BREMER LANDESBANK

Interim financial report of Bremer Landesbank as of 30 June 2011 in accordance with IFRSs

The Bremer Landesbank Group at a glance

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in EUR m)	Change (in %)
Net interest income	185	145	40	28
Risk provisions in the lending business	–31	–25	–6	24
Net interest income after risk provisions	154	120	34	28
Net commission income	12	13	–1	–8
Trading profit/loss	20	–52	72	–
Profit/loss from financial assets	–	8	–8	–100
Administrative expenses	77	71	6	8
Other profit/loss	5	9	–4	–44
Earnings before taxes	**114**	**27**	**87**	**>100**
Income taxes	25	6	19	>100
Consolidated profit	**89**	**21**	**68**	**>100**
	30 Jun 2011	**31 Dec 2010**		
Balance sheet figures in EUR m				
Total assets	33,707	34,801	–1,094	–3
Customer deposits	10,774	10,158	616	6
Customer loans	21,762	22,060	–298	–1
Risk provisions	–327	–306	–21	7
Equity	1,010	987	23	2
	30 Jun 2011	**30 Jun 2010**		
Key ratios in %				
Return on equity (after taxes)	22.9%	6.3%	–	–
Cost–income ratio	34.7%	57.7%	–	–
	30 Jun 2011	**31 Dec 2010**		
BIS capital ratios			–	–
Core capital in EUR m	1,710	1,576	134	9
Capital in EUR m	2,051	1,913	138	7
Risk assets in EUR m	17.799	17.449	350	2
Core capital ratio (after appropriation of profit)	9.08%	9.33%	–	–
	30 Jun 2011	**30 Jun 2010**		
Number of employees				
Total	1,075	1,058	17	–
	30 Jun 2011	**31 Dec 2010**		
Current ratings (long–term rating)				
Moody's	AA2	AA2	–	–
Fitch Ratings	A	A	–	–

Contents

Interim financial report of Bremer Landesbank as of 30 June 2011 in accordance with IFRSs

1. Interim group management report

The terms “Bank”, “Bremer Landesbank” and “BLB” are used below interchangeably to refer to the Bremer Landesbank Group. The development of the Group is almost exclusively determined by the parent company. The companies of the Bremer Landesbank Group are included and consolidated in the consolidated financial statements of the NORD/LB Group and are a significant part of the latter.

This report should be read in conjunction with the group management report as of 31 December 2010.

A. Business and general conditions

Economic situation and financial markets

The global economy expanded further in the first half of 2011 and is set to report 4.3% growth for 2011 (IMF forecast).

However, this growth was unevenly distributed: Led by Germany, the eurozone performed unexpectedly well. The IMF upped its forecasts for the eurozone substantially from 1.6% to 2%, despite the problems in the reforming countries. The US economy put in a disappointing display in the first half of the year, prompting the IMF to lower its growth forecast from just under 3% to 2.5%.

The emerging economies remained the key drivers of global growth in the first half of 2011. Despite China’s efforts to curb growth through interest rate hikes and tightened minimum reserve requirements, and despite restrictive lending regulations, the IMF sees this country as the primary catalyst of world growth, accounting for 12% of global output and with projected growth of more than 9%. The rest of Asia and South America enjoy a high, only slightly diminished, level of self-sustaining growth.

The first half of the year presented numerous challenges for market psychology and hence the real economy.

The widespread confidence at the beginning of the year was shaken by political unrest in North Africa. However, except in Libya, the situation has since calmed down considerably. The secular nature of the unrest is unlikely to create any long-term disruption in international business.

The nuclear disaster in Japan was the next test for the global mood. The initial nervousness has since subsided and the economic consequences will be largely confined to Japan. However, in light of the shift in energy policy, it had massive long-term implications for Germany: The German government decided to end the use of nuclear power by 2022.

Furthermore, the crisis came to a head in Europe’s deficit-ridden countries, especially Greece, despite appreciable reform successes. At the Brussels summit in June 2011, the eurozone’s leaders enlarged the temporary EFSF crisis fund to EUR 440b and approved the ESM permanent bailout fund, in place from 2013, with resources of USD 500b. An agreement was also reached on a second rescue plan for Greece.

Subsequently, global growth slowed, hampered more by the greater risk aversion of market players than by the saturation of global markets.

The export-driven German economy, whose fate is closely linked to the global economy, flourished in the first quarter of 2011, with GDP up 1.5% on the previous quarter.

Compared with the first quarter of 2010, GDP rose by an inflation-adjusted 5.6%, fueled by catch-up effects from the comparatively weak fourth quarter of 2010 and by increasingly buoyant private spending, up 1.1% against the prior quarter.

At the beginning of the year, the German economy was in a more robust state than in previous years, mainly thanks to the recovery in the German labor market, where unemployment fell to its lowest level since reunification. In May 2011, unemployment stood at a seasonally-adjusted 2,974,000 (May 2010: 3,248,000), with an unemployment rate of 7% (May 2010: 7.7%).

Growth slowed somewhat in the second quarter of 2011 due to the greater risk aversion and because catch-up effects no longer came into play. Nevertheless, the companies surveyed for the IFO Business Climate Index rated the current situation in June 2011 with the best ever score in the index's history.

The region

The Bremen Chamber of Commerce and the Bremerhaven Chamber of Industry and Commerce saw the situation of the economy as positive in spring 2011.

According to the Chamber of Commerce, the upswing is still vigorous in Bremen. Business is good for many sectors in spring 2011. Export growth is slightly weaker, whereas planned investments are at a record high. The employment outlook is bright. Demand for personnel is on the rise, especially in industry and in the service sector.

The Bremerhaven Chamber of Industry and Commerce concludes that manufacturing has made a robust start to the year 2011. Following a slightly faltering start, the retail sector holds high hopes for the rest of the year. There were no major changes in the wholesale sector. The situation in the transport sector has improved noticeably. The hospitality sector attains the highest scores: 96% of the companies surveyed consider their business situation to be good. In the service sector, the recovery has set in at a steady pace, with 99% of companies stating their situation to be good or satisfactory.

According to the Oldenburg Chamber of Commerce, the upswing in the Oldenburg region continues to be strong in the first quarter of 2011. The Chamber of Industry and Commerce Climate Index fell negligibly by 2 points from all its all-time high in the fourth quarter of 2010 to its current 134.3 points.

Industry's order books are well filled. In the construction sector, 80% of the companies surveyed reported a recovery and an order backlog of at least two months. Business in the retail sector has improved since 2010. The wholesale sector paints a more moderate, but nonetheless positive, picture. Nine out of ten companies in the transport sector are satisfied with their business situation. In the service sector, two thirds of companies said that their business situation was good.

The situation in spring 2011 was characterized by companies' willingness to invest and a positive labor market.

The economy in East Frisia and Papenburg remained on track for growth in spring 2011, with the economic climate index reaching a record high in the first quarter of the year (130 of a maximum 200 points). In the fourth quarter of 2010, the index stood at 124 points.

More than 40% of companies rated their business situation in spring 2011 as good. Only 6% said that it was poor. Earnings have improved for about one third and worsened for less than one in five. This picture applies across the board in all sectors.

Business performance

Sustainable operating income at Bremer Landesbank developed very well in the first half of the year. This is primarily due to growing net interest income, steady net commission income overall, combined with operatively robust customer-driven trading business, achieved in the face of persistently adverse market conditions.

Expenses for risk provisions turned out to be lower than originally budgeted by the Bank. Bremer Landesbank's stringent risk management, backed by the encouraging economic recovery, has once again proven its worth.

The latent uncertainty on the capital markets surrounding the refinancing of the PIIGs states – and also the US – means, as before, high volatilities in the valuation of financial instruments, which again impact the Bank's net valuation effect. As a result of technically induced credit events at Irish banks, Bremer Landesbank was not delivered any securities from these banks and is unlikely to receive any in the future. The trading liabilities for these exposures were originally recognized at year-end 2010, which meant that they have had no further negative impact on profit and loss in the year to date.

Once again, no notable impairments had to be recognized on the Bank's own securities in the first half of the year.

As expected, the Bank's administrative expenses have risen further. The budgeted increase in headcount and slightly higher early retirement expenses had an effect on personnel expenses. Other administrative expenses increased mainly due to higher IT expenditure and higher consulting expenses for projects.

There have been no changes in the basis of consolidation to date in 2011. The results of the subsidiaries are as planned.

At the end of the first six months of 2011, the Bremer Landesbank Group reported yet another pre-tax profit and a consolidated profit.

Below, we report in greater detail on the business performance of the Bremer Landesbank Group in the first half of 2011.

B. Results of operations

In the year 2011 to date, the Bank's results of operations developed very well.

Income statement

	Notes	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Interest income		1,122	1,062	6
Interest expenses		937	917	2
Net interest income	(6)	185	145	28
Risk provisions in the lending business	(7)	–31	–25	24
Net interest income after risk provisions		**154**	**120**	**28**
Commission income		29	23	26
Commission expenses		17	10	70
Net commission income	(8)	**12**	**13**	**–8**
Trading profit/loss		20	–52	–
Profit/loss from designated financial instruments		–1	1	–
Profit/loss from financial instruments at fair value through profit or loss	(9)	**19**	**–51**	**–**
Profit/loss from hedge accounting	(10)	4	3	33
Profit/loss from financial assets	(11)	–	8	–100
Profit/loss from investments accounted for using the equity method	(12)	7	3	>100
Administrative expenses	(13)	77	71	8
Other operating profit/loss	(14)	–5	2	–
Earnings before taxes		**114**	**27**	**>100**
Income taxes	(15)	25	6	>100
Consolidated profit		**89**	**21**	**>100**

Net interest income

Net interest income increased by 28%, from EUR 145m to EUR 185m.

Net interest income from business with customers has risen yet again. The Special Finance segment was once again one of the main drivers of customer business, but business transacted with regional corporate customers and the Financial Markets segment also made significant contributions to earnings.

GLB GmbH & Co. oHG distributed profit of EUR 19.5m to BLB from the sale of its investment in DekaBank Deutsche Girozentrale. This amount is reported under current income from equity investments.

We uphold our forecast of steady or moderately rising net interest income.

Risk provisions in the lending business

Risk provisions in the lending business rose only marginally in the first half of 2011, from EUR 25m to EUR 31m.

The aftershock of the financial market crisis between 2008 and 2010 was also felt in the real economy, as expected. As a consequence, specific allowances relating to customer business – especially in Special Finance – are higher than in the prior year but still below budget. Bremer Landesbank's stringent risk management, backed by the encouraging economic recovery, has once again proven its worth.

The Bank believes that its risk provisions will stay at a high level in the wake of the financial market crisis, but it is quite possible that the actual increase will prove to be lower than budgeted.

Net commission income

Net commission income decreased slightly from EUR 13m to EUR 12m.

This is attributable to the moderate decline in guarantee business for new ship builds, as anticipated.

