.1 per cent in the eurozone in September (adjusted for seasonal effects), it fell in Germany to 6.7 per cent; this is the lowest figure since October 1992. The Federal Employment Agency's unemployment rate, which is used more commonly in statistical comparisons, also fell to 7.0 per cent in October 2010. For the first time since November 2008 the number of unemployed fell below 3 million and was therefore down by more than 280,000 compared to the previous year. The positive trend is therefore continuing along the path of economic recovery, particularly as companies are largely cutting back on short-time work, which was used heavily during the crisis.

At least for Germany it can be confirmed that the economic stimulus packages have not only helped significantly to limit the consequences of the economic and financial crisis and to initiate the turnaround in the economy, but in all likelihood the transition towards a self-supporting recovery has been successful. The recession has also resulted in the public finance situation deteriorating significantly in Germany, which is why the deficit is more than three per cent of nominal GDP and the Maastricht criterion has therefore not been met. However, the rise in net national debt is well below the level feared in May due to the positive developments in the economy and the job market. In order to comply with the new debt rules ("debt brake") aimed the structural financial deficit, which are anchored in constitutional law and require a gradual course of consolidation from 2011, the German government is sticking to the austerity package it has passed. As the eurozone states largely introduced austerity measures at the same time, measures which in many states are much more restrictive than in Germany, risks to the economic recovery remain. It remains the case though that overall the economic recovery is expected to slow down slightly as a result of the fiscal policy, but it is not expected to stall.

Against the background of the global economic recovery, the price of crude oil remained above the level of ca $ 71/barrel, in the third quarter, but did it not go above the level of $ 90/barrel until mid-November. Inflation has also been moderate in both Germany and the eurozone in the summer months. In October the Harmonised Index of Consumer Prices (HICP) was 1.3 per cent in Germany, while the inflation rate in the eurozone of 1.9 per cent was close to the target of just under two per cent specified by the European Central Bank (ECB). As capacity utilisation is still below the long-term average and wage increases are likely to remain low in the foreseeable future in the eurozone, inflation is likely to remain subdued.

The financial markets were once again characterised by the effects of the crisis in the third quarter of 2010, with the focus remaining on the development of national debt in the eurozone states. The ECB again purchased government bonds, although it significantly reduced the volume and for a few weeks did not even use this instrument at all. In particular Ireland's problems with the restructuring of the ailing Anglo Irish Bank, which are likely to result in the budget deficit extending to around one third of one year's GDP in 2010, have so far made the ECB reluctant to declare that it will no longer purchase government bonds. The recent developments in Ireland are not only proof that the financial sector remains very fragile, but have once again made it clear that the financial system, economic development and national finances are highly interdependent. At political level discussions are currently taking place on an arrangement to follow the € 750 billion crisis package put together by the eurozone states and the European Commission with the participation of the International Monetary Fund (IMF) to save stricken member states. At European level it is also about improving the crisis mechanism in order to actively prevent future budget emergencies. The previous arrangements of the stability and growth package have obviously proven to be of little help.

The results of the bank stress test carried out in July also had implications for market participants, in particular with regard to further developments in the money markets. Together with the relatively smooth end of the first one-year tender at the start of July and several longer-term refinancing transactions at the end of September, the money market rates have since returned to normal. The 3-month EURIBOR rate has gradually returned to the level of the base rate and since 18 October has been listed above the level of 1.0 per cent for the first time in more than a year. There were further rises in the German stock market. While the DAX (German Stock Index) fluctuated between 5,809 and 6,229 in the summer, excellent economic data has now enabled it to rise strongly. The DAX reached its high for the year so far of around 6,800 points on the 9 November. German government bonds continued, unlike many other government securities, to be sought as a safe haven, and as a result yields from 10-year German government bonds reached a new all-time low of less than 2.1 per cent at the end of August. US treasuries with a 10-year residual term were only returning around 2.3 per cent in mid-October due to the new programme to purchase government bonds imposed by the Federal Reserve. The slope of the yield curve had flattened in this context. In Germany the yield gap between ten and two-year German government bonds fell to 140 basis points at the start of October and has since fluctuated around this level. In the USA the spread between ten and two-year treasuries on the other hand has widened to 220 basis points.

Income

The first months of the financial year 2010 closed with very satisfactory earnings before taxes of € 154 million.

The figures for the income statement are summarised as follows:

	1 Jan.–30 Sep. 2010 (in € million)	1 Jan.–30 Sep. 2009* (in € million)	Change (in € million)	Change (in %)
Net interest income	1,211	1,041	170	16
Loan loss provisions	– 443	– 549	– 106	– 19
Net commission income	161	124	37	30
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	62	398	– 336	– 84
Other operating profit/loss	38	– 115	153	> 100
Administrative expenses	– 123	– 148	25	17
Profit/loss from financial assets	761	727	34	5
Profit/loss from investments accounted for using the equity method	9	108	– 99	– 92
Earnings before taxes	**154**	**132**	**22**	**17**
Income taxes	70	21	49	> 100
Consolidated profit	**84**	**111**	**– 27**	**– 24**

*) In accordance with IAS 8 the adjustments made to the previous year's figures are taken into account (cf. Note (3) Adjustment of figures for the previous year in the Notes of the interim consolidated financial statements).

Net interest income rose slightly compared to the same period of the previous year by 16 per cent to € 1,211 million. This is attributable to interest effects in refinancing and improved margins in the period under review.

Loan loss provisions fell by 19 per cent or € 106 million compared to the same period of the previous year. While the net allocation to the general loan loss provision fell compared to the previous year due to improved ratings in particular in the shipping sector, specific valuation allowances rose slightly with net allocations of € 253 million (in the same period for the previous year: € 238 million).

Net commission income improved by € 37 million compared to the same period of the previous year to € 161 million. In particular commission income from ship and aircraft finance contributed towards the positive commission results in the Group.

The profit/loss from financial instruments at fair value including hedge accounting comprises € 344 million for trading profit/loss, € –385 million for profit/loss from the use of the fair value option and € 103 million for profit/loss from hedge accounting. The profit/loss from trading was affected in the same period of the previous year in particular by high profits realised from derivatives due to the recovery of the financial markets. This was naturally not repeated in the period under review. Furthermore spread extensions in the first nine months of 2010 have resulted in negative valuation results for the portfolio of credit default swaps. The loss from the use of the fair value option in 2010 is attributable to the fall in interest rates.

The profit/loss from financial assets has eased considerably. In the same period of the previous year the profit/loss was negatively impacted by write-offs of Iceland exposures, whereas positive effects were achieved in the period under review due to income from disposals. In the third quarter the profit/loss from financial assets has also been positively impacted by the profit from the sale of an investment.

The profit/loss from investments accounted for using the equity method of € –123 million is primarily affected by the share in the loss of the joint venture Bank DnB NORD A/S, Copenhagen (€ –142 million) and the write-off of the sale value of € 160 million.

The increase in administrative expenses of € 34 million is attributable to both the rise in staff expenses and the rise in other administrative expenses.

Income taxes in the interim financial statements are calculated based on the anticipated income tax rate for the individual companies for the whole year. In 2010 the tax result has been impacted significantly by the profit/loss of Bank DnB NORD A/S accounted for using the equity method.

Assets and financial position

	30 Sep. 2010 (in € million)	31 Dec. 2009*) (in € million)	Change (in € million)	Change (in %)
Loans and advances to banks	39,838	42,356	– 2,518	– 6
Loans and advances to customers	112,710	112,083	627	1
Loan loss provisions	– 1,937	– 1,792	– 145	8
Financial assets at fair value through profit or loss	18,372	14,514	3,858	27
Financial assets	60,245	63,076	– 2,831	– 4
Investments accounted for using the equity method	406	723	– 317	– 44
Other assets	7,060	7,631	– 571	– 7
Total assets	**236,694**	**238,591**	**– 1,897**	**– 1**
Liabilities to banks	58,713	62,152	– 3,439	– 6
Liabilities to customers	64,446	61,303	3,143	5
Securitised liabilities	73,312	79,151	– 5,839	– 7
Financial liabilities at fair value through profit or loss	19,114	16,136	2,978	18
Provisions	3,550	3,238	312	10
Other liabilities	11,586	10,824	762	7
Reported equity including non-controlling interests	5,973	5,787	186	3
Total liabilities and equity	**236,694**	**238,591**	**– 1,897**	**– 1**

*) In accordance with IAS 8 the adjustments made to the previous year's figures are taken into account (cf. Note (3) Adjustment of figures for the previous year in the Notes of the interim consolidated financial statements).

The balance sheet total fell compared to 31 December 2009 by € 1.9 billion to € 236.7 billion. On the assets side the fall can be seen in particular in loans and advances to banks and financial assets, while financial assets at fair value through profit or loss rose significantly. On the liabilities side in particular liabilities to banks and securitised liabilities fell, while liabilities to customers and financial liabilities at fair value through profit or loss increased. Reported equity rose by € 186 million, due in particular to the positive total income for the first three quarters of 2010 of € 219 million. In particular dividend payments had an opposite effect for the financial year 2009.

Financial assets at fair value through profit or loss comprise trading assets and financial instruments designated at fair value. The increase is attributable in particular to the interest-induced rise in the positive market values of derivatives in trading assets.

Shares investments accounted for using the equity method fell by € 317 million to € 406 million. This is mainly due to the stake of Bank DnB NORD A/S which will be sold shortly. The stake was transferred to the asset class available for sale (AfS). The value of this investment was reduced to the expected selling price in the amount of € 160 million, burdening the profit/loss from investments accounted for using the equity method by € 142 million.

The rise in liabilities to customers is seen in particular in liabilities resulting from money market transactions. The fall in securitised liabilities of € 5.8 billion is primarily the result of the disposal of municipal debentures at final maturity and the absence of corresponding new issues.

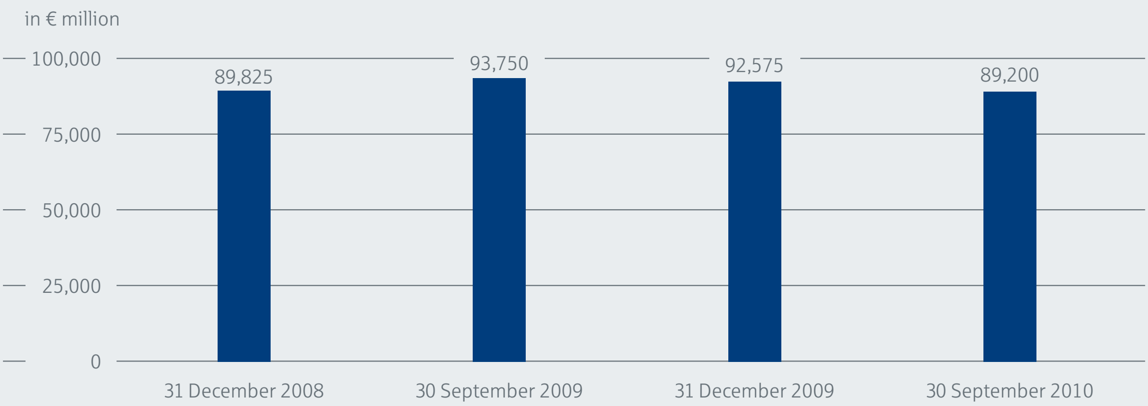
Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. Compared to the previous year they have risen by € 2.9 billion. This is primarily attributable to the development in negative fair values from derivatives in trading liabilities.

Provisions rose by € 312 million. The rise in provisions for pensions and similar obligations of € 238 million is primarily due to the actuarial losses resulting from the fall in the actuarial interest rate. The rise in other provisions of € 74 million is due to primarily provisions from insurance contracts.