Furthermore, loan processing fees for new loans and loan restructuring of EUR 8m (prior year: EUR 6m) are now reported under interest income (previously under net commission income). The prior-year figure has been restated accordingly.

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

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

As part of its customer-driven trading operations, Bremer Landesbank again dealt successfully on the financial markets in 2011.

It looks as though the crisis on the international finance and capital markets is not over yet. Whereas early on, the liquidity squeeze on a number of banks led to their default and therefore to overcautious market activity, the latent uncertainty surrounding the financing of the high level of indebtedness of the PIIGS states – and also the US – is the main reason for the extreme vigilance and distrust of market players. This continues to be reflected in high volatilities in the valuation of financial instruments, still impacting Bremer Landesbank's net valuation effect, especially in relation to credit default swaps. The net valuation effect stands at -EUR 5m, compared with -EUR 55m in the prior-year period.

The credit event for the Anglo Irish Bank, which was discussed in detail in the group management report for 2010, has since been concluded by the delivery of securities, leading to a positive effect in realized profit/loss of some EUR 8m for the Bank.

In June 2011, a technical credit event in respect of Allied Irish Banks was called by the ISDA (International Swaps and Derivatives Association). As of the balance sheet date, technical credit events were also foreseeable for Irish Life & Permanent and the Bank of Ireland and have since been called. All three banks are being supported by the Irish government and are continuing their operations. As a result of the credit events, Bremer Landesbank expects to receive reference assets from the three banks worth EUR 190m. The Allied Irish Banks credit event has since been concluded by the delivery of securities. A credit event notice from the counterparty has been issued for the Bank of Ireland exposure; the credit event notice for the Irish Life & Permanent exposure is still outstanding.

In light of the circumstances described above, the realized profit from fair value instruments stood at EUR 16m, against -EUR 1m in the prior-year period; thanks to the Bank's good market position, it generated a foreign exchange profit of EUR 6m (prior year: EUR 0m), while other profit came to EUR 3m (prior year: EUR 4m), mainly from the receipt of CDS premiums. The result from the elected valuation of exposures at fair value was -EUR 1m (prior year: EUR 1m).

Overall, profit from financial instruments at fair value through profit or loss came to EUR 19m, compared with a loss of EUR 51m in the prior-year period.

It is still very difficult to predict how the international financial markets will develop. The Bank assumes that the extreme caution exercised by many market players will eventually return to normal and lead to a gradual calming of the financial markets. If not, further negative valuation effects could well occur. However, as before, the Bank is confident that it will be able to operate successfully in customer-driven trading business in the future.

Profit/loss from investments accounted for using the equity method

The profit from associates accounted for using the equity method came to EUR 7m, compared with EUR 3m in the prior-year period. Bremer Landesbank's share in profit from these investments has developed positively.

Administrative expenses

In the reporting period, Bremer Landesbank's administrative expenses increased by 8%, as expected, to EUR 77m.

As anticipated, personnel expenses rose by EUR 3m to EUR 45m due to the scheduled increase in headcount and slightly higher early retirement expenses.

Other administrative expenses increased as expected by 12% to EUR 29m due to the increase in IT and consulting costs for projects.

We maintain our forecast of an increase in administrative expenses due to projects.

Other operating profit/loss

Other operating loss amounted to EUR 5m, compared with a profit of EUR 2m in 2010.

While other operating income, such as rental and lease income, is stable, the bank levy is reflected in full (EUR 6m) in other operating expenses.

Earnings before taxes

The Bremer Landesbank Group's earnings before taxes for the first six months of 2011 amounted to EUR 114m, compared with EUR 27m in the prior year, an increase of EUR 87m.

Income taxes

Bremer Landesbank's current income taxes decreased by EUR 6m compared with the prior year, to EUR 30m, due to the minor decrease in taxable income.

Deferred taxes, for which income of EUR 30m was recognized in the first half of 2010, have resulted in income of EUR 5m in 2011 to date, raising income taxes overall by EUR 19m to EUR 25m. The pre-tax consolidated profit is lower than the actual taxable income.

Consolidated profit

At mid-year 2011, consolidated profit stands at EUR 89m, compared with EUR 21m for the six months of 2010. The positive development of sustainable operating income was aided by lower-than-expected risk provisions and a far lower negative effect from measurement at fair value than in the prior year. There was also a non-recurring effect from the disposal of the Deka investment. These factors more than made up for the increase in administrative expenses.

C. Net assets and financial position

Total assets

As in prior years, the Bank focused on transacting high-yield business. Overall, total assets decreased by 3% to EUR 33.7b (prior year: EUR 34.8b).

Loans and advances to banks

In the first half of 2011, loans and advances to banks fell 7% to EUR 5.1b. The decrease in loans and advances to German banks from short-term money market business is particularly notable, down EUR 0.5b, or 39%, to EUR 0.8b. By contrast, other loans and advances are more or less unchanged at around EUR 4.0b (prior year: EUR 4.1b).

Loans and advances to customers

In the first six months of the year, loans and advances to customers decreased by 1%, or EUR 298m, to EUR 21.8b (prior year: EUR 22.1b). While loans and advances from money market business, which is secondary for Bremer Landesbank, rose 28% to EUR 165m, other loans and advances were down 2%, or EUR 334m, to EUR 21.6b, due to higher repayments. Please see the notes on the development of the business segments in the segment report for a more detailed analysis of this item.

Risk provisions

The risk provisions of the Bremer Landesbank Group, deducted from the asset side on the face of the balance sheet in accordance with international accounting standards, increased marginally, by 7%, or EUR 21m, to EUR 327m, and now represent 1.22% of total loans and advances (prior year: 1.11%).

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

This item comprises the fair values of held-for-trading financial instruments. Instruments with a positive fair value are reported in assets and those with negative fair values in liabilities. In the first six months of 2011, financial instruments with a positive fair value decreased by EUR 55m, or 5%, to EUR 1,032m, whereas financial instruments with a negative fair value dropped by EUR 271m, or 19%, to EUR 1,178m.

Bremer Landesbank enters into derivative transactions mainly for managing and hedging interest rate and foreign currency risks, but also for generating proprietary trading income. Bremer Landesbank also utilized available equity to conclude credit derivative transactions to generate commission income reported in trading profit/loss and to diversify its loan portfolio, notably with regard to regions/countries and rating categories. The nominal volume of all derivatives at mid-year was EUR 67.5b, compared with EUR 63.1b at the prior year-end, and hence accounted for approximately 2.0 times (prior year: 1.8 times) total assets. In comparison to other institutions in the sector, Bremer Landesbank only engages in such transactions to a relatively minor extent. Almost all counterparties are banks located in OECD member countries. Please see the discussion in the condensed notes to the interim consolidated financial statements of Bremer Landesbank for more details on volumes.

Financial assets

Financial assets decreased by EUR 0.2b to EUR 5.5b, mainly due to maturities or sales. This item mainly comprises available-for-sale securities and investments in non-consolidated entities at fair value.

Securities are either allocated to the Management Board's strategic position or the Financial Markets segment's credit investment portfolio. In 2011 to date, there have been changes due to disposals and additions of financial assets as well as changes in the fair value of securities held. Such changes are reflected in the revaluation reserve, shown under equity.

Liabilities to banks

The Bank's refinancing by way of liabilities to banks decreased by 7% (EUR 830m) against the prior year-end to EUR 10.8b. The 36% fall in liabilities from money market business, from EUR 2.7b to EUR 1.8b is particularly notable. By contrast, other liabilities rose by 2% from EUR 8.9b to EUR 9.0b.

Liabilities to customers

Liabilities to customers increased by 6%, or EUR 0.6b, to EUR 10.8b. While liabilities from money market business – especially to German customers – climbed 20%, or EUR 0.4b, to EUR 2.3b, other liabilities rose by 3%, or EUR 245m, to EUR 8.3b. Savings deposits are an insignificant element of Bremer Landesbank's refinancing.

Securitized liabilities

Securitized liabilities at the Bank include *Pfandbriefe* (mortgage bonds), municipal debt securities and other debt securities and money market instruments such as commercial paper. Their value has decreased by EUR 0.6b to EUR 8.3b in the year to date.

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

Provisions

At the Bremer Landesbank Group, provisions totaled EUR 337m at mid-year 2011, representing an increase of 5% or EUR 17m.

Provisions for pensions and similar obligations account for the largest share, amounting to EUR 291m for the Group, compared with EUR 275m at the prior year-end. The present value of defined benefit obligations is calculated actuarially using specific parameters, such as a group-wide discount rate based on the yield of senior corporate bonds of the same maturity (5.50%; prior-year end: 5.25%). (Other standard group parameters are salary, career and pension trends and employee turnover rates (please also see the overview)).

Bremer Landesbank parameters	**30 Jun 2011**	**31 Dec 2010**
Employee turnover (excl. retirement/early retirement)	**1.500%**	**1.500%**
Actuarial interest rate	**5.500%**	**5.250%**
Pension trend		
Management Board/permanent employees	**3.150%**	**2.500%**
Total benefits	**4.250%**	**3.500%**
Top-up benefits	**2.500%**	**2.000%**
GarantiePlus (new pension plan)	**1.000%**	**1.000%**
Calculated on the basis of:		
collective wage increases	**2.500%**	**2.000%**
premiums based on years of service	**–***	**–***
individual salary increases (pensionable)	**0.375%**	**0.375%**
increases in statutory pensions	**1.000%**	**0.500%**
increases in ÖLV pensions	**1.000%**	**1.000%**
BVV	**0.000%**	**0.000%**

* Not relevant as final salaries were used in the calculations.

Equity

The equity of the Bremer Landesbank Group totaled EUR 1,010m at the end of the first half of 2011, compared with EUR 987m at year-end 2010. Whereas retained earnings increased because of the consolidated profit (in spite of the profit distribution and decrease in actuarial gains), the revaluation reserve decreased, primarily because of the sale of GLB's investment in Deka.

Since converting to international accounting standards at the beginning of 2006, the Group's equity has increased by EUR 17% or EUR 147m.

Contingent liabilities and other obligations

The volume of Bremer Landesbank's traditional off-balance sheet business, reported as guarantees, was slightly lower at mid-year at EUR 1.1b (prior year: EUR 1.2b).

Outstanding irrevocable loan commitments increased by 15%, from EUR 2.8b to EUR 3.3b as of the balance sheet date.

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

Financing

In 2011, bearer and registered debt securities are once again the most important source of medium to long-term refinancing for the Bank.

The gross volume of issues transacted by Bremer Landesbank, including borrower's note loans, amounted to EUR 1.4b (excluding the ECP program and EIB loans), compared with EUR 1.1b in the first half of 2010.

The volume of debt securities outstanding fell to EUR 17.1b (prior year-end: EUR 17.4b).

The total outstanding volume of refinancing loans raised from the European Investment Bank was approximately EUR 1.0b as of 30 June 2011 (prior year-end: EUR 1.1b).