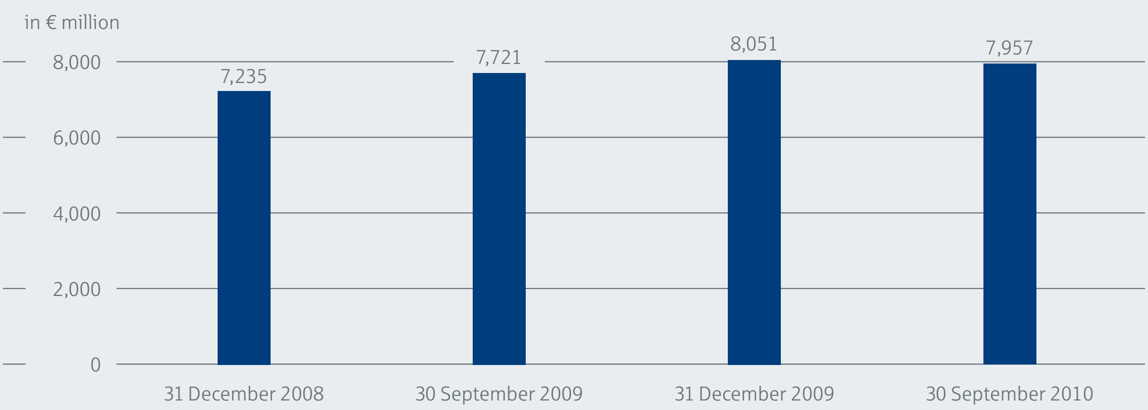
Other liabilities rose due to balance-sheet-date effects by € 0.8 billion.

Regulatory capital was € 9.5 billion as at the reporting date, of which € 8.0 billion related to core capital. The own funds ratio (= total ratio) rose from 9.7 per cent as at 31 December 2009 to 10.65 per cent as at 30 September 2010.

Risk-weighted assets as at the balance sheet date of 30 September 2010 and the last three balance sheet dates are illustrated as follows:



Core capital has changed as follows:



Forecasts and other information on anticipated developments

In the coming months it will be seen how sustainable the global economic recovery is. While the emerging markets have returned to their rates of growth before the crisis, the USA and the eurozone are confronted by a few economic risks. Nevertheless global GDP (in purchasing power parities) should increase this year in real terms by almost five per cent, after falling by 0.6 per cent in the previous year due to the financial crisis. The initial estimates concerning economic growth published in the third quarter (UK: + 0.8 per cent (quarterly comparison); China: + 9.6 per cent (annual comparison)) indicate that the robust recovery is continuing, even though growth in the USA was moderate in the third quarter at an annualised 2.0 per cent. In the coming year lower growth is expected due to the monetary environment no longer being so expansive and the more restrictive fiscal policy in most national economies.

The worrying situation in the US job market and the associated possible cutbacks in private consumption might slow down growth in the US economy. However, the growth trend remains intact in the USA and an increase in real gross domestic product of 2.8 per cent can be expected for the current year. In the coming year economic growth should be even higher, with 3.3 per cent forecasted by NORD/LB Group.

It is of vital importance in particular for the European economy that the monetary and fiscal policy measures result in a self-supporting recovery. The German national economy has shown since the start of the year that, as a classic export nation, it can benefit from the recovery of important trading partners, even though by far most of its exports still flow into the (stricken) eurozone. Furthermore Germany has obviously succeeded in establishing additional pillars for the recovery with private consumption and investment in plant and equipment. For the whole of 2010 real gross domestic product is expected to rise by 3.7 per cent.

For the coming year it is expected that the German economy will follow a somewhat flatter, yet solid path of growth and that real gross domestic product may increase by around two per cent. The eurozone will continue to lag behind Germany and may expand by only 1.7 per cent in 2010 and around 1.5 per cent in 2011.

It is expected that the financial markets will remain volatile for the time being and that the risk appetite of investors will only return slowly. Against this background the NORD/LB Group is not expecting the Federal Reserve and the ECB to raise interest rates until the second half of 2011. At the start of 2011 the ECB will be trying to complete the intended exit from the unconventional measures as smoothly as possible. The national debt crisis still has the potential to trigger new uncertainty in the markets, which tends to support German government bonds as a safe haven. In this environment the NORD/LB Group is not expecting a strong rise in the yield of government bonds for the time being, while the twelve-month view for US treasuries is at least more differentiated. Here the NORD/LB Group is expecting securities with a ten-year residual term to rise by a good 100 basis points.

Due to the pleasing performance of the operational business to date, the NORD/LB Group still expects 2010 to be concluded with a solid positive result above the previous year's level. Against the background of NORD/LB Group's customer-oriented business model, the conservative risk policy and the correspondingly high quality of the lending and securities portfolios, the bank considers itself to be in a strong position to cope with the consequences of the global financial crisis.

On the income side the signs are that operational performance will be positive for the current year, in particular in commission and interest-bearing customer business and interest rate risk control. The focus of cautious new customer business is on resource-friendly potential business with manageable risk in order to absorb the procyclical effects of the Basel II regulations. Depending on the performance of the financial markets in 2010, the profit/loss from financial instruments at fair value and the profit/loss from financial assets remain uncertain. The profit/loss from investments accounted for using the equity method will be negatively affected by the intended sale of Bank DnB NORD A/S to the joint venture partner DnB Nor.

In addition to the specific loan loss provisions made to date especially in the real estate and ships and aircraft business segments, the loan loss provisions are attributable in particular to general loan loss provisions due to rating migration effects in the credit portfolio as a result of the economic situation. Currently any statement concerning the forecast for loan loss provisions in 2010 beyond the provision made to date is still uncertain. It is possible that the loan loss provisions made in the budget for 2010 might, based on our current outlook, not be fully utilised.

Administrative expenses are developing overall in line with budget. In order to comply with regulatory standards and specifications, to complete major projects and to realise growth prospects, moderate investment has been made in personnel and material resources.

Given the overall development of income and expenditure, despite the high level of loan loss provisions NORD/LB Group is expecting a positive result for the end of 2010 in the planned range and that this will be correspondingly reflected in the key figures.

In the medium term NORD/LB Group is expecting that, when the economic and financial crisis ends, earnings before taxes will rise significantly.

Risk report

The risk management of the NORD/LB Group, the corresponding structures and procedures, the processes and methods implemented for measuring and monitoring risk and the risks to the Group's development were described in detail in the Annual Report 2009. In this interim report only significant developments in the period under review are addressed.

Risk-bearing capacity

The level of risk coverage as a measure for the risk-bearing capacity is at 148 per cent as at 30 September 2010 only slightly below the level of 31 December 2009. The rise in risk potentials recorded in all risk types were almost completely compensated by strengthening the risk covering potential.

The NORD/LB Group initiated several measures in the previous year to strengthen risk ratios and continued these in 2010. These include in addition to the inclusion of subordinated capital further risk reduction measures.

The risk-bearing capacity is given from a risk coverage level of 100 per cent. This was clearly exceeded as at the reporting date. The conservative buffer of 25 per cent (coverage of 125 per cent) set in the risk strategy was also clearly exceeded.

The specifications of the Group risk strategy concerning the allocation of risk capital to risk types were also complied with. Of the significant types of risk included in the model, namely credit, investment, market price, liquidity and operational risk, credit risk is by far the most significant.

The utilisation of risk capital in the ICAAP scenario can be seen in the following table which shows risk-bearing capacity for the NORD/LB Group:

(in € million) [1]	Risk-bearing capacity 30 Sep. 2010		Risk-bearing capacity 31 Dec. 2009	
Risk capital	**9,501**	**100 %**	**8,976**	**100 %**
Credit risk	5,659	60 %	5,402	60 %
Investment risk	126	1 %	109	1 %
Market price risk	258	3 %	217	2 %
Liquidity risk	79	1 %	34	–
Operational risk	297	3 %	245	3 %
Total risk potential	**6,419**	**68 %**	**6,006**	**67 %**
Excess coverage	**3,082**	**32 %**	**2,970**	**33 %**
Risk cover level		**148 %**		**149 %**

[1] Total differences are rounding differences.

Within the scope of regular reviews and the further development of the NORD/LB Group's risk-bearing capacity model, Group-wide stress scenarios to cover all risk types are currently being integrated into the regular reporting on risk-bearing capacity, and this will be completed in the fourth quarter of 2010.

Credit risk

The total exposure fell slightly in the period under review from € 255 billion to € 251 billion. The credit risk potential in the ICAAP scenario rose slightly though. The reason for this is the migration of borrowers to lower rating categories due to the impact of the financial and economic crisis. In particular the Group's ship and real estate portfolio was affected by increased probabilities of default in the first half of 2010. Overall the negative trend in rating migrations eased in the third quarter of 2010.

Compared to the previous quarter the exposure effect due to changes in exchange rates reduced significantly. This is attributable in particular to the fall of the US dollar against the euro in the third quarter of 2010.

Due to a deterioration in ratings, the share of exposures in rating categories with a high to very high risk rose slightly. The share of credit exposure in the default categories also rose from 1.5 per cent to 2.1 per cent.

The NORD/LB Group is closely monitoring the impact of the above-mentioned developments on regulatory quotas and risk-bearing capacity and where necessary appropriate measures are implemented for proactive control. The developments described above were also accounted for by a further increase in the loan loss provision (cf. note 17).

The overall rating structure for the credit exposures of the NORD/LB Group, broken down by product type and compared with the structure as at 31 December 2009, is as follows:

Rating structure [1) 2)] (in € million)	Loans [3)] 30 Sep. 2010	Securities [4)] 30 Sep. 2010	Derivatives [5)] 30 Sep. 2010	Other [6)] 30 Sep. 2010	Total exposure 30 Sep. 2010	Total exposure 31 Dec. 2009
Very good to good	110,621	57,494	11,949	12,807	**192,871**	196,516
Good/satisfactory	15,466	1,891	510	1,345	**19,212**	21,617
Reasonable/satisfactory	11,234	507	323	817	**12,881**	14,268
Increased risk	8,795	187	188	280	**9,450**	8,952
High risk	4,315	87	63	93	**4,557**	3,869
Very high risk	5,860	203	184	55	**6,302**	6,413
Default (= NPL)	5,007	96	68	62	**5,233**	3,795
Total	**161,299**	**60,465**	**13,285**	**15,458**	**250,507**	**255,431**

11) Allocated in accordance with IFD rating categories.
2) Total differences are rounding differences.
3) Includes loans taken up or loan commitments, guarantees and other non-derivative, off-balance sheet assets. As in the risk-bearing capacity report, irrevocable loan commitments are included at 67 per cent (72 per cent) and revocable loan commitments at five per cent.
4) Includes the own stocks 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 loans administered for third-party account.

The share of items in the rating category very good to good remains at a high level as at 30 September 2010 at 77 per cent (77 per cent). This is explained by the significance of business conducted with financing institutes and public authorities and is at the same time a reflection of the conservative risk policy of the NORD/LB Group.