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

The ECP program was used extensively in the first half of 2011 in the currencies EUR, USD, CHF and GBP. As of 30 June 2011, the outstanding volume had an equivalent value of EUR 0.384b (prior year-end: EUR 0.566b).

Key ratios

As of the reporting date, the return on equity (ROE) stood at 22.9%, compared with 6.3% at mid-year 2010.

The cost-income ratio (CIR) was 34.7%, compared with 57.7% at mid-year 2010.

The risk ratio as of 30 June 2011 came to 0.16%, after 0.15% at mid-year 2010.

Investing activities

Bremer Landesbank still intends to invest substantially in modernizing and redesigning its buildings. Building work in Oldenburg has now been completed. Bremen is still at the planning and preparation stage. The architecture competition for the protected building was held and publicized in the first half of 2011.

Other non-financial performance indicators

For Bremer Landesbank, being close to the markets and to the people who live and work in the region is both a privilege and an obligation and is reflected in its social involvement, the sponsoring of the “NordWest Award” prize, and in the fact that the Bremer Landesbank Group, with an average of 1,075 employees (prior year-end: 1,058), is a major economic factor in the State of Bremen and the North-West region. The Bank offers attractive jobs, as is shown by the employee turnover rate, which, at 1.7% (prior year: 2.0%), is low for the industry, and a relatively high average length of service of 16.1 years (prior year: 16.1 years) for Bremer Landesbank AöR.

As the leading regional bank in the North-West, Bremer Landesbank is committed to setting a good example, not least as a family-friendly employer, enabling a better work-family balance for its employees. Its efforts were rewarded in summer 2010 with the berufundfamilie [work and family] audit certificate issued by berufundfamilie gGmbH from Berlin.

These are just some of Bremer Landesbank’s efforts to make its activities economically, socially and ecologically sustainable. In 2011, it published its first separate sustainability report. The Bank will step up its sustainability management activities in the years to come.

Conclusion

The excellent result as at mid-year 2011, in spite of the adverse economic situation, especially in ship finance, validates Bremer Landesbank’s alignment as a regional bank with specialty offerings – in the North-West and for the North-West. In close cooperation with the savings banks and its association partners, Bremer Landesbank has firmly positioned and established itself as a leading bank in the region. The Bank is still by far the most significant partner for small and medium-sized businesses in the North-West of Germany. Having clearly focused on its business model at the right time, Bremer Landesbank is well positioned to drive forward its business development, benefiting from the budding economic recovery.

D. Segment report

Information on the business segments

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

The segment report provides information on the Group's business segments and is in compliance with the Bank's business model. The segments are defined as customer or product groups in alignment with the Group's organizational structures. In view of the fact that the Bank's business activities are mainly conducted within the region, the criteria for geographical segmentation are not met. There has been no change in the number of segments in the Group. The following segments are analyzed in the segment report by business segment.

Corporate Customers

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

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

The service business is currently developing well and is substantially above budget.

Due to the low demand for interest rate derivatives, in particular, the trading profit is below budget. Sales improved in the second quarter, the further development will depend on the emerging market opinion about the future structure of interest rates.

Our positioning as a successful regional bank and reputation as the leader in corporate customer business in the region will be used to expand our position as principal banker for the larger mid-caps. Consequently, we expect to achieve the overall income targets in the second half of the year.

Special Finance

The Special Finance segment at Bremer Landesbank covers ship finance, renewable energies, with the subsegments wind, biogas and photovoltaics, refinancing of vehicle and equipment leasing companies and the community interest properties segment.

Bremer Landesbank's Special Finance segment continued to develop well in the first half of 2011 and surpassed the prior-year earnings before taxes. Since the financial crisis, Special Finance has only seen moderate growth. Whereas ship finance was scaled down considerably, all other activities were stepped up appreciably. The segment's risk provisions are generally below budget; the earnings target for the full year is attainable.

In ship finance, we witnessed a moderate recovery in the various market segments in the first six months of 2011. Charter rates have shown a recovery in some instances but it remains to be seen whether the current market situation is sustainable. During the shipping crisis we have again benefited from our function as principal banker for shipping customers in the region. From implementing repayment agreements to presenting alternative sources of equity, by making the necessary adjustments to the financing structures of individual projects, and together with a young, modern ship portfolio, we are well positioned to overcome the shipping crisis. Nonetheless, the Bank will make further provision for risks should the need arise. It will conclude a limited volume of selected new business.

Bremer Landesbank's new business in renewable energies was above budget in the first half of the year. Demand was particularly high in the photovoltaics subsegment due to the reduction of government subsidies under the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. Since the other core segments, wind (with its growing potential in repowering) and biogas also developed encouragingly, we expect to achieve the overall income target for 2011 as well. Within the NORD/LB Group, Bremer Landesbank is the competence center for biogas and photovoltaics in Germany. It also supports experienced customers in selected ventures in other European countries, particularly in France.

In refinancing of vehicle and equipment leasing companies, Bremer Landesbank stood its ground as a leading financer of medium-sized leasing companies in the first half of the year. The Bank acts as a competence center for the NORD/LB Group in this segment and is also a reliable partner for leasing companies with bank functions.

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

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

Private Customers

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

The persisting uncertainties on the international capital markets and the strong preference of investors for low-risk investments are putting the securities business under pressure. However, this was compensated by sound income in the lending and, in particular, the deposit business. Business is slightly above expectations overall and we are confident of achieving our target for 2011.

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

Financial Markets

Bremer Landesbank's business with associated banks, which it operates in the Financial Markets segment, was successfully continued in the first half of 2011 and included comprehensive support services for the associated savings banks. Despite the testing economic environment with strong competitive structures, earnings again remained stable. The long-term volume of lending to the associated savings banks was roughly on a par with the prior-year level given the still low demand for refinancing. In the syndicated transactions business with corporate customers of the associated savings banks, sales activities again focused on traditional financing as well as interest and currency management and international documentary business.

Another focus of business with associated banks is public-sector refinancing. Apart from offering finance to regional authorities, sales activities also encompass support to the associated savings banks with regard to their public-sector finance arrangements. Loans and advances to regional authorities and other municipal customers are just below the prior-year level.

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

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

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

The persisting tensions on the financial markets have shaped the market, which has been highly volatile in 2011 to date.

E. Subsequent events

There were no events of special significance for the economic situation of the Bank in the period from mid-year-end 2011 to preparation of the interim consolidated financial statements.

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

F. Outlook

Economic situation and financial markets

After a flying start in the first quarter, the global economy was dragged down by exogenous factors in the second quarter of 2011. In terms of these exogenous factors, at mid-year growth was robust. The OECD's early indicator, which in April 2011, the last month for which a figure is available, was hovering near its highest level for 20 years, highlights the global economy's underlying strength.

As the negative factors ease, especially with the rescue package for the European reforming countries, the outlook for the second half of 2011 is brighter. As a result, the IMF's most recent growth forecast for the global economy of 4.3% is plausible.

The emerging economies, accounting for around half of global output, will again be the driving force behind growth what remains of 2011. Industrial nations with strong fundamentals, such as Australia, Canada or Germany, which contribute 20% to global output, will flourish in their slipstream.

An analysis of the various cycles points to a high quality of growth. Stocks are still too low, which means that the inventory cycle continues to fuel growth. The capital goods cycle is youthful and vibrant.

Inflationary pressure has increased substantially in the year to date, fueled by robust demand for commodities and rising employment levels. The central banks were surprised by the trends emerging in the UK (consumer price inflation of 4.5%), the US (3.4%) and the eurozone (2.7%). The ECB's interest rate increases are a reflection of its stability policy, an approach not shared by the Fed and the Bank of England. The moderate shift in the ECB's interest rate policy does not pose a risk to growth but is rather aimed at curbing overheating risks so as to safeguard a lasting and robust upswing.

The Bundesbank wrote in its monthly report for June 2011 that the recovery of the German economy has evolved into a broad-based upturn. Production capacity utilization has returned to normal levels. Enterprises are hiring new staff, buying new equipment and building new premises in preparation for a further expansion of their activities. Residential housing construction is receiving new stimuli. Private spending is on the rise. The prospects of the German economy experiencing a lengthy period of expansion are rising. After economic output rose by 3.6% in 2010, the Bundesbank anticipates economic growth of 3.1% this year. For 2012, it forecasts that growth will slow to 1.8%.

Public finances in Germany are recovering further. At the beginning of the year, the German government had assumed that new borrowing would stand at 2.5% of GDP, but the more favorable macroeconomic environment now means that deficit forecasts of around only 1% of GDP are credible. According to the most recent estimate of tax revenue (from spring 2011), tax revenue until 2014 is expected to be EUR 135b higher than originally planned.

There has been a turnaround in the ECB's interest rate policy. In the medium and long term, further adjustments will be on the agenda as markets return to normal. Against this backdrop, the capital market yield should rise faster. The stock markets are currently undervalued and offer a good risk/reward for investors shaking off their risk aversion. The financial markets have been nervous so far and have been reacting more sensitively than the real economy.

The region

The Bremen Chamber of Commerce is optimistic about the outlook for the rest of 2011. There continues to be widespread confidence about the economic prospects which has not yet peaked. In the months to come, growth looks set to maintain its fast pace – according to an economic survey of 152 manufacturing, trade and service enterprises at the beginning of 2011. Capital expenditure budgets are at an all-time high. The labor market in Bremen is thriving.

The Bremerhaven Chamber of Industry and Commerce holds high expectations for 2011. Nearly one in three companies expects business to improve. More than two thirds anticipate no change in their situation.

The economic situation continues to be at risk from the financial problems of numerous euro-zone countries, large exchange rate swings, the commodity and energy price booms and the developments in North Africa and the Middle East.

According to the Oldenburg Chamber of Industry and Commerce, companies expect the economy to remain robust over the next few months, despite growing risks – primarily commodity and energy price-induced inflation. Exports will continue to be a key driver of growth, but are unlikely to grow as fast as in previous quarters. However, companies are planning to invest substantially at home, which is giving a boost to the labor market. Overall, businesses expect to be employing more people.

According to the East Frisia and Papenburg Chamber of Commerce, the message of its spring survey is that the economy is back on track for growth. The Chamber of Industry and Commerce sees the upturn as encouragingly vigorous, broad-based, stable and long lasting. Almost one in three companies expects their situation to improve, whereas only 5% of companies anticipate a deterioration. Positive stimuli abound on the labor market.

Bremer Landesbank

Having clearly focused on its business model at the right time, Bremer Landesbank is well positioned to drive forward its business development despite the difficult economic environment, in particular in the shipping segment. The current uncertainty and nervousness on the capital markets might have an impact on the Bank's net valuation effect again, but in the past any such effects have been absorbed by the robust performance of the core business areas. The Bank remains confident that it will stay on course in these difficult waters.