The following table shows the breakdown of the overall credit exposure by industry group:

Industry [1] [2] (in € million)	Loans [3] 30 Sep. 2010	Securities [4] 30 Sep. 2010	Derivatives [5] 30 Sep. 2010	Other [6] 30 Sep. 2010	Total exposure 30 Sep. 2010	Total exposure 31 Dec. 2009
Financing institutes / insurance companies	53,267	38,171	10,078	8,713	**110,229**	114,107
Service industries/other	59,016	19,517	938	2,947	**82,418**	83,937
– of which: Land, housing	18,520	72	393	527	**19,512**	19,629
– of which: Public administration	28,010	18,992	338	213	**47,552**	47,636
Transport/ communications	29,696	636	862	190	**31,384**	30,334
– of which: Shipping	19,544	–	560	75	**20,179**	19,633
– of which: Aviation	6,904	22	127	–	**7,053**	6,953
Manufacturing industry	5,891	820	644	334	**7,690**	8,384
Energy, water and mining	5,743	1,106	477	2,251	**9,576**	8,916
Trade, maintenance and repairs	3,205	57	175	210	**3,648**	3,706
Agriculture, forestry and fishing	862	26	6	621	**1,515**	1,544
Construction	2,744	37	104	133	**3,017**	3,028
Other	874	96	–	60	**1,030**	1,474
Total	**161,299**	**60,465**	**13,285**	**15,458**	**250,507**	**255,431**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] to [6] See the previous chart on the rating structure.

The table shows that business conducted with financing institutes and with public authorities accounts for 63 per cent (63 per cent) and still constitutes a considerable share of the total exposure.

The overall exposure is broken down by region as follows:

Regions[1) 2)] (in € million)	Loans[3)] 30 Sep. 2010	Securities[4)] 30 Sep. 2010	Derivatives[5)] 30 Sep. 2010	Other[6)] 30 Sep. 2010	Total exposure 30 Sep. 2010	Total exposure 31 Dec. 2009
Euro countries	127,474	47,862	8,773	15,125	**199,234**	204,881
– of which: Germany	111,322	28,867	4,730	14,354	**159,274**	165,809
Other Western Europe	11,665	3,181	2,909	220	**17,975**	15,969
Eastern Europe	2,791	856	36	4	**3,688**	4,252
North America	11,014	4,462	1,149	33	**16,658**	18,324
Latin America	1,717	471	21	–	**2,210**	2,325
Middle East/Africa	865	233	–	1	**1,099**	1,232
Asia	4,091	2,131	364	15	**6,601**	6,110
Other countries	1,680	1,269	33	60	**3,042**	2,338
Total	**161,299**	**60,465**	**13,285**	**15,458**	**250,507**	**255,431**

[11)] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2)] to [6)] See the previous chart on the rating structure.

The country risk for the NORD/LB Group tends to be of minor significance. The eurozone accounts for a high share of 80 per cent (80 per cent) of total exposure and remains by far the most important business area of the NORD/LB Group.

Investment risk

In 2010 the NORD/LB Group has continued to optimise its investment portfolio. This includes among other things the sale of the shares in Berenberg Bank as well as the takeover of the shares in Berlin-Hannoversche Hypothekenbank AG by Landesbank Berlin AG which was agreed in October. NORD/LB will also sell its share in Bank DnB NORD A/S to the Norwegian majority shareholder DnB Nor. In the third quarter a letter of intent stating the basic conditions of the sale was signed. The transaction is still subject to the approval of the supervisory bodies and authorities.

Within the scope of the continuing development of Investment Management structural and procedural adjustments have been made. This resulted in a centralisation of data management in the Finance division, while NORD/LB's Investment Management continues to act as the Evidence Centre and actively controls the investments.

The NORD/LB Group also arranged for a comprehensive evaluation of Skandifinanz Bank AG after the emergence of the fraud case at the Swiss subsidiary of NORD/LB Luxembourg at the start of 2010. This audit has now been completed. The findings of the audit are currently being implemented.

The carrying amounts of investments may fluctuate as a result of effects of the financial market crisis.

Market price risk

In the period under review a fall in market price risks relating to the portfolio of the NORD/LB Group was recorded, primarily due to changes in the strategic interest rate positions. The effects of a change in the method for showing perpetual equity (from 1 January 2010 maturity assumptions are no longer made in the modelling of interest rate risk) initially resulted at the start of the year in a significant increase in the Value-at-Risk.

This was overcompensated (95 per cent quantile, holding period one day) or largely compensated (99.9 per cent quantile relevant for risk-bearing capacity, holding period 130 days) by position changes in the interest books.

As at the balance sheet date 30 September 2010 the NORD/LB Group's Value-at-Risk fell by 6 per cent compared to 31 December 2009 (confidence level 95 per cent, holding period one day) to € 9 million. The historical simulation method was used for the calculation.

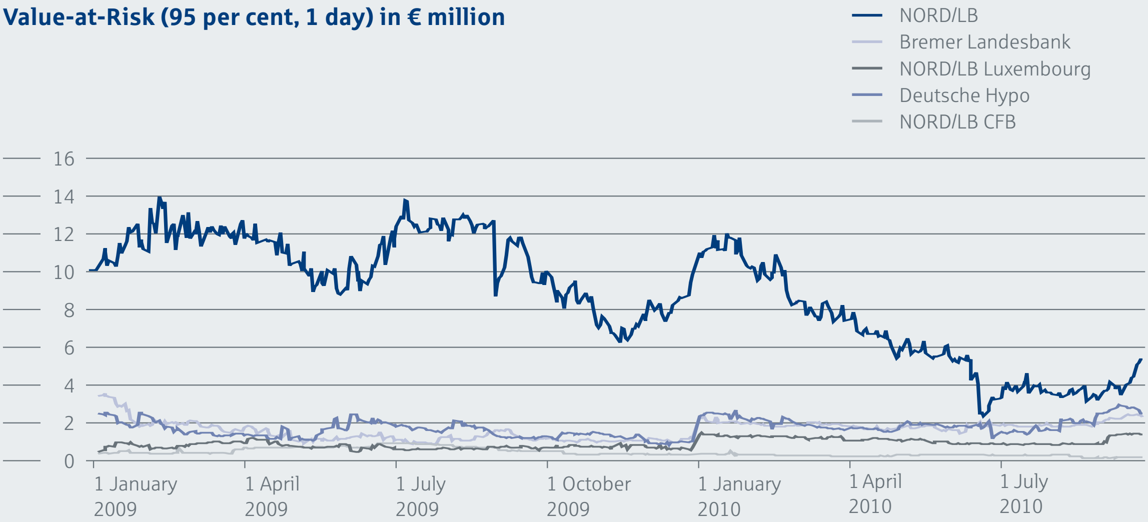
Market price risks (in € 000) [1) 2)]	Maximum 1 Jan.– 30 Sep. 2010	Maximum 1 Jan.– 31 Dec. 2009	Average 1 Jan.– 30 Sep. 2010	Average 1 Jan.– 31 Dec. 2009	Minimum 1 Jan.– 30 Sep. 2010	Minimum 1 Jan.– 31 Dec. 2009	End-of-period risk 30 Sep. 2010	End-of-period risk 31 Dec. 2009
Interest rate risk (VaR 95 %, 1 day)	10,016	18,624	5,662	12,973	3,399	8,776	9,276	9,511
Currency risk (VaR 95 %, 1 day)	2,651	4,831	1,298	2,134	985	929	827	1,823
Share price and fund price risk (VaR 95 %, 1 day)	2,099	7,936	1,214	5,079	741	1,207	1,927	1,722
Volatility risk (VaR 95 %, 1 day)	488	2,667	288	1,157	188	43	494	645
Other add-ons	81	164	33	30	3	–	81	265
Total	**18,215**	**19,107**	**11,696**	**14,915**	**7,292**	**9,658**	**8,504**	**9,036**

1) Maximum, average and minimum risks are calculated on the basis of the VaR totals for the significant subsidiaries; end-of-period risks are consolidated figures.
2) Maximum, average and minimum sub-risks are calculated on the basis of the maturity of equity capital.

During the course of the period under review, the daily total Value-at-Risk calculated for the significant Group companies (confidence level of 95 per cent and holding period of one day) fluctuated between € 7 million and € 18 million, with an average Value-at-Risk of € 12 million. The Value-at-Risk calculated on the basis of regulatory parameters (confidence level of 99 per cent, holding period of ten days) amounted to € 52 million in the NORD/LB Group as at 30 September 2010. The figures also include the interest rate and share price risk in the investment book.

The Value-at-Risk for the credit spread risks in the investment book not included in the overview (confidence level 95 per cent, holding period one day) rose strongly in the period under review and was € 96 million for the NORD/LB Group as at 30 September 2010. The rise was not the result of positions being extended, but was due solely to market turbulence which was triggered by falls in the prices of bonds of individual European countries and which spread in particular to the bank bond market segment in Germany and throughout Europe. However, there are currently no acute default risks as a result of this. There is still an investment stop on credit investment portfolios.

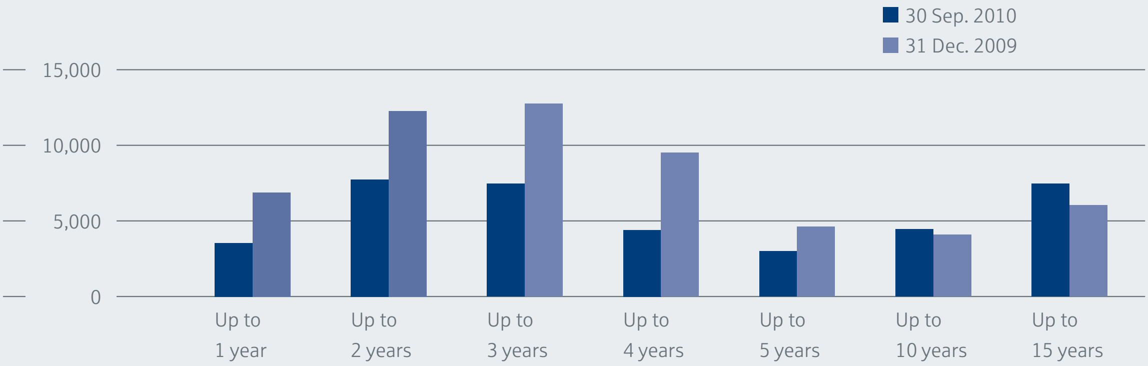
Value-at-Risk (95 per cent, 1 day) in € million



Liquidity risk

The liquidity situation has eased considerably compared to the previous year. The NORD/LB Group had sufficient liquidity at all times in the period under review. The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities, 83 per cent (86 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve. The liquidity progress review shows that the NORD/LB Group's liquidity surpluses established as a result of the financial market crisis have been reduced in the period under review in particular in the maturity bands to five years.

Accumulated liquidity maturities in € million



The liquidity ratio in accordance with the liquidity regulation (LiqV) was always well over the minimum of 1.00 required by regulatory provisions during the period under review. The dynamic stress tests used for internal control showed a satisfactory liquidity situation for all of the units of the NORD/LB Group as at the reporting date.

Liquidity ratio in accordance with the LiqV[1)]

	30 Sep. 2010	31 Dec. 2009
NORD/LB	1.29	1.40
Bremer Landesbank	1.48	1.81
Deutsche Hypo	1.82	1.32

1) NORD/LB Luxembourg and NORD/LB CFB are not required to determine a comparable ratio.

Operational risk

In the period under review the internal reporting on operational risk was revised and the results are now presented in a more integrated manner. With effect of 1 July 2010 self-assessment was replaced in NORD/LB as planned by the new risk assessment method. The new method is currently being implemented in the Group.

Loss event databank percentage (excluding credit losses) net loss in the total loss amount

Category	1 Jan.–30 Sep. 2010	1 Jan.–31 Dec. 2009[1)]
External influences	6 %	60 %
Internal procedures	26 %	28 %
Employees	68 %	12 %
Technology	–	–

1) Net losses were calculated on an absolute data base, the previous year`s figures were adjusted.

The share of loss events for the individual categories is strongly influenced by a positive loss for the category employees. The share of loss events for the category external influences fell considerably in the period under review. In the loss event databank the fraud case at Skandifinanz Bank AG which emerged at the start of 2010 was considered as a credit loss. In reaction to this fraud case several measures are currently being implemented.

There were no significant legal risks as at the reporting date.

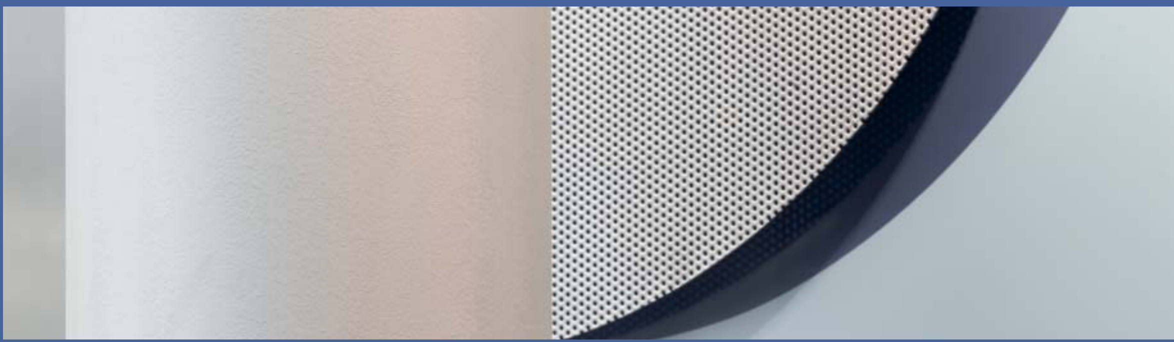
Summary and outlook

The effects of the financial and economic crisis continue to have an impact on the development of the NORD/LB Group. In particular the scope and length of the economic recovery and the development of the situation in the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) will have an impact on the risk situation. With regard to rating migrations, it is expected that there will only be a slight negative development in the overall portfolio in the coming months. The NORD/LB Group will continue to monitor developments closely and if necessary implement further measures to improve the risk situation.

Beyond the above-mentioned risks, no significant new risks can currently be identified. The NORD/LB Group has taken precautions to adequately account for all of the risks known to the bank and considers itself to be well prepared for the upcoming challenges with the risk provisions it has made.

Statements relating to the future

This interim report contains statements relating to the future. They can be recognised in terms such as “expect”, “intend”, “plan”, “endeavour” and “estimate” and are based on our current plans and estimations. These statements contain uncertainties since a number of factors which affect our business are beyond our sphere of influence. These factors notably include developments in the financial markets and changes in interest rates and market prices. Actual results and developments may deviate considerably from current assumptions. The NORD/LB Group does not assume any responsibility for and does not intend to update these statements relating to the future or to adjust them in the event of developments which deviate from those that had been anticipated.



Interim consolidated financial statements as at 30 September 2010

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Interim consolidated financial statements

Income statement

	Notes	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 *) (in € million)	Change (in %)
Interest income		9,680	12,395	– 22
Interest expense		8,469	11,354	– 25
Net interest income	6	**1,211**	**1,041**	**16**
Loan loss provisions	7	– 443	– 549	– 19
Commission income		269	210	28
Commission expense		108	86	26
Net commission income	8	**161**	**124**	**30**
Trading profit/loss		344	496	– 31
Profit/loss from the use of the fair value option		– 385	– 216	78
Profit/loss from financial instruments at fair value through profit or loss	9	**– 41**	**280**	**> 100**
Profit/loss from hedge accounting	10	103	118	– 13
Profit/loss from financial assets	11	38	– 115	> 100
Profit/loss from investments accounted for using the equity method		– 123	– 148	17
Administrative expenses	12	761	727	5
Other operating profit/loss	13	9	108	– 92
Earnings before taxes		**154**	**132**	**17**
Income taxes	14	70	21	> 100
Consolidated profit		**84**	**111**	**– 24**
of which: attributable to the owners of NORD/LB		71	104	
of which: attributable to non-controlling interests		13	7	

*) The interest reported as at the balance sheet date 31 December 2009 has changed; the values for 30 September 2009 were adjusted accordingly. Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

Income statement – summary by quarter

(in € million)	2010 Q 3	2010 Q 2	2010 Q 1	2009 Q 3	2009 Q 2	2009 Q 1
Interest income	3,206	3,235	3,239	3,448	3,845	5,102
Interest expense	2,753	2,834	2,882	3,074	3,525	4,755
Net interest income	**453**	**401**	**357**	**374**	**320**	**347**
Loan loss provisions	–147	–147	–149	–166	–252	–131
Commission income	90	94	85	70	70	70
Commission expense	39	34	35	29	27	30
Net commission income	**51**	**60**	**50**	**41**	**43**	**40**
Trading profit/loss	103	52	189	47	159	290
Profit/loss from the use of the fair value option	–133	– 88	–164	–235	– 35	54
Profit/loss from financial instruments at fair value through profit or loss	**– 30**	**– 36**	**25**	**–188**	**124**	**344**
Profit/loss from hedge accounting	10	51	42	34	51	33
Profit/loss from financial assets	37	11	– 10	– 45	– 48	– 22
Profit/loss from investments accounted for using the equity method	– 56	– 48	– 19	– 40	– 96	– 12
Administrative expenses	271	241	249	259	227	241
Other operating profit/loss	7	– 3	5	109	33	– 34
Earnings before taxes	**54**	**48**	**52**	**–140**	**– 52**	**324**
Income taxes	38	9	23	–	– 75	96
Consolidated profit	**16**	**39**	**29**	**–140**	**23**	**228**
of which: attributable to the owners of NORD/LB	5	38	28	–139	17	226
of which: attributable to non-controlling interests	11	1	1	– 1	6	2

Statement of comprehensive income

The consolidated statement of comprehensive income for the first nine months comprises the income and expense from the income statement and the income and expense recognised directly in equity.

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 *) (in € million)	Change (in %)
Consolidated profit	**84**	**111**	**– 24**
Change from Available for Sale (AfS) financial instruments			
Unrealised profit/loss	384	331	16
Transfer due to realisation of profit/loss	13	75	– 83
Changes in value of investments accounted for using the equity method recognised directly in equity	2	14	– 86
Currency translation differences of foreign business units			
Unrealised profit/loss	4	– 4	> 100
Actuarial gains and losses for defined benefit pensionplans	– 210	– 173	21
Deferred taxes	– 58	– 62	– 6
Other comprehensive income	**135**	**181**	**– 25**
Comprehensive income	**219**	**292**	**– 25**
of which: attributable to the owners of NORD/LB	198	265	
of which: attributable to non-controlling interests	21	27	

*) The previous year's figure of the consolidated profit was adjusted, see Note (3) Adjustment of figures for the previous year.

Statement of comprehensive income – summary by quarter

	2010			2009		
(in € million)	Q 3	Q 2	Q 1	Q 3	Q 2	Q 1
Consolidated profit	**16**	**39**	**29**	**– 140**	**23**	**228**
Change from Available for Sale (AfS) financial instruments						
Unrealised profit/loss	74	40	270	463	64	– 196
Transfer due to realisation from profit/loss	– 8	– 8	29	18	41	16
Changes in value of investments accounted for using the equity method recognised directly in equity	1	6	– 5	16	– 4	2
Currency translation differences of foreign business units						
Unrealised profit/loss	– 9	9	4	1	– 8	3
Actuarial gains and losses for defined benefit pensionplans	– 98	– 71	– 41	– 147	– 44	18
Deferred taxes	– 9	28	– 77	– 94	– 6	38
Other comprehensive income	**– 49**	**4**	**180**	**257**	**43**	**– 119**
Comprehensive income	**– 33**	**43**	**209**	**117**	**66**	**109**
of which: attributable to the owners of NORD/LB	– 48	43	203	104	48	113
of which: attributable to non-controlling interests	15	–	6	13	18	– 4

Balance sheet

Assets	Notes	30 Sep. 2010 (in € million)	31 Dec. 2009 *) (in € million)	Change (in %)
Cash reserve		615	1,844	– 67
Loans and advances to banks	15	39,838	42,356	– 6
Loans and advances to customers	16	112,710	112,083	1
Loan loss provisions	17	– 1,937	– 1,792	8
Financial assets at fair value through profit or loss	18	18,372	14,514	27
Positive fair values from hedge accounting derivatives		4,223	2,874	47
Financial assets	19	60,245	63,076	– 4
Investments accounted for using the equity method	20	406	723	– 44
Property and equipment	21	410	395	4
Investment property		101	93	9
Intangible assets	22	153	135	13
Assets and disposal groups held for sale	23	161	1	> 100
Current income tax assets		63	137	– 54
Deferred income tax assets		429	355	21
Other assets	24	905	1,797	– 50
Total assets		**236,694**	**238,591**	**– 1**

*) Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

Liabilities	Notes	30 Sep. 2010 (in € million)	31 Dec. 2009 *) (in € million)	Change (in %)
Liabilities to banks	25	58,713	62,152	– 6
Liabilities to customers	26	64,446	61,303	5
Securitised liabilities	27	73,312	79,151	– 7
Adjustments item for financial instruments hedged in the fair value hedge portfolio		852	484	76
Financial liabilities at fair value through profit or loss	28	19,114	16,136	18
Negative fair values from hedge accounting derivatives		2,951	2,102	40
Provisions	29	3,550	3,238	10
Current income tax liabilities		225	177	27
Deferred income tax liabilities		73	16	> 100
Other liabilities	30	799	2,114	– 62
Subordinated capital	31	6,686	5,931	13
Equity				
Issued capital		1,085	1,085	–
Capital reserves		2,597	2,597	–
Retained reserves		1,893	2,021	– 6
Revaluation reserve		290	29	> 100
Currency translation reserve		– 45	– 49	8
Equity capital		**5,820**	**5,683**	**2**
of which: attributable to non-controlling interests		153	104	47
		5,973	**5,787**	**3**
Total liabilities and equity		**236,694**	**238,591**	**– 1**

*) Information from the previous year was adjusted for individual items; see Note (3) Adjustment of figures for the previous year.

Statement of changes in equity

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity capital	Attributable to non-controlling interests	Consolidated equity capital
Equity as at 1 Jan. 2010	**1,085**	**2,597**	**2,021**	**29**	**– 49**	**5,683**	**104**	**5,787**
Distribution	–	–	– 47	–	–	**– 47**	– 4	**– 51**
Total net income for the period	–	–	– 67	261	4	**198**	21	**219**
Capital contributions	–	–	–	–	–	**–**	32	**32**
Changes in the basis of consolidation	–	–	2	–	–	**2**	–	**2**
Consolidation effects and other changes in capital	–	–	– 16	–	–	**– 16**	–	**– 16**
Equity as at 30 Sep. 2010	**1,085**	**2,597**	**1,893**	**290**	**– 45**	**5,820**	**153**	**5,973**

(in € million)	Issued capital	Capital reserves	Retained earnings	Revaluation reserve	Currency translation reserve	Equity capital	Attributable to non-controlling interests	Consolidated equity capital
Equity as at 1 Jan. 2009	**1,085**	**2,479**	**2,390**	**– 276**	**– 49**	**5,629**	**66**	**5,695**
Adjustments according to IAS 8	–	–	– 53	–	–	**– 53**	–	**– 53**
Adjusted equity as at 1 Jan. 2009	**1,085**	**2,479**	**2,337**	**– 276**	**– 49**	**5,576**	**66**	**5,642**
Distribution	–	–	– 117	–	–	**– 117**	– 3	**– 120**
Total net income for the period	–	–	3	266	– 4	**265**	27	**292**
Capital contributions	–	118	–	–	–	**118**	1	**119**
Changes in the basis of consolidation	–	–	3	3	–	**6**	1	**7**
Consolidation effects and other changes in capital	–	–	14	–	–	**14**	– 1	**13**
Equity as at 30 Sep. 2009	**1,085**	**2,597**	**2,240**	**– 7**	**– 53**	**5,862**	**91**	**5,953**

*) In accordance with IAS 8 the adjustments made to the previous year's figures are taken into account (cf. Note (3) adjustment of figures for the previous year.