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

In the first six months of the year, the leasing subsidiary generated new business on a par with the prior-year level. Thanks to its good start to the second half of the year, it is confident that it will reach its new business target for the whole of 2011, albeit with slightly lowered profit expectations.

The associates accounted for using the equity method performed well in the first half of the year and the Bank expects them to make a good contribution to the profit for 2011.

Results of operations, net assets and financial position

We maintain our forecast of steady or moderately rising net interest income.

The Bank believes that its risk provisions will stay at a high level in the wake of the financial market crisis, but it is quite possible that the actual increase will prove to be lower than budgeted.

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

It is still very difficult to predict how the international financial markets will develop. The Bank assumes that the extreme caution exercised by many market players will eventually return to normal and lead to a gradual calming of the financial markets. If not, further negative valuation effects could well occur. However, as before, the Bank is confident that it will be able to operate successfully in customer-driven trading business in the future.

We maintain our forecast of an increase in administrative expenses due to projects.

The impact of the financial market crisis on the real economy and the edgy and nervous international financial and capital markets continued to affect the results of the Bremer Landesbank Group in the first half of 2011. However, the Bank weathered the crisis well, without any substantial impact on its results of operations, thanks to the sound performance of its core business areas. The Bank expects this to remain the status quo in the future.

G. Opportunities and risks

Scope

The scope of risk reporting as of 30 June 2011 covers all entities in the IFRS basis of consolidation. From a group point of view, no investees contribute significantly to risks. The risks to which these companies are exposed are summarized under investment risk, as in the report for the year ended 31 December 2010.

The risk management system of Bremer Landesbank, the relevant structures and procedures, the processes and methods implemented to measure and monitor risk and the risks relating to the Group's development were described in detail in the group management report for 2010. This interim report therefore only describes significant developments in the first six months of 2011.

Integrated bank management/risk-bearing capacity

The Bank's risk situation is shaped by the impact of the economic crisis and, above all, the crisis in merchant shipping. Nevertheless, as of 30 June 2011, with an economic capital adequacy ratio of 173% the Bank's risk-bearing capacity was just above the level of 31 December 2010. With ratios of more than 100%, economic capital adequacy was ensured at all times in the first half of 2011. The minimum ratio of 125% defined in the strategy was also maintained.

In addition to the minimum ratio, the allocation of risk capital to the various risk types is another key element to ensure that actual operations are consistent with the risk policy. The risk potential coverage by available risk capital in the ICAAP scenario for Bremer Landesbank is shown in the statement of risk-bearing capacity.

In the first six months of the year, the risk management process for the group companies was enhanced and harmonized. On the basis of NORD/LB's materiality concept, a quantitative and qualitative materiality test was conducted, testing both equity investments and all risk types for materiality. The test did not result in any equity investment or further risk type being classified as material.

Risk potential coverage by available risk capital in the ICAAP

in EUR m	Risk–bearing capacity			
	30 Jun 2011		31 Dec 2010	
Risk capital	2,051.1	100.0%	1,912.8	100.0%
Credit risk	1,031.2	50.3%	942.7	49.3%
Investment risk	8.8	0.4%	28.1	1.5%
Market price risk	50.1	2.4%	67.3	3.5%
Liquidity risk	47.4	2.3%	49.5	2.6%
Operational risk	47.0	2.3%	42.3	2.2%
Total risk potential	**1,184.5**	**57.1%**	**1,129.9**	**59.1%**
Excess coverage	**866.6**	**42.3%**	**782.9**	**40.9%**
Capital–risk ratio		**173.2%**		**169.3%**

Credit risk

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

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

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

The Bank's credit exposure came to approximately EUR 39,443m as of 30 June 2011, an increase of some 0.1% compared with the end of the prior year.

Lending business by rating structure

Risk structure[1) 2)] in EUR m	Loans[3)]	Securities[4)]	Derivatives[5)]	Other[6)]	Total	
	30 Jun 2011				30 Jun 2011	31 Dec 2010
Very good to good	14,025	5,045	3,391	4,173	26,634	27,518
Good/satisfactory	3,335	71	248	735	4,389	4,216
Still good/adequate	3,338	310	69	383	4,100	3,563
Increased risk	1,074	55	19	114	1,262	1,232
High risk	1,036	20	70	19	1,145	950
Very high risk	1,167	-	14	21	1,202	1,189
Default (= NPL)	683	-	6	22	711	755
Total	**24,658**	**5,501**	**3,817**	**5,467**	**39,443**	**39,423**

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

Overall, the risk structure of the loan portfolio deteriorated in the first half of 2011. The global financial market and economic crisis of 2008 and 2009 has had a negative effect on the ship finance portfolio since fall 2009. The excess supply of tonnage led to falling charter rates and vessel prices. In the wake of the recovery, which began in 2010, rising utilization rates and ship values can be observed in container shipping. However, this trend has faltered in recent months. Nonetheless, due to the favorable age and order structure in the segment, Bremer Landesbank is confident that the recovery will continue for small container ships. For the first time in this crisis, the other segments such as bulk, multipurpose and tanker shipping are in market doldrums as many new vessels are entering the market.

Due to the rating systems in place, the deterioration in the creditworthiness of many shipping companies has a delayed impact. Nevertheless, the increase in risk provisions has been lower than forecast as many new ship builds have had their maiden voyages postponed or have been canceled and numerous owners have supported their ships without any contractual obligation to do so.

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

Lending business by region

Regions in EUR m	Loans	Securities	Derivatives	Other	Total	
	30 Jun 2011				30 Jun 2011	31 Dec 2010
Euro countries	23,241	5,036	2,955	5,462	36,694	36,594
- thereof Germany	21,767	3,384	1,087	5,361	31,599	31,275
Rest of EU	364	180	686	4	1,234	1,367
Rest of Europe	118	123	79	0	320	338
North America	125	141	97	–	363	275
Latin America	137	–	–	–	137	130
Middle East/Africa	185	–	–	1	186	110
Asia	488	21	–	0	509	84
Other	–	–	–	–	–	526
Total	**24,658**	**5,501**	**3,817**	**5,467**	**39,443**	**39,423**

The table shows that country risk continues to be of secondary importance for the Bank. The eurozone is still by far the Bank's most important business region.

The percentage of financial institutions and insurance companies contained in the aggregate exposure is relatively high, at 38.21%, but primarily includes institutions with very good to good ratings. The most significant credit risks still relate to Special Finance and Corporate Customers.

Lending business by industry group

Industry groups in EUR m	Loans	Securities	Derivatives	Other	Total	
	30 Jun 2011				30 Jun 2011	31 Dec 2010
Financial institutions/insurance companies	5,025	4,307	3,375	2,366	15,073	15,182
Service industries/other	7,777	1,185	100	687	9,749	10,122
- thereof real estate and housing	1,249	–	14	156	1,419	1,186
- thereof public administration	3,520	1,167	70	60	4,816	5,281
Transport/communications	7,356	9	161	100	7,626	7,855
- thereof shipping	6,693	0	104	46	6,843	7,103
- thereof aviation	84	–	1	–	85	94
Manufacturing	819	–	37	121	977	900
Energy, water and mining	2,093	–	15	1,871	3,979	3,377
Trade, maintenance and repairs	1,079	–	117	138	1,334	1,346
Agriculture, forestry and fishing	159	–	11	127	297	252
Construction	350	–	1	57	408	389
Other	–	–	–	–	–	0
Total	**24,658**	**5,501**	**3,817**	**5,467**	**39,443**	**39,423**

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

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

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

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

Overall, the effects of the financial crisis and the merchant shipping crisis in particular are increasingly reflected in the development of the credit risk potential. The Bank expects risk provisions in the lending business in 2011, especially for ship finance, to match the prior-year level. No significant burden on risk provisions is expected for exposures to the PIIGS countries.

The Bank will continue to enhance its credit risk control system in 2011. In this context, the risk parameters and the credit risk model will be validated. The credit risk analyses with a focus on stress testing, which will need to be intensified further, as well as the risk concentration analyses at counterparty and loan portfolio level will provide further input for efficient credit risk management at the Bank.

Risks in countries with serious debt problems

Bremer Landesbank is invested in some countries with serious debt problems, including Portugal, Ireland, Italy, Greece and Spain (PIIGS).

Exposure in PIIGS (in EUR m)	**Total**	
	30 Jun 2011	**31 Dec 2010**
Portugal	226	226
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	225	225
Ireland	253	287
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	234	268
Italy	862	866
- thereof sovereign exposure [1)]	69	73
- thereof financial institutions/insurance companies	793	792
Greece	75	77
- thereof sovereign exposure [1)]	55	56
- thereof financial institutions/insurance companies	20	21
Spain	582	584
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	580	582
Total	**1,998**	**2,040**
- thereof sovereign exposure [1)]	**124**	**129**
- thereof financial institutions/insurance companies	**1,852**	**1,888**

[1)] Contains exposures to sovereigns, regional governments and local authorities.

The exposure to the PIIGS countries has decreased slightly since 31 December 2010. It mainly comprises securities and credit derivatives which are measured at fair value using market or model values, with changes recognized either in equity (securities) or in profit and loss (credit derivatives). The sovereign exposure to Greece comprises credit derivatives only.

Available-for-sale securities (in EUR m)	**Initial value**	**Fair value 30 Jun 2011**	**Difference to initial value 30 Jun 2011**
Portugal	–	–	–
Ireland	38	28	– 10
Italy	295	285	– 9
Greece	20	20	– 0
Spain	197	191	– 6
Total	**549**	**524**	**– 25**

The PIIGS exposure in securities relates to banks only. As of 30 June 2011, no impairment had to be recognized on the PIIGS exposure in securities. No significant negative effects on income are expected for the rest of the year from the PIIGS exposure.

The following table lists the nominal and fair values of the credit default swaps on PIIGS sovereign and bank exposures.

Credit default swaps (in EUR m)	**Nominal 30 Jun 2011**	**Fair value 30 Jun 2011**
Portugal	225	– 49
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	225	– 49
Ireland	190	– 40
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	190	– 40
Italy	684	– 23
- thereof sovereign exposure [1)]	69	– 3
- thereof financial institutions/insurance companies	615	– 20
Greece	55	– 48
- thereof sovereign exposure [1)]	55	– 48
- thereof financial institutions/insurance companies	–	–
Spain	500	– 29
- thereof sovereign exposure [1)]	–	–
- thereof financial institutions/insurance companies	500	– 29
Total	**1,654**	**– 190**

The nominal values of CDSs concluded as protection seller and protection buyer were aggregated, with positive and negative fair values netted.

Investment risk

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

The materiality analysis of the investments conducted in the first half of the year in accordance with the MaRisk showed that the Bank has no equity investments of material importance for the risk situation of the Bremer Landesbank Group.