Condensed cash flow statement

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 (in € million)	Change (in %)
Cash and cash equivalents as at 1 Jan.	**1,844**	**1,110**	**66**
Cash flow from operating activities	– 1,091	– 422	> 100
Cash flow from investing activities	– 37	192	> 100
Cash flow from financing activities	– 114	– 326	65
Total cash flow	**– 1,242**	**– 556**	> **100**
Exchange rate effects	13	– 13	> 100
Cash and cash equivalents as at 30 Sep.	**615**	**541**	**14**

Selected notes

General information

(1) Principles for preparing the interim consolidated financial statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 September 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 (IFRS) of the International Accounting Standards Board (IASB). For requirements relating to interim financial statements in particular IAS 34 is applied. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The consolidated financial statements are not reviewed by an auditor; they are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2009.

The interim consolidated financial statements as at 30 September 2010 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 notes. The segment reporting takes place in the notes.

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

(2) Accounting policies

The accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 2009. The fair value of financial assets and liabilities is also calculated in the interim consolidated financial statements in accordance with the fair value hierarchy as at 31 December 2009. The interim financial statements did not result in any significant changes in terms of the distribution of volume and the number of financial assets and liabilities accounted for in accordance with Level 1, Level 2 and Level 3.

Estimations and assessments required by management are made in compliance with the respective IFRS standard and are reviewed regularly. All of the adjustments which are required for a fair presentation of the net assets, financial position and results of operations in the interim financial reporting were made accordingly. This refers primarily to the calculation of the fair value of financial assets and liabilities of Level 3, the risk provisions, the provisions and deferred taxes.

The parameters used to estimate the value of credit default swaps (CDS) were subjected to an analysis in accordance with IAS 39.AG76 and adjusted in accordance with market developments. This results in an additional expense relating to negative fair values of € 109 million compared to the previous value. The negative fair values relating to the synthetic credit portfolio in CDS are in total 3 per cent of the nominal amount of € 9.2 billion (Level 2 and Level 3). The existing synthetic credit portfolio should be maintained until final maturity. Taking into account indicative spreads of price agencies for the valuation of CDS in Level 3 as at 30 September 2010, there would be an additional negative effect on the valuation.

In the period under review the consideration has been given to the following amendments to the standards which were first applied as at 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 in accordance with IFRSs". While the use of the acquisition method is developed for business combinations in the amended IFRS 3, IAS 27 contains amended regulations relating to the financial reporting of shares without a controlling influence and reporting in the event of a loss of a controlling influence on a subsidiary.

In April 2009 the IASB published within the scope of its annual improvements project amendments to existing IFRSs. These comprise both amendments to various IFRSs with effects on the approach, valuation and reporting of transactions and terminological or editorial adjustments.

The aforementioned changes to the standards have no further significant effect on the accounting policies, valuation and reporting in the interim consolidated financial statements. The Group has not applied early other standards, interpretations or amendments that have been published but whose application is not yet mandatory.

The facts stated in note (3) Adjustment of figures for the previous year result in additional changes.

(3) Adjustment of figures for the previous year

In these consolidated interim financial statements adjustments were made to the balance for the financial year 2009 of the items “financial assets at fair value through profit or loss” and “financial liabilities at fair value through profit or loss” in accordance with the specifications of IAS 8.41 ff. An adjustment was also made to the item “liabilities to customers”. These financial instruments did not meet the eligibility criteria for IAS 39 at the balance sheet date for the financial years 2008 and 2009.

This adjustment therefore also results in the figures reported for the previous year’s opening balance being corrected. The relevant corrections of reported deferred income tax asset can be found in the following notes.

The following items were corrected in the balance sheet as at 31 December 2009:

31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After adjustment
Assets			
Financial assets at fair value through profit or loss	14,651	– 137	14,514
Deferred income tax assets*)	310	46	356
Liabilities			
Liabilities to customers	61,306	– 3	61,303
Financial liabilities at fair value through profit or loss	16,166	– 30	16,136
Retained earnings*)	2,076	– 58	2,018

*) Terminal value prior to further adjustments.

The adjustment for the financial year 2008 is reported directly in equity.

The adjustment had an effect on the following items in the income statement for the period of 1 January to 30 September 2009:

1 Jan. – 30 Sep. 2009 (in € million)	Prior to adjustment	Adjustment	After adjustment
Trading profit/loss[**)]	502	– 6	496
Profit/loss from the use of the fair value option[**)]	– 217	1	– 216
Earnings before taxes[*)]	**140**	**– 5**	**135**
Income taxes[*)]	23	– 1	22
Consolidated profit[*)]	**117**	**– 4**	**113**

*) Terminal value prior to further adjustments.
**) Initial value after change in interest amount (cf. Note (2) Adjustment of the previous year's figures as at 31 December 2009).

In the consolidated financial statements as at 31 December 2009 the amortisation value calculated for a subordinated liability reported in subordinated capital was too high. As a result the value reported for subordinated capital was too high by € 9 million. The impairment for a silent investment reported in loans and advances to banks was set too low by € 3 million. The pro-rata interest recognised for a loan reported in financial assets as at 31 December 2009 was too high by € 2 million.

The adjustment of figures for the previous year including the deferred tax effects as a result of the adjustments and the changes to retained earnings can be seen in the following table:

31 Dec. 2009 (in € million)	Prior to adjustment	Adjustment	After adjustment
Assets			
Loan loss provisions	– 1,789	– 3	– 1,792
Financial assets	63,078	– 2	63,076
Deferred income tax assets[***)]	356	– 1	355
Liabilities and equity			
Subordinated capital	5,940	– 9	5,931
Retained earnings[***)]	2,018	3	2,021

***) Initial value after valuation adjustment in line with IAS 39

For the income statement from 1 January to 30 September 2009 there are retrospective adjustments as follows:

1 Jan. – 30 Sep. 2009 (in € million)	Prior to adjustment	Adjustment	After adjustment
Interest income from fixed-income and book entry securities	1,323	– 3	1,320
Earnings before taxes*)**	**135**	**– 3**	**132**
Income taxes***)	22	– 1	21
Consolidated profit*)**	**113**	**– 2**	**111**

***) Initial value after valuation adjustment in line with IAS 39

The respective adjustments were also taken into account in the notes for the following items: (6) Net interest income, (9) Profit/loss from financial instruments at fair value, (17) Risk provisions, (18) Financial assets at fair value through profit or loss, (19) Financial assets, (26) Liabilities to customers, (28) Financial liabilities at fair value through profit or loss and (31) Subordinated capital.

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 38 (31 December 2009: 38) subsidiaries (including special purpose entities in accordance with SIC-12) in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise control in another manner. In addition 2 (31 December 2009: 3) joint ventures and 12 (31 December 2009: 12) associated companies are accounted for using the equity method.

As a result of the restructuring NORD/LB Capital Management GmbH was included as a subsidiary for the first time in the consolidated financial statements as at 1 January 2010.

After the tasks and activities of NORD/LB Informationstechnologie GmbH were reintegrated into NORD/LB, the company was deconsolidated as at 1 January 2010.

The Bank DnB NORD A/S, which was previously accounted for using the equity method, is as at 30 September 2010 accounted for as held for sale in accordance with the provisions of IFRS 5.

The effects resulting from the changes to the basis of consolidation have no significant impact on the Group's income, assets and financial position.

Subsidiaries, joint ventures and associated companies included in the consolidated financial statements are shown in Note (37) Companies and investment funds included in the basis of consolidation.

Segment reporting

(5) Segmentation by business segment

The segment reporting provides information on the business areas of the Group. The segment reporting below is based on IFRS 8 "Operating segments", which follows the "management approach". The segment information is presented on the basis of internal reporting in the same way that it is reported internally on a regular basis for assessing performance and making decisions on the allocation of resources to the segments. In the segment reporting adjustments of figures for the previous year are taken into account (cf. Notes (3) Adjustment of figures for the previous year).

Segmentation by business segment

The segments are defined as customer or product groups which reflect the organisational structures and therefore the internal control of the Group. Calculations are based on the internal data of Group member companies. The internal control focuses on the operational units' earnings before tax.

An important criterion for the formation of segments is the greatest possible homogeneity of the customers aggregated in the segment in relation to financing and investment requirements and the products demanded. It is not possible to recognise dependencies on individual customers. The product ranges offered in the segments are described below and the earnings generated are shown in the overview. Aggregation currently does not take place at product level in the Group due to the different product definitions in the Group. The product range offered comprises classical lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, liquidity and risk management, M&A, services such as accounting management, payment transactions, securities business, brokering, documentary business, credit processing, sureties, guarantees and advisory services for asset management.

Net interest income generated by the individual segments is calculated on the basis of the market interest rate method. In the process the contribution from the interest rate conditions for each customer transaction is calculated by comparing the customer conditions with the structure-congruent market interest rate for a fictitious counter transaction applicable at the time the transaction is completed. This market interest rate is at the same time the cost value for the Treasury division's balancing provision.

Segment expenditure comprises primary expenses plus expenses allocated on the basis of cost and service allocations. Loan loss provisions are allocated to segments on the basis of actual costs incurred. Overall bank revenue, such as net interest received from equity employed, general loan loss provisions, profit/loss from hedge accounting and overhead costs, is not allocated to the operational profit centres of the bank but to the segment "Group controlling/others".

In addition to figures relating to the statement of operating results, the segment report also shows risk-weighted assets to be allocated on the basis of regulatory provisions, segment assets and liabilities, core capital employed, the cost income ratio (CIR) and return on equity (RoE). The cost-income ratio is defined as the ratio between administrative expenses and the sum total of the following income items: net interest income, net commission income, profit/loss from financial instruments at fair value, profit/loss from hedge accounting, profit/loss from investments accounted for using the equity method and other operating profit/loss.

RoRaC calculations in the segments include the contribution to income after risk provisions and valuation on committed capital (here five per cent of the higher value of the RWA limits and the amount called on). Calculation of the return on equity at Group level complies with the standard international definitions of financial ratios and refers to earnings before taxes (less interest expenses for silent investments in reported equity) on long-term equity under commercial law (share capital plus capital reserves, retained earnings and minority interests less silent investments in reported equity).

A capital charge of five per cent of risk-weighted asset values is used to calculate the capital employed in the segments. These are based on regulations pertaining to German Solvency Regulation. Capital tied up in the segments is calculated on the basis of average annual figures. The reconciliation figure for the tied-up capital reported in the segments and the long-term equity in the Group in accordance with commercial law is included in the segment reconciliation. A transfer from long-term equity under commercial law to equity reported in the balance sheet is shown separately at the end of the segment overview.

The NORD/LB Group has revised its business model against the background of changes in general and market conditions and to sharpen its focus on customer potential. As a result the structure and the number of segments which are subject to reporting have changed. The following segments are reported by business segment in the segment reporting (the previous year's figures were adjusted accordingly):

Savings bank network
In the business segment Savings bank network transactions with the public sector, institutional business with associated savings banks and syndicated business transacted with associated savings banks are reported. Products and services are offered which the savings banks require as direct customers for their own trading business or to complete their product range in their own business with private or corporate customers. This includes the offer of all kinds of securities, currencies and derivatives as well as special kinds of debt securities which are not standardised in respect of their interest and repayment, but instead offer alternatives in respect of returns and the type or time of repayment (structured securities). These may also be designed in accordance with the savings banks' specifications. The product range also includes private banking products for the savings banks, such as investment products in the form of for example open or closed funds with assets in German or foreign real estate, ships or aircraft, products for individual asset management or inheritance or foundation management.

Private and commercial customers
This segment comprises the private customer and middle-market company business (in NORD/LB AöR this is limited to the region of Altes Braunschweiger Land). It also includes the business conducted by Öffentliche Lebensversicherung Braunschweig, Braunschweig, and Öffentliche Sachversicherung Braunschweig, Braunschweig, including restricted funds, and the share of the profit/loss accounted for using the equity method from Bank DnB NORD A/S, Copenhagen.

The product range for the segment private and commercial customers is based on the savings bank finance concept and comprises all of the usual banking services and products for account and lending business, savings and investment business and the provision of internet banking and direct brokerage. Extended services for wealthy private customers range from the integrated advisory approach of asset structure analysis, financial planning, asset succession and inheritance and foundation management. The product range also includes investment loans and start-up advice for the middle-market company business.

Corporate customers
The corporate customer segment includes all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region) and in neighbouring regions, and in particular agricultural banking, residential housing and the business of Skandifinanz Bank AG, Zurich. As a full-service provider banking products and banking services are offered here. The services include classical transaction management, tailored business financing, management of interest and currency risk and solutions for company pension schemes. In the segment corporate customers, comprehensive solutions are developed for complex business financing and for the strategic positioning of corporate customers. This division also provides its customers with a professional, conceptual liquidity and risk management, measures for the structuring of equity and innovative financing instruments.

In the business segments **real estate, ships and aircraft** and **energy and infrastructure customers** classical lending products and innovative products such as for example asset-backed securities transactions and financial engineering are normally offered irrespective of the respective industry. This primarily concerns financing for specific purposes.

Real estate
Here NORD/LB AöR and Deutsche Hypothekenbank's national and international financing of commercial real estate and Bremer Landesbank's financing of community interest properties are aggregated. This normally concerns structured financing for large-volume commercial real estate projects and portfolios in Germany and abroad. Both interim finance for new construction projects and long-term loans for existing properties are offered.

Ships and aircraft
In this segment the national and international activities of NORD/LB AöR and Bremer Landesbank in ship and aircraft financing are reported. The customers of the segment ships and aircraft are offered if needed short to long-term financing, such as equity pre-financing, interim finance, construction period finance (short and medium term) and financing to completion (long term). Ships or aircraft are financed by the provision of loans or guarantees on a property-related and normally property-secured basis. Products such as for example swap, option, future or forward transactions complete the product range.

Energy and infrastructure customers
This segment summarises the global business relations of the Group companies NORD/LB AöR and Bremer Landesbank in the Infrastructure, Energy (in particular renewable energy) and Leasing divisions. Primarily project financing which is related to a specific project or asset is offered and accordingly tailored to meet the respective individual need. The structure of this financing is developed taking into account the respective political and economic risks, legal and task factors, social determinants and optimal equity structures. The aim is to tailor project requirements and cash flows to the respective customers.

Financial markets
This segment mainly includes the following divisions of the bank in Germany, in the foreign branches and in the Group companies: Markets, Corporate Sales, Portfolio Management & Solutions, Portfolio Investment and Treasury. The financial markets business segment also includes NORD/LB Covered Finance Bank S. A., Luxembourg, and NORD/LB Asset Management Holding GmbH, Hanover, including investments and allocated special funds and public funds.

In addition to standard products alternative products which are detached from retail banking including derivatives are offered. For example structured debt securities which offer various alternatives in respect of returns or type of repayment are included. The segment financial markets gears its product range and its sales towards demand and the needs of its customers. In the secondary business all kinds of securities are sold and traded. Tailored solutions for institutional customers such as for example the structuring of special funds, pool funds solutions, portfolio management mandates and institutional public funds are also offered.

Group controlling/others

This segment covers all other performance data directly related to the business activity, Group companies not included in the segments, performance elements at group level which are not allocated to the segments, costs of the corporate and service centres which have not been allocated and consolidations.

Reconciliations

Here the reconciliation items from internal accounting to the overall consolidated figures in the income statement are shown. The shortfall in the regulatory capital requirement is converted into risk-weighted assets within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory risk-weighted assets report flows into the reconciliation.

(5) Segmentation by business segment

30 Sep. 2010 (in € million)	Savings Bank Network	Private and Commercial Customers	Corporate Customers	Commercial Real Estates	Ships and Aircraft	Energy and Infrastructure	Financial Markets ***)	Group Controlling/Other	Reconciliation	NORD/LB Group
Net interest income	46	204	167	181	267	117	452	– 76	– 147	1,211
Loan loss provisions	14	8	34	73	80	32	18	180	4	443
Net interest income after loan loss provisions	**32**	**196**	**133**	**108**	**187**	**85**	**434**	**– 256**	**– 151**	**768**
Net commission income	12	31	23	22	52	36	40	– 44	– 11	161
Profit/loss from financial instruments at fair value through profit or loss	5	18	6	– 3	14	2	– 96	– 10	23	– 41
Profit/loss from hedge accounting	–	–	–	–	–	–	–	103	–	103
Profit/loss from financial assets	–	– 1	–	–	–	–	– 30	69	–	38
Profit/loss from investments accounted for using the equity method	–	– 141	–	–	–	–	2	16	–	– 123
Administrative expenses	39	238	54	49	34	31	109	200	7	761
Other operating profit/loss	1	39	–	1	2	1	15	– 15	– 35	9
Earnings before taxes	**11**	**– 96**	**108**	**79**	**221**	**93**	**256**	**– 337**	**– 181**	**154**
Taxes	–	–	–	–	–	–	–	–	70	70
Earnings after taxes	**11**	**– 96**	**108**	**79**	**221**	**93**	**256**	**– 337**	**– 251**	**84**
Segment assets	27,840	12,064	14,226	22,399	26,899	14,183	147,140	– 28,220	163	236,694
of which investments at equity	–	–	–	–	–	–	34	372	–	406
Segment liabilities	6,432	10,045	8,610	12,152	4,145	5,100	202,885	– 25,737	13,062	236,694
Risk-weighted assets	1,784	5,259	10,937	21,152	34,598	9,103	22,413	5,406	– 21,452	89,200
Capital employed *)	89	462	547	1,058	1,729	455	1,124	69	– 664	4,869
CIR	61.1 %	158.0 %	27.8 %	24.5 %	10.1 %	19.7 %	26.4 %	–	–	57.6 %
RoRaC/RoE **)	15.1 %	23.5 %	22.0 %	10.0 %	17.1 %	25.3 %	24.7 %	–	–	3.2 %

30 Sep. 2009 (in € million)	Savings Bank Network	Private and Commercial Customers	Corporate Customers	Commercial Real Estates	Ships and Aircraft	Energy and Infrastructure	Financial Markets ***)	Group Controlling / Other	Reconciliation	NORD/LB Group
Net interest income	47	200	155	166	204	95	293	– 20	– 99	1,041
Loan loss provisions	2	18	96	116	18	8	20	245	26	549
Net interest income after loan loss provisions	**45**	**182**	**59**	**50**	**186**	**87**	**273**	**– 265**	**– 125**	**492**
Net commission income	12	39	23	16	24	26	20	– 31	– 5	124
Profit/loss from financial instruments at fair value through profit or loss	11	– 4	5	1	13	1	283	– 88	58	280
Profit/loss from hedge accounting	–	–	–	–	–	–	1	115	2	118
Profit/loss from financial assets	–	– 32	–	– 24	–	–	– 15	– 36	– 8	– 115
Profit/loss from investments accounted for using the equity method	–	– 175	–	–	–	–	–	27	–	– 148
Administrative expenses	40	232	53	43	30	27	94	200	8	727
Other operating profit/loss	1	49	–	–	–	1	31	3	23	108
Earnings before taxes	**29**	**– 173**	**34**	**–**	**193**	**88**	**499**	**– 475**	**– 63**	**132**
Taxes	–	–	–	–	–	–	–	–	21	21
Earnings after taxes	**29**	**– 173**	**34**	**–**	**193**	**88**	**499**	**– 475**	**– 84**	**111**
Segment assets (31 Dec. 2009)	27,614	12,526	14,889	22,393	23,826	13,170	159,411	– 31,928	– 3,310	238,591
of which investments at equity	–	302	–	–	–	–	39	382	–	723
Segment liabilities (31 Dec. 2009)	8,134	10,102	7,212	11,139	3,703	5,558	207,537	– 22,686	7,892	238,591
Risk-weighted assets	2,082	5,974	11,160	16,435	25,190	8,380	24,918	8,992	– 9,381	93,750
Capital employed *)	104	688	558	822	1,260	419	1,246	20	– 41	5,076
CIR	56.9 %	214.2 %	29.0 %	23.4 %	12.4 %	22.3 %	14.9 %	–	–	47.7 %
RoRaC/RoE **)	36.0 %	– 33.7 %	8.3 %	0.1 %	20.5 %	27.7 %	53.7 %	–	–	3.0 %

*) Reconciliation of long-term equity under commercial law to reported equity:

(in € million)	30 Sep. 2010	30 Sep. 2009
Long-term equity under commercial law	4,869	5,076
Revaluation reserve	290	– 7
Currency translation reserve	– 45	– 53
Accumulated profits	41	119
Silent participations in reported equity	818	818
Reported equity	5,973	5,953

**) By business segment RoRaC:
(Earnings before taxes / 3*4) / core capital employed (5 % RWA's limit resp. drawings if its the higher amount);

For the Group RoE:
((Earnings before taxes – interest expenses for silent participations in reported equity) / 3*4) / long-term equity under commercial law (= share capital + capital reserves + retained earnings + minority interests – silent participations in reported equity)

***) thereof profit from sales activities 2010 excl. Financial Markets € 32.8 million (€ 29.3 million)

Notes to the income statement

(6) Net interest income

The items interest income and interest expense comprise interest received and paid, deferred interest and pro rata reductions in premiums and discounts relating to financial instruments. Due to the fact that under certain circumstances silent participations are to be classified as liabilities under IAS 32, payments to silent investors are reported as interest expense.

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 *) (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	3,896	4,486	– 13
Interest income from fixed-income and book entry securities	1,127	1,443	– 22
Interest income from financial instruments at fair value			
from trading profit/loss	4,347	6,387	– 32
from fair value option	73	84	– 13
Current income			
from shares and other variable-yield securities	6	19	– 68
from investments	11	24	– 54
Interest income from portfolio fair value hedge amortisation	210	– 56	> 100
Other interest income and similar income	10	8	25
	9,680	**12,395**	**– 22**
Interest expenses			
Interest expenses from lending and money market transactions	2,178	2,727	– 20
Interest expenses from securitised liabilities	1,609	2,017	– 20
Interest expense from financial instruments at fair value			
from trading profit/loss	4,009	6,074	– 34
from fair value option	243	232	5
Interest expenses from subordinated capital	236	207	14
Interest expenses from portfolio fair value hedge	135	27	> 100
Interest expenses for provisions and liabilities	52	62	– 16
Other interest expenses and similar expenses	7	8	– 13
	8,469	**11,354**	**– 25**
Total	**1,211**	**1,041**	**16**

*) Interest amount changed as at 31 December 2009. The figures as at 30 September 2009 were accordingly adjusted.