Following the disposal of the equity investment in DekaBank Deutsche Girozentrale, held indirectly through GLB GmbH & Co. oHG, and the related reduction in the capital of GLB GmbH & Co. oHG, the carrying amount of the equity investments and the investment risk are significantly lower as of 30 June 2011 than they were as of 31 December 2010. Regardless of the disposal, Bremer Landesbank, as a guarantor, is still jointly liable together with the other owners for certain liabilities of DekaBank Deutsche Girozentrale.

As a result of the market-induced change in valuation parameters, the value of some equity investments as of 30 June 2011 has fallen below the 31 December 2010 figure. Optimization of the investment portfolio will be continued in the future.

Market price risk

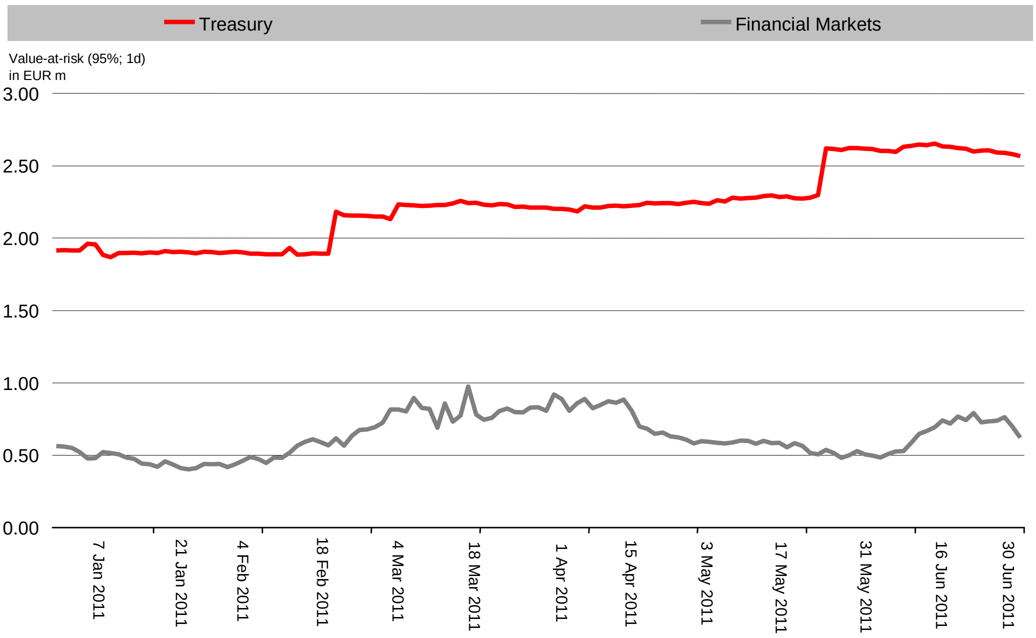
Market price risk describes the potential loss arising from changes in market parameters. Market price risk comprises interest rate, currency, equity price, fund price, volatility, credit spread and commodity risk. Commodity risk currently has no relevance for Bremer Landesbank because it does not have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

The following table shows the Bank's market price risk in the first half of 2011 and in the prior year:

Market price risks – overview:

Markt price risk in EUR k	**Maximum**		**Average**		**Minimum**		**End-of-half-year value**	
	1 Jan – 30 Jun 2011	**1 Jan – 31 Dec 2010**	**1 Jan – 30 Jun 2011**	**1 Jan – 31 Dec 2010**	**1 Jan – 30 Jun 2011**	**1 Jan – 31 Dec 2010**	**30 Jun 2011**	**31 Dec 2010**
Interest rate risk (VaR)	3,670	2,959	3,126	1,838	2,451	653	3,445	2,666
Currency risk (VaR)	313	224	120	80	36	18	63	165
Equity price and fund price risk (VaR)	258	164	212	109	99	83	204	99
Subtotal (VaR)	**3,250**	**2,673**	**2,581**	**1,617**	**1,884**	**554**	**3,035**	**2,412**
CSR + other AddOns	56,873	52,847	44,625	40,417	28,784	30,676	44,368	51,377
Total	**60,123**	**55,519**	**47,206**	**42,034**	**30,668**	**31,230**	**47,404**	**53,788**

The progress of value-at-risk at the Bank for the first six months of 2011 is shown in the following chart. This chart does not include banking book credit spread risks.



The average utilization of the market price risk limit for the overall Bank was 42% in the first six months of 2011 (maximum 45% and minimum 25%). As of 30 June 2011, the value-at-risk (confidence level of 95% and a holding period of one day) at the Bank amounted to EUR 3.0m. Average utilization of the risk limit in Financial Markets was 18% in the first half of 2011; in Treasury it was 42%.

The market price risk for the Bank due to a change in credit spreads in the credit investment portfolio amounted to EUR 44m on 30 June 2011 based on the scenario approach (average risk in the first six months of 2011: EUR 45m). A separate risk limit used in the management process is in place for these credit spread risks. In fortnightly meetings, the Credit Investment Board and the Management Board continued to scrutinize market and risk developments; the entire portfolio was closely and regularly examined.

In addition, the interest rate shock according to Basel II is calculated monthly (parallel shift in the yield curve by 130 basis points (BP) upwards and 190 BP downwards). In the first six months of 2011, the average interest rate risk in relation to liable equity was 2.7%. The results show that the Bank is far from being classified as an “outlier bank” (from 20%).

The Bank and NORD/LB are working on jointly enhancing the VaR model for banking book credit spread risks, in particular with regard to modeling less liquid positions.

The Bank is also currently enhancing its market price risk model, implementing the historical simulation method in its (group) risk-bearing capacity reporting process. It is currently evaluating a potential switch from the variance-covariance method to historical simulation for internal market price risk management.

Liquidity risk

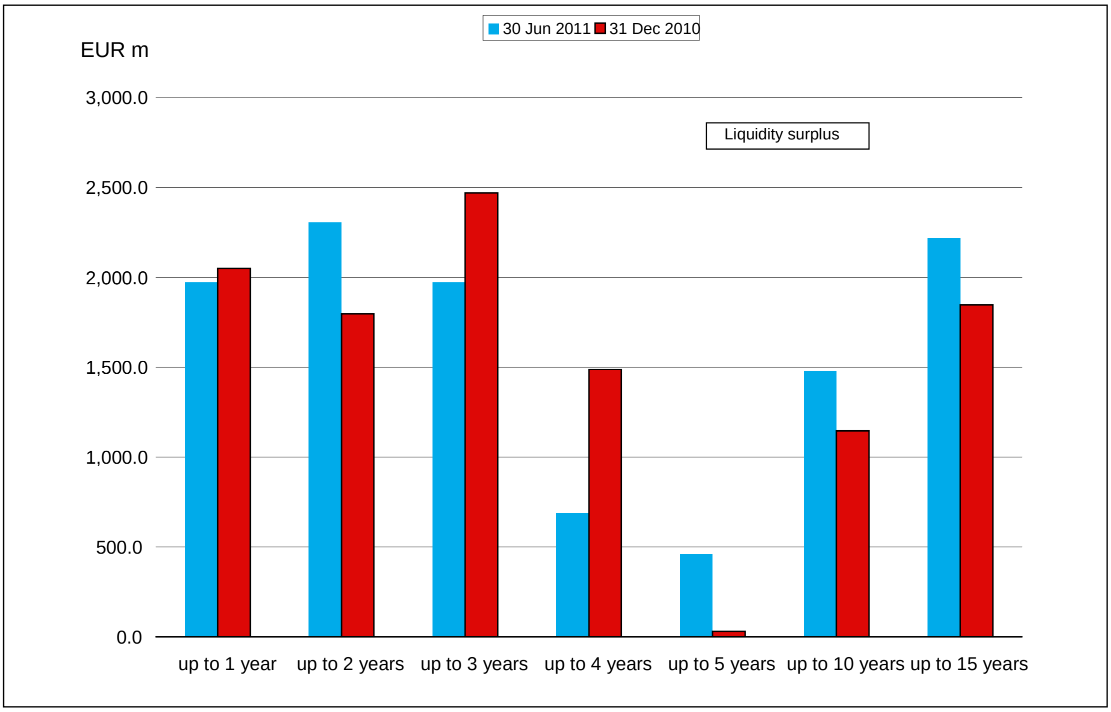
Liquidity risks are risks which arise from disruptions to the liquidity of individual market segments, unexpected events in lending or deposit business or a deterioration in the Bank's own refinancing conditions. A distinction is made between traditional liquidity risk, refinancing risk and market liquidity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

Market liquidity risk is included in market price risk. The aim is to restrict the market liquidity risk by chiefly operating on liquid markets.

While traditional liquidity risk is principally avoided by maintaining sufficient liquid assets (especially central bank-eligible securities), refinancing risk stems from a structural transformation of liquidity maturities.

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

Accumulated forward liquidity exposure



The Bank's forward liquidity exposure as of 30 June 2011 shows that its liquidity situation has not changed significantly; the accumulated liquidity surplus was only lower than at year-end 2010 in the maturity band up to four years. Except for isolated and only minor mismatches of a short-term nature which resulted in a maximum refinancing risk of EUR 33k, the Bank had a liquidity surplus throughout the reporting period.

Liquidity limits employed for management purposes were maintained at all times in the first six months of 2011. During the course of the year the liquidity ratio in accordance with the LiqV ["Liquiditätsverordnung": German Liquidity Ordinance] far exceeded the minimum of 1.00 required by regulatory law; the liquidity ratio as of 30 June 2011 was 1.41.

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

Bremer Landesbank constantly enhances its liquidity risk management and controlling system in response to changing demands in close coordination with the group-wide liquidity risk management projects.
The developments in the second half of 2011 will focus on implementing the new and extensive regulatory requirements, especially relating to the establishment and management of the liquidity reserve. The foreseeable developments prompted by Basel III will be taken into consideration at an early stage.

Operational risk

Operational risk is defined as the risk of losses incurred as a result of inadequate or failed internal processes, employees and technology or as a result of external events. This definition includes legal and reputational risks as consequential risks. It does not include business and strategic risks. Bremer Landesbank understands compliance risk and outsourcing risk to be part of operational risk.

The Bank still uses the standardized approach for operational risk capital charges.

In the first half of 2011, a significant loss of approximately EUR 13.4m was incurred in connection with a potential instance of fraud in the lending business – the public prosecutor is now investigating the matter.

Net losses of approximately EUR 0.7m arose in non-lending business (2010: total of approximately EUR 0.6m).

Given the risk assessment results and entries in the loss database, the Bank does not consider it highly likely that operational risk could cause losses that would jeopardize the Bank's ability to exist as a going concern.

The Bank still considers payment claims totaling approximately EUR 26.1m plus interest asserted by the insolvency administrators in connection with two insolvency proceedings to be unfounded. In one case, the action was dismissed for all but a partial amount of approximately EUR 37k by the court of first instance; the insolvency administrator has appealed.

The claims do not pose a threat to the existence of the Bank in any case.