(7) Loan loss provisions

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowance	118	213	– 45
Reversal of lumpsum specific loan loss provisions	15	1	> 100
Reversal of general loan loss provisions	78	13	> 100
Receipts of written-off loans and advances	38	16	> 100
Additions to receivables written off	17	9	89
	266	**252**	**6**
Expenses for loan loss provisions			
Allocation to specific valuation allowance	371	451	– 18
Allocation to lumpsum specific loan loss provisions	11	38	– 71
Allocation to general loan loss provisions	256	234	9
Allocation to provisions for lending business	57	50	14
Direct write-offs of loans and advances	14	28	– 50
	709	**801**	**– 11**
Total	**– 443**	**– 549**	**– 19**

(8) Net commission income

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	239	194	23
Commission income from non-banking transactions	30	16	88
	269	**210**	**28**
Commission expense			
Commission expenses from banking transactions	88	68	29
Commission expenses from non-banking transactions	20	18	11
	108	**86**	**26**
Total	**161**	**124**	**30**

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

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 *) (in € million)	Change (in %)
Trading profit/loss			
Realised gains/losses			
Gains/losses from debt securities and other fixed-interest securities	41	– 12	> 100
Gains/losses from shares and other variable-yield securities	2	2	–
Gains/losses from derivatives	74	267	– 72
Gains/losses from receivables held for trading	61	27	> 100
	178	**284**	**– 37**
Measurement result			
Gains/losses from debt securities and other fixed-interest securities	20	52	– 62
Gains/losses from shares and other variable-yield securities	– 2	18	> 100
Gains/losses from derivatives	33	128	– 74
Gains/losses from receivables held for trading	34	– 4	> 100
Gains/losses from other trading transactions	–	2	– 100
	85	**196**	**– 57**
Foreign exchange gains/losses	79	13	> 100
Other income	2	3	– 33
	344	**496**	**– 31**
Profit/loss from the use of the fair value option			
Realised gains/losses			
Gains/losses from debt securities and other fixed-interest securities	1	– 3	> 100
Gains/losses from liabilities to banks and customers	78	–	–
Gains/losses from securised liabilities	– 72	–	–
	7	**– 3**	**> 100**
Measurement result			
Gains/losses from loans to banks and customers	18	9	100
Gains/losses from debt securities and other fixed-interest securities	71	– 167	> 100
Gains/losses from shares and other variable-yield securities	–	– 20	– 100
Gains/losses from other financial assets	–	– 35	– 100
Gains/losses from liabilities to banks and customers	– 490	1	> 100
Gains/losses from securitised liabilities	10	– 1	> 100
Gains/losses from other business	– 1	–	–
	– 392	**– 213**	**84**
	– 385	**– 216**	**78**
Total	**– 41**	**280**	**> 100**

*) Since the balance sheet date 31 December 2009 the current interest income from trading assets and from the fair value option have been shown in the net interest income. The figures as at 30 September 2009 were accordingly adjusted.

(10) Profit/loss from hedge accounting

The profit/loss from hedge accounting includes fair value adjustments relating to the hedged risk of an underlying transaction and offset fair value adjustments to hedge instruments in effective fair value hedge relationships.

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 (in € million)	Change (in %)
Gains/losses from micro fair value hedges			
from hedged underlying transactions	62	– 465	> 100
from derivatives employed as hedging instruments	– 57	511	> 100
	5	**46**	**– 89**
Gains/losses from portfolio fair value hedges			
from hedged underlying transactions	– 568	– 151	> 100
from derivatives employed as hedging instruments	666	223	> 100
	98	**72**	**36**
Total	**103**	**118**	**– 13**

(11) Profit/loss from financial assets

Shown in the profit/loss from financial assets are profits/losses from disposals and estimated profits/losses relating to securities and company shares in the financial asset portfolio.

	1 Jan.–30 Sep. 2010 (in € million)	1 Jan.–30 Sep. 2009 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**– 10**	**– 27**	**– 63**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
debt securities and other fixed-interest securities	33	– 21	> 100
shares and other variable-yield securities	3	– 20	> 100
other financial assets classified as AfS	1	–	–
Profit/loss from allowances for losses on			
debt securities and other fixed-interest securities	– 27	– 17	59
shares and other variable-yield securities	– 10	– 15	– 33
other financial assets classified as AfS	–	– 14	– 100
	–	**– 87**	**– 100**
Profit/loss from shares in companies	**48**	**– 1**	**> 100**
Total	**38**	**– 115**	**> 100**

The profit/loss from shares in companies includes a profit of € 48 million from the sale of an investment.

(12) Administrative expenses

Administrative expenses comprise staff expenses, other administrative expenses and amortisation, depreciation and impairments to property and equipment, intangible assets and investment property.

	1 Jan.–30 Sep. 2010 (in € million)	1 Jan.–30 Sep. 2009 (in € million)	Change (in %)
Staff expenses	396	367	8
Other administrative expenses	320	307	4
Amortisation, depreciations and impairments	45	53	– 15
Total	**761**	**727**	**5**

(13) Other operating profit/loss

	1 Jan.– 30 Sep. 2010 (in € million)	1 Jan.– 30 Sep. 2009 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	278	321	– 13
from insurance contracts	348	323	8
from other business	77	151	– 49
	703	**795**	**– 12**
Other operating expenses			
from allocation to provisions	392	375	5
from insurance contracts	222	217	2
from other business	80	95	– 16
	694	**687**	**1**
Total	**9**	**108**	**– 92**

Income from the reversal of provisions and expense from allocation to provisions primarily concern provisions relating to insurance contracts.

Other operating income from insurance contracts is primarily the result of premium income (€ 298 million (€ 274 million)) and income from reinsurance contracts (€ 24 million (€ 24 million)).

Income from other business includes income from the redemption of the bank's own issues (€ 6 million (€ 46 million)), reimbursements of costs (€ 8 million (€ 14 million)), rental income from investment property (€ 8 million (€ 7 million)) and income from data processing services for third parties (€ 2 million (€ 7 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 174 million (€ 165 million)) and expenses from deferred reinsurance contracts (€ 39 million (€ 44 million)).

Expenses from other business essentially comprise expenses from the redemption of debt securities (€ 26 million (€ 43 million)) and reductions in loans and advances (€ 23 million (€ 28 million)).

(14) Income taxes

Income tax expenditure in the interim consolidated financial statements is calculated based on the anticipated income tax rate for the whole year. The tax rate used in the calculations is based on legal provisions which are valid or have been passed on the reporting date.

Notes to the balance sheet

(15) Loans and advances to banks

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	5,963	7,233	– 18
Foreign banks	4,153	2,649	57
	10,116	**9,882**	**2**
Other loans and advances			
German banks			
Due on demand	861	745	16
With a fixed term or period of notice	22,798	24,884	– 8
Foreign banks			
Due on demand	580	419	38
With a fixed term or period of notice	5,483	6,426	– 15
	29,722	**32,474**	**– 8**
Total	**39,838**	**42,356**	**– 6**

(16) Loans and advances to customers

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	1,290	959	35
Customers abroad	31	29	7
	1,321	**988**	**34**
Other loans and advances			
Domestic customers			
Due on demand	1,781	1,722	3
With a fixed term or period of notice	78,962	78,694	–
Customers abroad			
Due on demand	211	272	– 22
With a fixed term or period of notice	30,435	30,407	–
	111,389	**111,095**	**–**
Total	**112,710**	**112,083**	**1**

(17) Risk provisions

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Specific valuation allowance	1,248	1,276	– 2
Lumpsum specific loan loss provisions	39	44	– 11
General loan loss provisions	650	472	38
Total	**1,937**	**1,792**	**8**

Risk provisions recognised on the asset side and provisions in lending business developed as follows:

	Specific valuation allowance		Lumpsum specific loan loss provisons		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
1 Jan.	**1,276**	**983**	**44**	**3**	**472**	**218**	**135**	**79**	**1,927**	**1,283**
Allocations	371	451	11	38	256	234	57	50	695	773
Reversals	118	213	15	1	78	13	38	16	249	243
Utilisation	265	268	1	–	–	–	4	–	270	268
Unwinding	– 35	– 18	–	–	–	–	– 1	–	– 36	– 18
Effects from currency translation and other changes	19	– 3	–	1	–	– 1	2	– 1	21	– 4
30 Sep.	**1,248**	**932**	**39**	**41**	**650**	**438**	**151**	**112**	**2,088**	**1,523**

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

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Trading assets			
Debt securities and other fixed-interest securities	3,053	3,281	– 7
Shares and other variable-yield securities	126	121	4
Positive fair values from derivatives	10,297	6,538	57
Trading portfolio claims	2,404	1,860	29
	15,880	**11,800**	**35**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	253	517	– 51
Debt securities and other fixed-interest securities	2,229	2,187	2
Shares and other variable-yield securities	10	10	–
	2,492	**2,714**	**– 8**
Total	**18,372**	**14,514**	**27**

(19) Financial assets

The balance sheet item financial assets includes all the debt securities and other fixed-interest securities classified as available for sale (AfS), shares and other variable-yield securities, shares in companies which are not measured in accordance with IAS 27, IAS 28 or IAS 31 and financial assets classified as loans and receivables (LaR).

Investments in the equity of other companies are allocated to the category AfS. In addition to the AfS category, some of the silent investments classified as debt are also allocated to the LaR category.

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Financial assets classified as LaR	**5,120**	**4,905**	**4**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	53,919	56,902	– 5
Shares and other variable-yield securities	385	517	– 26
Shares in companies	820	742	11
Other financial assets classified as AfS	1	10	– 90
	55,125	**58,171**	**– 5**
Total	**60,245**	**63,076**	**– 4**

(20) Investments accounted for using the equity method

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Joint ventures	20	327	– 94
Associated companies	386	396	– 3
Total	**406**	**723**	**– 44**

(21) Property and equipment

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Land and buildings	300	308	– 3
Operating and office equipment	68	70	– 3
Other property and equipment	42	17	> 100
Total	**410**	**395**	**4**

(22) Intangible assets

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Software			
Purchased	17	19	– 11
Internally generated	48	51	– 6
	65	**70**	**– 7**
Intangible assets under development	64	40	60
Goodwill	11	11	–
Other	13	14	– 7
Total	**153**	**135**	**13**

(23) Assets held for sale

The carrying amount of assets held for sale is € 161 million (€ 1 million). This includes shares in a joint venture to the amount of € 160 million (€ 0 million), which was previously accounted for using the equity method and property and equipment (buildings) to the amount of € 1 million (€ 1 million).

(24) Other assets

The balance sheet item other assets includes assets relating to insurance contracts to the amount of € 163 million (€ 156 million). These concern (soley) assets from outwards reinsurance.

(25) Liabilities to banks

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Deposits from other banks			
German banks	102	1,331	– 92
Foreign banks	149	718	– 79
	251	**2,049**	**– 88**
Liabilities resulting from money market transactions			
German banks	12,250	14,161	– 13
Foreign banks	15,696	15,393	2
	27,946	**29,554**	**– 5**
Other liabilities			
German banks			
Due on demand	1,117	2,195	– 49
With a fixed term or period of notice	23,452	23,209	1
Foreign banks			
Due on demand	396	162	> 100
With a fixed term or period of notice	5,551	4,983	11
	30,516	**30,549**	**–**
Total	**58,713**	**62,152**	**– 6**

(26) Liabilities to customers

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	977	1,022	– 4
Customers abroad	21	21	–
With an agreed notice period of more than three months			
Domestic customers	466	433	8
Customers abroad	3	4	– 25
	1,467	**1,480**	**– 1**
Liabilities resulting from money market transactions			
Domestic customers	15,266	11,679	31
Customers abroad	2,996	3,333	– 10
	18,262	**15,012**	**22**
Other liabilities			
Domestic customers			
Due on demand	8,793	8,173	8
With a fixed term or period of notice	34,259	34,863	– 2
Customers abroad			
Due on demand	372	350	6
With a fixed term or period of notice	1,293	1,425	– 9
	44,717	**44,811**	**–**
Total	**64,446**	**61,303**	**5**

(27) Securitised liabilities

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Issued debt securities			
Mortage bonds	8,028	6,985	15
Municipal debentures	22,174	27,057	– 18
Other debt securities	36,154	38,536	– 6
	66,356	**72,578**	**– 9**
Money market instruments			
Commercial papers	5,516	4,171	32
Certificates of deposit	250	861	– 71
Other money market instruments	551	285	93
	6,317	**5,317**	**19**
Other securitised liabilities	**639**	**1,256**	**– 49**
Total	**73,312**	**79,151**	**– 7**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities to the amount of € 7,311 million (€ 7,796 million).