Other risks

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

Summary and outlook

Bremer Landesbank's conservative risk policy and the effectiveness of its risk management systems continued to ensure adequate capital-risk ratios in the first half of 2011. Nonetheless, the effects of the financial and economic crisis are reflected in the development of the Bank's overall ratios. Measures have been taken to mitigate all significant risks. The loss potential is in reasonable proportion to the Bank's risk-bearing capacity. Bremer Landesbank does not believe there to be any risks to its ability to continue as a going concern.

In the first half of 2011, the Bank complied with current regulatory provisions governing equity and liquidity. The requirements from the third revision of the MaRisk have been analyzed and will be implemented by the end of 2011.

Disclaimer – forward-looking statements

This report contains forward-looking statements concerning the development of business and earnings at Bremer Landesbank which are based on current plans, estimations, forecasts and expectations. These statements entail risks and uncertainties since there are numerous factors which influence Bremer Landesbank's business, many of which are beyond its control. These notably include economic developments, the state of financial markets worldwide and potential loan losses. Actual results and developments may therefore differ considerably from the assumptions made in the report. They are thus only valid at the time of publication. Bremer Landesbank assumes no obligation to update forward-looking statements in the light of more recent information or unexpected events.

2. Consolidated income statement

Income statement

	Notes	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Interest income		1,122	1,062	6
Interest expenses		937	917	2
Net interest income	6	185	145	28
Risk provisions in the lending business	7	–31	–25	24
Net interest income after risk provisions		**154**	**120**	**28**
Commission income		29	23	26
Commission expenses		17	10	70
Net commission income	8	**12**	**13**	**–8**
Trading profit/loss		20	–52	–
Profit/loss from designated financial instruments		–1	1	–
Profit/loss from financial instruments at fair value through profit or loss	9	**19**	**–51**	**–**
Profit/loss from hedge accounting	10	4	3	33
Profit/loss from financial assets	11	–	8	–100
Profit/loss from investments accounted for using the equity method	12	7	3	>100
Administrative expenses	13	77	71	8
Other operating profit/loss	14	–5	2	–
Earnings before taxes		**114**	**27**	**>100**
Income taxes	15	25	6	>100
Consolidated profit		**89**	**21**	**>100**
thereof: attributable to shareholders of the parent company		89	21	>100
thereof: attributable to non-controlling interests		–	–	–

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

3. Statement of comprehensive income

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

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Consolidated profit in the income statement	**89**	**21**	**>100**
Change from AFS financial instruments			
Unrealized gains/losses	–13	16	–
Reclassifications due to realized gains/losses	–21	–7	>100
Actuarial gains/losses on defined benefit obligation	–11	–23	–52
Deferred taxes	7	7	–
Other comprehensive income	**–38**	**–7**	**>100**
Total comprehensive income for the period	**51**	**14**	**>100**
thereof: attributable to shareholders of the parent company	51	14	>100
thereof: attributable to non-controlling interests	–	–	–

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

4. Consolidated balance sheet

Assets

	Notes	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Cash reserve		28	74	–62
Loans and advances to banks	(16)	5,103	5,513	–7
Loans and advances to customers	(17)	21,762	22,060	–1
Risk provisions	(18)	–327	–306	7
Financial assets at fair value through profit or loss	(19)	1,032	1,087	–5
Positive fair values from hedge accounting derivatives	(20)	273	338	–19
Financial assets	(21)	5,476	5,688	–4
Investments accounted for using the equity method	(22)	82	77	6
Property and equipment	(23)	37	36	3
Investment property	(24)	69	70	–1
Intangible assets	(25)	7	2	>100
Current income tax assets	(26)	7	7	–
Deferred income taxes	(26)	129	117	10
Other assets	(27)	29	38	–24
Total assets		**33,707**	**34,801**	**–3**

Liabilities and equity

	Notes	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Liabilities to banks	(28)	10,770	11,600	–7
Liabilities to customers	(29)	10,774	10,158	6
Securitized liabilities	(30)	8,347	8,939	–7
Adjustment item for financial instruments included in the portfolio fair value hedge	(31)	10	22	–55
Financial liabilities at fair value through profit or loss	(32)	1,178	1,449	–19
Negative fair values from hedge accounting derivatives	(33)	72	106	–32
Provisions	(34)	337	320	5
Current income tax liabilities	(35)	35	32	9
Deferred income taxes	(35)	1	1	–
Other liabilities	(36)	32	24	33
Subordinated capital	(37)	1,141	1,163	–2
Equity		1,010	987	2
Subscribed capital		140	140	–
Capital reserves		40	40	–
Retained earnings		814	761	7
Revaluation reserve		16	46	–65
Equity attributable to BLB shareholders		1,010	987	2
Non-controlling interests		–	–	–
Total liabilities and equity		**33,707**	**34,801**	**–3**

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

5. Statement of changes in equity

Changes in equity:

(in EUR m)	Subscribed capital	Capital reserves	Retained earnings	Re-valuation reserve	Equity before minority interests	Consoli-dated equity
Equity as of 1 Jan 2011	**140**	**40**	**761**	**46**	**987**	**987**
Change in the fair value of AFS financial instruments	0	0	0	–34	–34	–34
Change in actuarial gains/losses	0	0	–11	0	–11	–11
Deferred taxes on changes in value recognized directly in equity	0	0	3	4	7	7
Consolidated profit	0	0	89	0	89	89
Total comprehensive income for the period	**0**	**0**	**81**	**–30**	**51**	**51**
Distributions	0	0	–28	0	–28	–28
Other changes	0	0	0	0	0	0
Equity as of 30 Jun 2011	**140**	**40**	**814**	**16**	**1,010**	**1,010**

(in EUR m)	Subscribed capital	Capital reserves	Retained earnings	Re-valuation reserve	Equity before minority interests	Consoli-dated equity
Equity as of 1 Jan 2010	**140**	**40**	**742**	**41**	**963**	**963**
Adjustments in accordance with IAS 8						
Bond amortization	0	0	5	–5	0	0
sRestated equity as of 1 Jan 2010	**140**	**40**	**747**	**36**	**963**	**963**
Change in the fair value of AFS financial instruments	0	0	0	9	**9**	**9**
Change in actuarial gains/losses	0	0	–23	0	**–23**	**–23**
Deferred taxes on changes in value recognized directly in equity	0	0	7	0	**7**	**7**
Other comprehensive income	**0**	**0**	**–16**	**9**	**–7**	**–7**
Consolidated profit	0	0	21	0	**21**	**21**
Total comprehensive income for the period	**0**	**0**	**5**	**9**	**14**	**14**
Distributions	0	0	–28	0	**–28**	**–28**
Other changes	0	0	0	0	**0**	**0**
Equity as of 30 Jun 2010	**140**	**40**	**724**	**45**	**949**	**949**

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

6. Condensed cash flow statement

	1 Jan – 30 Jun 2011 in EUR m	1 Jan – 30 Jun 2010 in EUR m
Cash and cash equivalents as of 1 Jan	**74**	**145**
Cash flow from operating activities	–184	–645
Cash flow from investing activities	204	603
Cash flow from financing activities	–66	–68
Total cash flow	**–46**	**–110**
Cash and cash equivalents as of 30 Jun	**28**	**35**

7. Condensed notes

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

Accounting policies

(1) Basis of preparation of the interim financial report

The interim consolidated financial statements of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – as of 30 June 2011 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) as adopted by the EU. Specifically, IAS 34 is applied for requirements relating to interim financial statements. The national regulations in Sec. 315a HGB ["Handelsgesetzbuch": German Commercial Code] were also observed where they applied as of the interim reporting date. The interim report constitutes semi-annual financial statements in accordance with the TUG ["Transparenzrichtlinie-Umsetzungsgesetz": German Transparency Directive Implementation Act] (Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act])] of 5 January 2007. The interim financial report should be read in conjunction with information contained in the published consolidated financial statements of Bremer Landesbank as of 31 December 2010, on which an audit opinion has been issued.

The interim consolidated financial statements as of 30 June 2011 comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the condensed cash flow statement and selected explanatory notes in the condensed notes to the consolidated financial statements. The segment report is contained in the notes.

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

(2) Accounting policies applied

The accounting policies used for the interim financial statements are based on those applied to the consolidated financial statements as of 31 December 2010. The assets and liabilities recognized at fair value in the interim consolidated financial statements are also determined in accordance with the fair value hierarchy as of 31 December 2010.

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

The CDS held by Bremer Landesbank are measured with a view to market development. Compared to the value as of 31 December 2010, this led to a negative net valuation effect of EUR 6.0m. The negative fair values from the synthetic credit portfolio of CDS total 7.2% of the nominal amounts of EUR 3.3b. The current synthetic credit portfolio almost exclusively comprises European banking risks and is intended to be held to maturity.

In the case of mark-to-model valuation (Level 3), the fair values depend on the assumptions made, i.e., changes in the assumptions may lead to changes in fair value. Significant effects of such changes in value attributable to changes in assumptions are reviewed for the fair values recognized in the financial statements using a sensitivity analysis. During the analysis of sensitivity on Level 3 of the CDS model, the internal rating is upgraded by one rating category and downgraded by one rating category, respectively. The sensitivity of the shift is indicated by the mean value of the two calculations and amounts to EUR 0.9m for the CDS model.

First-time application of accounting standards

The following amendments to standards, effective from 1 January, were applied in the reporting period:

- **IAS 24 (revised 2009) Related Party Disclosures**

  In November 2009, the IASB published a revised version of IAS 24 Related Party Disclosures which contains a more precise definition of related parties and introduces an exemption for government-related entities.

  Following the first-time application of IAS 24 (revised 2009), the related parties of Bremer Landesbank now include the subsidiaries and joint ventures of the State of Lower Saxony and the Lower Saxony Association of Savings Banks as well as the subsidiaries of joint ventures and associates of Bremer Landesbank. This has increased the volume of the transactions disclosed in the notes. The prior-year disclosures have been restated accordingly. Bremer Landesbank does not apply the exemption in the revised standard relating to disclosures for government-related entities.

- **Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement**

  As all of the Group’s defined benefit pension schemes are currently underfunded, the application of this interpretation did not have any effect on the Group’s net assets, financial position and results of operations.

- **IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments**

  IFRIC 19 was published in November 2009 and is effective in fiscal years beginning on or after 1 July 2010. This interpretation clarifies that if a debtor issues equity instruments to a creditor to extinguish a financial liability, those equity instruments are “consideration paid” in accordance with IAS 39.41. The application of this interpretation did not have any effect on the consolidated financial statements.

- **Annual Improvements Project 2010**

  In May 2010, the IASB published amendments to existing IFRSs as part of its Annual Improvements Project. These encompass both changes to various IFRSs with effects on the recognition, measurement and disclosure of transactions as well as editorial and terminology corrections. Most amendments become effective for fiscal years beginning on or after 1 January 2011.

New accounting standards

Under the amendment to IAS 34 made as part of the Annual Improvements Project, the level disclosures prescribed under IFRS 7 are added to the notes.

The amendments to IFRS 7 Disclosures – Transfers of Financial Assets and the accounting standards IFRS 9 and IFRS 9 (revised) Financial Instruments are relevant for the Group but were not effective as of 30 June 2011 and were therefore not applied in preparing these consolidated financial statements. While these amendments have been adopted by the IASB, they have yet to be endorsed by the EU. The Group is currently assessing the potential impact of the application of these new accounting standards on the consolidated financial statements.

- **IAS 19**

  In June 2011, the IASB published amendments to IAS 19 *Employee Benefits* (IAS 19 (revised)) eliminating the option allowing deferred recognition of all changes in the present value of the pension obligations and the fair value of plan assets (including the corridor approach which is not applied by the Group). In addition, IAS 19 (revised) requires a net interest approach which will replace the expected return on plan assets and will enhance the disclosure requirements for defined benefit plans. The amendments become effective for fiscal years beginning on or after 1 January 2013. Early adoption is permitted. These amendments have been adopted by the IASB, but have yet to be endorsed by the EU. The Group is currently assessing the potential impact of the application of these amendments on the consolidated financial statements.

- **IAS 1**

In June 2011, the IASB published amendments to IAS 1 *Presentation of Financial Statements* which require items of other comprehensive income to be grouped together depending on whether or not they can be reclassified to the income statement in the future. The amendments also reaffirm the existing option to present components of other comprehensive income in either a single statement or in two separate statements. The amendments become effective for fiscal years beginning on or after 1 July 2012.

Early adoption is permitted. These amendments have been adopted by the IASB, but have yet to be endorsed by the EU. The Group is currently assessing the potential impact of the application of the amended disclosure requirements on the consolidated financial statements.

- **IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28**

In May 2011, the IASB published IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosures of Interests in Other Entities*, a revised version of IAS 27 *Separate Financial Statements*, which was amended due to the publication of IFRS 10 but retains the existing provisions for separate financial statements, and a revised version of IAS 28 *Investment in Associates and Joint Ventures*, which was amended due to the publication of IFRS 10 and IFRS 11.

IFRS 10 replaces IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation – Special Purpose Entities*, and establishes a single definition of control that applies to all entities, including those that were previously considered special purpose entities under SIC-12. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee, and also has the ability to affect those returns through its power over the investee. An investor must consider all facts and circumstances when assessing whether it controls an investee and reassess them if circumstances change.

IFRS 11 supersedes IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.* IFRS 11 classifies joint arrangements as either joint operations or joint ventures on the basis of nature of the rights and obligations of the arrangement. The option to use the proportionate consolidation method for joint ventures, which is not applied by the Group, was eliminated; the use of the equity method is now mandatory.

IFRS 12 establishes the objective of the disclosure provisions with regard to information about the nature, associated risks and financial effects of interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. IFRS 12 requires more comprehensive information in the notes and specifies minimum disclosures that an entity must provide to meet the objectives.

These standards become effective for fiscal years beginning on or after 1 January 2013. Early application is allowed if all of these standards are applied early together. However, entities may include any of the mandatory disclosures early in their consolidated financial statements without applying IFRS 12 in its entirety early. While these standards have been adopted by the IASB, they have yet to be endorsed by the EU.

The Group is currently assessing the potential impact of the application of these standards on the consolidated financial statements.

- **IFRS 13**

  In May 2011, the IASB issued IFRS 13 *Fair Value Measurement* which establishes a single source of guidance for fair value measurement under IFRSs. IFRS 13 provides a revised definition of fair value and guidance on fair value measurement where its use is required or permitted by another IFRS. It also introduces more comprehensive disclosure requirements for fair value measurement.

  IFRS 13 becomes effective for fiscal years beginning on or after 1 January 2013. Early adoption is permitted. IFRS 13 has been adopted by the IASB, but has yet to be endorsed by the EU. The Group is currently assessing the potential impact of the application of this standard on the consolidated financial statements.

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

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

(3) Restatement of prior-year figures

The interim financial report as of 30 June 2010 overstated the profit from financial assets by EUR 9m for a bond sold in the first half of 2010 and understated the interest income from its amortization by EUR 2m.

Furthermore, loan processing fees for new loans and loan restructuring of EUR 6m were reported under net commission income rather than under interest income.

The following table shows the adjustments made to the prior-year figures in the income statement including the deferred tax effects:

	1 Jan – 30 Jun 2010		
	Before adjustment (in EUR m)	**Adjustment (in EUR m)**	**After adjustment (in EUR m)**
Interest income	1,054	8	1,062
Commission income	29	–6	23
Profit/loss from financial assets	17	–9	8
Income taxes	8	–2	6
Consolidated profit	26	–5	21

The restated prior-year figures in the statement of comprehensive income, including effects on deferred taxes, are shown below:

	1 Jan – 30 Jun 2010		
	Before adjustment (in EUR m)	Adjustment (in EUR m)	After adjustment (in EUR m)
Change from AFS financial instruments			
Reclassifications due to realized gains/losses	–14	7	–7
Deferred taxes on changes in value recognized directly in equity	9	–2	7
Other comprehensive income	–12	5	–7

The above adjustments are also relevant for Notes (5), (6), (8), (11) and (15).

(4) Basis of consolidation

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

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

The following associates are accounted for using the equity method:

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

Segment report

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

30 Jun 2011 in EUR m	Corporate Customers	Special Finance	Private Customers	Financial Markets	All other segments [4]	Re-conci-liation	Total Group
Net interest income	29	94	16	32	25	–11	185
Risk provisions in the lending business	–1	–22	–1	–2	–4	0	–31
Net interest income after risk provisions	**28**	**73**	**15**	**29**	**21**	**–11**	**154**
Net commission income	7	11	4	2	0	–11	12
Profit/loss from financial instruments at fair value through profit or loss	3	4	0	10	1	1	19
Profit/loss from hedge accounting	0	0	0	0	0	4	4
Profit/loss from financial assets	0	0	0	0	0	0	0
Profit/loss from investments accounted for using the equity method	0	0	0	0	7	0	7
Total income	**37**	**87**	**19**	**41**	**28**	**–17**	**196**
Administrative expenses	–13	–14	–13	–8	–34	4	–77
Other operating profit/loss	0	0	0	0	–5	0	–5
Earnings before taxes	**25**	**74**	**6**	**34**	**–11**	**–13**	**114**
Segment assets	4,021	12,677	1,688	13,571	1,476	274	33,707
Segment liabilities	2,118	3,684	1,176	15,112	–362	10,970	32,697
CIR [1] in %	33	13	63	34	0	0	35
RORAC [2] ROE in % [3]	34	21	19	50	0	0	23

[1] Administrative expenses/total income
[2] Earnings before taxes/committed core capital (5% of the RWA limit or outstanding, whichever is higher)
[3] Operating result after risk provisions/“sustainable” capital (comprising share capital, capital reserves, retained earnings, minority interests)
[4] Including consolidation effects

30 Jun 2010 in EUR m	Corporate Customers	Special Finance	Private Customers	Financial Markets	All other segments [4]	Re-conci-liation	Total Group
Net interest income	29	87	14	30	17	–32	145
Risk provisions in the lending business	–9	–13	–1	0	0	–2	–25
Net interest income after risk provisions	**20**	**74**	**13**	**30**	**17**	**–34**	**120**
Net commission income	4	5	4	2	–1	–1	13
Profit/loss from financial instruments at fair value through profit or loss	1	2	1	–65	–1	11	–51
Profit/loss from hedge accounting	0	0	0	0	0	3	3
Profit/loss from financial assets	1	0	0	19	–1	–11	8
Profit/loss from investments accounted for using the equity method	0	0	0	0	3	0	3
Total income	**26**	**81**	**18**	**–14**	**17**	**–32**	**96**
Administrative expenses	–13	–13	–13	–8	–16	–8	–71
Other operating profit/loss	0	0	0	0	–3	5	2
Earnings before taxes	**13**	**68**	**5**	**–22**	**–2**	**–35**	**27**
Segment assets	3,966	13,001	1,802	13,999	1,680	353	34,801
Segment liabilities	2,002	4,219	1,251	14,893	38	11,411	33,814
CIR [1] in %	37	14	68	–57	0	0	58
RORAC [2] ROE in % [3]	19	21	16	–32	0	0	6

[1] Administrative expenses/total income
[2] Earnings before taxes/committed core capital (5% of the RWA limit or outstanding, whichever is higher)
[3] Operating result after risk provisions/“sustainable” capital (comprising share capital, capital reserves, retained earnings, minority interests)
[4] Including consolidation effects

Segment assets and segment liabilities are stated as of 31 December 2010.

Information on the business segments

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

The segment report provides information on the Group's business segments and is in compliance with the Bank's business model. The segments are defined as customer or product groups in alignment with the Group's organizational structures. In view of the fact that the Bank's business activities are mainly conducted within the region, the criteria for geographical segmentation are not met. There has been no change in the number of segments in the Group. The following segments are analyzed in the segment report by business segment.

Corporate Customers

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

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

The service business is currently developing well and is substantially above budget.

Due to the low demand for interest rate derivatives, in particular, the trading profit is below budget. Sales improved in the second quarter, the further development will depend on the emerging market opinion about the future structure of interest rates.

Our positioning as a successful regional bank and reputation as the leader in corporate customer business in the region will be used to expand our position as principal banker for the larger mid-caps. Consequently, we expect to achieve the overall income targets in the second half of the year.

Special Finance

The Special Finance segment at Bremer Landesbank covers ship finance, renewable energies, with the subsegments wind, biogas and photovoltaics, refinancing of vehicle and equipment leasing companies and the community interest properties segment.

Bremer Landesbank's Special Finance segment continued to develop well in the first half of 2011 and surpassed the prior-year earnings before taxes. Since the financial crisis, Special Finance has only seen moderate growth. Whereas ship finance was scaled down considerably, all other activities were stepped up appreciably. The segment's risk provisions are generally below budget; the earnings target for the full year is attainable.

In ship finance, we witnessed a moderate recovery in the various market segments in the first six months of 2011. Charter rates have shown a recovery in some instances but it remains to be seen whether the current market situation is sustainable. During the shipping crisis we have again benefited from our function as principal banker for shipping customers in the region. From implementing repayment agreements to presenting alternative sources of equity, by making the necessary adjustments to the financing structures of individual projects, and together with a young, modern ship portfolio, we are well positioned to overcome the shipping crisis. Nonetheless, the Bank will make further provision for risks should the need arise. It will conclude a limited volume of selected new business.