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

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Trade liabilities			
Negative fair values from derivatives	10,298	7,047	46
Delivery obligations from short-sales	176	232	– 24
	10,474	**7,279**	**44**
Financial liabilities designated at fair value through profit or loss			
Liabilities to banks and customers	5,059	5,012	1
Securitised liabilities	3,555	3,821	– 7
Subordinated capital	26	24	8
	8,640	**8,857**	**– 2**
Total	**19,114**	**16,136**	**18**

(29) Provisions

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Provisions for pensions and similar obligations	1,546	1,308	18
Other provisions	2,004	1,930	4
Total	**3,550**	**3,238**	**10**

Other provisions include provisions from insurance contracts to the amount of € 1,711 million (€ 1,632 million).

(30) Other liabilities

The balance sheet item other liabilities includes liabilities from insurance contracts to the amount of € 50 million (€ 45 million). These contain liabilities from direct insurance and reinsurance contracts to the amount of € 1 million (€ 4 million).

(31) Subordinated capital

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Subordinated liabilities	3,781	2,949	28
Participatory capital	522	593	– 12
Silent participations	2,383	2,389	–
Total	**6,686**	**5,931**	**13**

Other information

(32) Derivative financial instruments

	Nominal values		Fair values			
(in € million)	30 Sep. 2010	31 Dec. 2009	positiv 30 Sep. 2010	positiv 31 Dec. 2009	negativ 30 Sep. 2010	negativ 31 Dec. 2009
Interest-rate risks	314,408	313,005	12,153	7,792	11,221	7,569
Currency risks	70,634	70,988	2,267	1,458	1,598	1,244
Shares and other price risks	1,873	2,276	73	59	86	185
Credit derivatives	9,876	10,194	27	103	344	151
Total	**396,791**	**396,463**	**14,520**	**9,412**	**13,249**	**9,149**

(33) Regulatory data

The following consolidated regulatory data was calculated in accordance with the German Solvency Regulation (SolvV).

(in € million)	30 Sep. 2010	31 Dec. 2009
Risk-weighted assets (RWA)	**89,200**	**92,575**
Capital requirements for credit risks	6,626	6,934
Capital requirements for market risks	213	227
Capital requirements for operational risks	297	245
Capital requirements according to the SolvV	**7,136**	**7,406**

The following schedule shows the composition of regulatory equity recources for the Group in accordance with § 10 in conjunction with § 10a of the German Banking Act:

(in € million)	30 Sep. 2010	31 Dec. 2009
Paid-in capital	1,216	1,191
Contributions from silent partners	2,855	2,882
Other reserves	2,814	2,869
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1,082	1,094
Other components	– 10	15
Core capital	**7,957**	**8,051**
Non-current subordinated liabilities	3,478	2,762
Participatory capital liabilities	297	297
Other components	151	106
Supplementary capital	**3,926**	**3,165**
Deductions from core capital and supplementary capital	2,382	2,240
Modified available equity	**9,501**	**8,976**
Tier three capital	–	–
Eligible capital in accordance with § 10 of the German Banking Act	**9,501**	**8,976**

(in %)	30 Sep. 2010	31 Dec. 2009
Total ratio in accordance with § 2 para. 6 SolvV	10.65	9.70
Core capital ratio	8.92	8.70

(34) Contingent liabilities and other obligations

	30 Sep. 2010 (in € million)	31 Dec. 2009 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	7,466	7,349	2
Other obligations			
Irrevocable credit obligations	14,233	16,332	– 13
Total	**21,699**	**23,681**	**– 8**

(35) Related party relationships

The scope of transactions conducted with related parties, excluding those to be eliminated under consolidation, can be seen in the following statements.

30 Sep. 2010 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Associated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	815,011	989,088	–	–
to customers	3,110,892	67,023	3,078	227,084	2,236	31,833
Other unsettled assets	1,759,120	52	1,102	30,826	–	132
Total assets	**4,870,012**	**67,075**	**819,191**	**1,246,998**	**2,236**	**31,965**
Unsettled liabilities						
to banks	–	–	4	280,646	–	–
to customers	723,908	54,128	2,300	89,859	2,750	9,351
Other unsettled liabilities	121,995	1,236,351	1	708	–	–
Total liabilities	**845,903**	**1,290,479**	**2,305**	**371,213**	**2,750**	**9,351**
Guarantees / sureties received	4,237,347	–	–	4,040	–	–
Guarantees / sureties granted	5,325,060	777	1,196	7,001	–	–

1 Jan.– 30 Sep. 2010 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Associated companies	Persons in key positions	Other related parties
Interest expense	13,730	68,093	3	9,129	34	232
Interest income	92,252	3,558	7,876	32,613	69	1,089
Commission expense	18,134	–	–	–	–	–
Commission income	132	159	5	205	–	–
Other income and expenses	– 46,819	79	599	10,559	– 20	– 49
Total contributions to income	**13,701**	**– 64,297**	**8,477**	**34,248**	**15**	**808**

31 Dec. 2009 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Associated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	49,939	946,856	–	–
to customers	3,338,377	83,511	5,339	211,992	2,071	75,327
Other unsettled assets	2,402,444	77	497	18,057	460	1,430
Total assets	**5,740,821**	**83,588**	**55,775**	**1,176,905**	**2,531**	**76,757**
Unsettled liabilities						
to banks	–	–	7	311,277	–	–
to customers	574,387	58,793	1,368	139,044	5,140	16,521
Other unsettled liabilities	50,119	1,236,270	–	–	–	–
Total liabilities	**624,506**	**1,295,063**	**1,375**	**450,321**	**5,140**	**16,521**
Guarantees / sureties received	4,178,747	–	–	4,787	–	–
Guarantees / sureties granted	5,325,060	1,095	160	2,167	–	–

1 Jan. – 30 Sep. 2009 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Associated companies	Persons in key positions	Other related parties
Interest expense	6,880	39,829	23	6,488	66	1,402
Interest income	136,114	2,948	22,178	38,360	66	6,434
Commission expense	12,413	–	–	–	–	23
Commission income	6	109	2	91	1	43
Other income and expenses	37,888	43	164	– 5,085	– 24	609
Total contributions to income	**154,715**	**– 36,729**	**22,321**	**26,878**	**– 23**	**5,661**

In the item guarantees / sureties received from guarantors, guarantees to the amount of € 3,550,000 thousand (€ 3,550,000 thousand) are reported; these relate to an issue programme (G-MTN) guaranteed by the states of Lower Saxony and Saxony-Anhalt which serves for the refinancing of the NORD/LB Group. In the item guarantees / sureties granted to guarantors, guarantees to the amount of € 5,325,000 thousand (€ 5,325,000 thousand) are reported; these relate to a security pool of loans and advances with which the aforementioned guarantees received from the states of Lower Saxony and Saxony-Anhalt are secured. The maximum term of the guarantees is 5 years.

All of the guarantee agreements were concluded at market conditions.

(36) Members of governing bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman of the Managing Board)

Christoph Schulz
(Deputy Chairman
of the Managing Board)

Dr. Jürgen Allerkamp
(up to 31 January 2010)

Eckhard Forst

Martin Halblaub
(up to 11 January 2010)

Dr. Hinrich Holm
(since 1 February 2010)

Dr. Johannes-Jörg Riegler

2. Members of the Supervisory Board

Hartmut Möllring
(Chairman)
Minister of Finance, State of Lower Saxony

Thomas Mang
(First Deputy Chairman)
President, Association of
Savings Bank in Lower Saxony

Jens Bullerjahn
(Second Deputy Chairman)
Minister of Finance, State of Saxony-Anhalt

Frank Berg
Chairman of the Managing Board
OstseeSparkasse Rostock

Hermann Bröring
County Officer
Emsland District

Edda Döpke
Bank employee
NORD/LB Hannover

Ralf Dörries
Senior Vice President
NORD/LB Hannover

Dr. Josef Bernhard Hentschel
Chairman of the Managing Board
Sparkasse Osnabrück

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Dr. Gert Hoffmann
Mayor, City of Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board
Sparkasse Hannover

Manfred Köhler
Chairman of the Managing Board
Salzlandsparkasse

Heinrich v. Nathusius
Managing Director
IFA Gruppe

August Nöltker
Union Secretary
ver.di – Vereinte Dienstleistungsgewerkschaft
District administration Hanover

Freddy Pedersen
ver.di – Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut
Mecklenburg-Western Pomerania

Mirja Viertelhaus-Koschig
Deputy Chairman of the Managing Board
Vierol AG

(37) Companies and investment funds included in the basis of consolidation

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	92.50
Bremische Grundstücks-GmbH, Bremen	100.00	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pöcking	–	–
Deutsche Hypothekenbank AG, Hanover – Berlin	–	100.00
Hannover Funding Company LLC, Delaware/USA	–	–
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Munich	–	77.81
Nieba GmbH, Hanover	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg/Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover	–	100.00
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB Capital Management GmbH, Hanover	100.00	–
NORD/LB Covered Finance Bank S.A., Luxembourg/Luxembourg	100.00	–
NORD/LB G-MTN S.A., Luxembourg/Luxembourg	–	100.00
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Magdeburg	–	–
NORD/LB Kapitalanlagegesellschaft AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungsgesellschaft mbH, Hanover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
Öffentliche Facility Management GmbH, Braunschweig	100.00	–
Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig	–	75.00
PANIMA Beteiligungs GmbH & Co. Obj. Braunschweig KG, Pullach im Isartal	–	94.00
PANIMA Beteiligungs GmbH & Co. Obj. Hannover KG, Pullach im Isartal	–	94.00
Skandifinanz Bank AG, Zurich/Switzerland	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
Investment funds included in the consolidated financial statements		
NORD/LB AM 118 NLB	–	100.00
NORD/LB AM Global Challenges Index-Fonds	–	49.19
NORD/LB AM High-Yield	–	89.38
NORD/LB AM VT Renten Classic	–	67.56
NORD/LB AM 9	100.00	–
NORD/LB AM 52	–	100.00
NORD/LB AM 56	–	100.00
NORD/LB AM 65	–	100.00
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–
Companies / investment funds included in the consolidated financial statements using the equity method		
Joint ventures		
KreditServices Nord GmbH, Hanover	–	49.00
LHI Leasing GmbH, Pullach im Isartal	43.00	6.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	30.00	–
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen	27.50	–
GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover	44.00	–
LINOVO Productions GmbH & Co. KG, Munich	–	45.17
NORD Holding Unternehmensbeteiligungsgesellschaft mbH, Hanover	–	40.00
NORD KB Beteiligungsgesellschaft mbH, Hanover	–	28.66
SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH, Magdeburg	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
NORD/LB AM Emerging Markets Bonds	–	48.48
Companies valuated according to IFRS 5		
Joint ventures		
Bank DnB NORD A/S, Copenhagen / Danmark	–	49.00

Hanover / Braunschweig / Magdeburg, 23 November 2010

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel Schulz

Forst Dr. Holm Dr. Riegler

NORD/LB

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