Bremer Landesbank's new business in renewable energies was above budget in the first half of the year. Demand was particularly high in the photovoltaics subsegment due to the reduction of government subsidies under the EEG ["Erneuerbare-Energien-Gesetz": German Renewable Energy Act]. Since the other core segments, wind (with its growing potential in repowering) and biogas also developed encouragingly, we expect to achieve the overall income target for 2011 as well. Within the NORD/LB Group, Bremer Landesbank is the competence center for biogas and photovoltaics in Germany. It also supports experienced customers in selected ventures in other European countries, particularly in France.

In refinancing of vehicle and equipment leasing companies, Bremer Landesbank stood its ground as a leading financer of medium-sized leasing companies in the first half of the year. The Bank acts as a competence center for the NORD/LB Group in this segment and is also a reliable partner for leasing companies with bank functions.

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

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

Private Customers

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

The persisting uncertainties on the international capital markets and the strong preference of investors for low-risk investments are putting the securities business under pressure. However, this was compensated by sound income in the lending and, in particular, the deposit business. Business is slightly above expectations overall and we are confident of achieving our target for 2011.

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

Financial Markets

Bremer Landesbank's business with associated banks, which it operates in the Financial Markets segment, was successfully continued in the first half of 2011 and included comprehensive support services for the associated savings banks. Despite the testing economic environment with strong competitive structures, earnings again remained stable. The long-term volume of lending to the associated savings banks was roughly on a par with the prior-year level given the still low demand for refinancing. In the syndicated transactions business with corporate customers of the associated savings banks, sales activities again focused on traditional financing as well as interest and currency management and international documentary business.

Another focus of business with associated banks is public-sector refinancing. Apart from offering finance to regional authorities, sales activities also encompass support to the associated savings banks with regard to their public-sector finance arrangements. Loans and advances to regional authorities and other municipal customers are just below the prior-year level.

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

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

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

The persisting tensions on the financial markets have shaped the market, which has been highly volatile in 2011 to date.

Reconciliation of the segment results to the consolidated financial statements

In the first half of 2011, the management accounts were substantially enhanced to achieve the key aim of improving the consistency between the management accounts, group reporting and external presentation in the segment report considerably. The adjustments made to the management accounts and the presentation in the segment report are described below.

Net interest income: The net interest income of the segments is determined using the market interest rate method, including interest income from lending and deposit business, investment and financing. Directly attributable investment and financing income is allocated to the segments; from 2011, other elements of investment and financing income are stated under “All other segments” instead of under “Reconciliation”. The Group’s net interest income is calculated as actual interest income less interest expenses.

Risk provisions in the lending business: Specific allowances are allocated to the segments; as for management accounts purposes other risk provisions are allocated to “All other segments” (until 2010 they were allocated to the segments).

Net commission income: The net commission income is mainly allocated directly to the segments.

Profit/loss from financial instruments at fair value through profit or loss: The reconciliation result from this item arises from various, almost fully offsetting effects, especially payments and the net valuation effect from derivatives.

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

Profit/loss from financial assets: The figures stated for the segments exclude the revaluation reserve.

Profit/loss from investments accounted for using the equity method: This item is allocated to “All other segments” rather than the direct sales-based segments.

Administrative expenses: Directly attributable administrative expenses and the results from internal service allocations are allocated to the business segments. In 2011, the internal cost types in the management accounts were checked in detail against the income statement to minimize reconciliation.

Other operating profit/loss: This item is not allocated to the segments.

Segment assets/segment liabilities: The difference between the sum of segment assets/ liabilities and the consolidated assets/liabilities is mainly due to the fact that averages are used for the segments whereas the group figures are based on figures at the balance sheet date. Refinancing funds are not presented for the business segments; they are included in segment liabilities in the reconciliation column.

Segment profitability ratios: In line with the management accounts and group reporting, RORAC is also stated in the external reporting.

Bank ROE: This is ratio is calculated identically throughout the Group for comparability.

All other segments: This column contains the results of all staff departments, strategic measures, Management Board portfolio activities, the consolidation of subsidiaries in the sub-group and risk provisions other than specific allowances.

Reconciliation: The items reconciling the management accounts to the overall group figures in the income statement are shown in the reconciliation column.

Notes to the consolidated income statement

(6) Net interest income

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

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Interest income			
Interest income from lending and money market business	491	490	–
Interest income from fixed-income securities and government-inscribed debt	59	59	–
Interest income from financial instruments at fair value through profit or loss			
Trading book positions and hedge accounting derivatives	538	496	8
Interest income from the use of the fair value option	2	2	–
Current income			
From equity investments	21	2	>100
Interest income from other amortization			
Of the adjustment item for the portfolio fair value hedge	1	2	–50
From hedge accounting derivatives	9	10	–10
Expected return on plan assets	1	1	–
Total interest income	**1,122**	**1,062**	**6**
Interest expenses			
Interest expenses from lending and money market business	296	296	–
Interest expenses from securitized liabilities	107	122	–12
Interest expenses from financial instruments at fair value through profit or loss			
Interest expenses from trading book positions and hedge accounting derivatives	490	450	9
Interest expenses from subordinated capital	23	24	–4
Interest expenses from other amortization			
from the adjustment item for the portfolio fair value hedge	–	3	–100
from hedge accounting derivatives	12	14	–14
Interest expenses for provisions and liabilities	9	8	13
Total interest expenses	**937**	**917**	**2**
Total	**185**	**145**	**28**

GLB GmbH & Co. oHG distributed profit of EUR 19.5m to BLB from the sale of its investment in DekaBank Deutsche Girozentrale. This amount is reported under current income from equity investments.

Interest income from lending and money market business contains interest income from the unwinding of the discount related to impaired assets in the amount of EUR 5m (1 January 2010 to 30 June 2010: EUR 3m).

(7) Risk provisions in the lending business

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Income from risk provisions in the lending business			
Reversal of specific allowances on loans and advances	20	9	>100
Reversal of loan loss provisions	6	3	100
Recoveries on loans and advances previously written off	2	–	–
Income from risk provisions in the lending business	**28**	**12**	**>100**
Expenses for risk provisions in the lending business			
Allocation to specific allowances on loans and advances	50	30	67
Allocation to portfolio allowances	2	1	100
Allocation to loan loss provisions	4	6	–33
Direct write-offs of loans and advances	3	–	–
Expenses for risk provisions in the lending business	**59**	**37**	**59**
Total	**–31**	**–25**	**24**

(8) Net commission income

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Commission income			
Commission income from banking business			
Lending and guarantee business	4	6	–33
Security and custodian business	4	4	–
Account management and payment transactions	5	5	–
Trust business	13	7	86
Other standard bank commission income	2	1	100
Commission income from non-banking business			
Real estate business	1	–	–
Total commission income	**29**	**23**	**26**
Commission expenses			
Commission expenses from banking business			
Security and custodian business	1	1	–
Trust business	13	6	>100
Account management and payment transactions	–	1	–100
Lending and guarantee business	2	2	–
Other standard bank commission expenses	1	–	–
Total commission expenses	**17**	**10**	**70**
Total	**12**	**13**	**–8**

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

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Trading profit/loss			
Realized profit/loss			
From shares and other variable-yield securities	–	1	–100
From debt securities and other fixed-income securities	–	1	–100
From derivatives	16	–3	–
Total realized profit/loss	**16**	**–1**	**–**
Net valuation effect			
From derivatives	–5	–55	–91
Total net valuation effect	**–5**	**–55**	**–91**
Foreign exchange profit/loss	6	–	–
Other profit/loss	3	4	–25
Total trading profit/loss	**20**	**–52**	**–**
Profit/loss from the use of the fair value option			
Net valuation effect			
Debt securities and other fixed-income securities	–1	1	–
Total profit/loss from designated financial instruments (fair value option)	**–1**	**1**	**–**
Total	**19**	**–51**	**–**

(10)Profit/loss from hedge accounting

Profit/loss from hedge accounting comprises the changes in value due to interest rate fluctuations of underlying and hedging transactions in effective fair value hedges.

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Profit/loss from micro fair value hedges			
From hedged underlying transactions	43	–130	–
From derivative hedging instruments	–43	132	–
Total micro fair value hedges	**–**	**2**	–100
Profit/loss from portfolio fair value hedges			
From hedged underlying transactions	7	–25	–
From derivative hedging instruments	–3	26	–
Total portfolio fair value hedges	**4**	**1**	**>100**
Total	**4**	**3**	**33**

(11)Profit/loss from financial assets

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

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Profit/loss from the disposal of			
Debt securities and other fixed-income securities	–	8	–100
Shares and other variable-yield securities	–	–	–
Net impairment of debt securities	–	–	–
Total	**–**	**8**	**–100**

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

As of 30 June 2011, the income from the associates accounted for using the equity method came to EUR 7m (30 June 2010: EUR 3m).

(13)Administrative expenses

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

The expenses break down as follows:

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Personnel expenses	45	42	7
Other administrative expenses	29	26	12
Amortization, depreciation and impairment	3	3	–
Total	**77**	**71**	**8**

(14)Other operating profit/loss

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Other operating income			
From rental and lease income	4	4	–
From cost reimbursements	–	–	–
From the redemption of issued debt securities	–	–	–
Other income	1	1	–
Total other operating income	**5**	**5**	**–**
Other operating expenses			
From rental and lease expenses	1	–	–
From the redemption of issued debt securities	–	2	–100
From allocations to provisions	6	–	–
Other expenses	3	1	>100
Total other operating expenses	**10**	**3**	**>100**
Total	**–5**	**2**	**–**

Allocations to provisions contain EUR 5.8m for the full amount of the bank levy for 2011.

(15)Income taxes

The Group's income taxes break down as follows:

	1 Jan – 30 Jun 2011 (in EUR m)	1 Jan – 30 Jun 2010 (in EUR m)	Change (in %)
Current income taxes	30	36	–17
Deferred taxes	–5	–30	–83
Total income tax expense	**25**	**6**	**>100**

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

Notes to the consolidated balance sheet

(16)Loans and advances to banks

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Loans and advances from money market business			
German banks	764	1,261	–39
Foreign banks	376	196	92
Total loans and advances from money market business	**1,140**	**1,457**	**–22**
Other loans and advances			
German banks			
Payable on demand	65	47	38
Limited term	3,608	3,661	–1
Foreign banks			
Payable on demand	81	35	>100
Limited term	209	313	–33
Total other loans and advances	**3,963**	**4,056**	**–2**
Total	**5,103**	**5,513**	**–7**

(17)Loans and advances to customers

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Loans and advances from money market business			
German customers	159	125	27
Foreign customers	6	4	50
Total loans and advances from money market business	**165**	**129**	**28**
Other loans and advances			
German customers			
Payable on demand	854	798	7
Limited term	18,346	18,811	–2
Foreign customers			
Payable on demand	66	65	2
Limited term	2,331	2,257	3
Total other loans and advances	**21,597**	**21,931**	**–2**
Total	**21,762**	**22,060**	**–1**

(18)Risk provisions

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Risk provisions for loans and advances to banks	6	5	20
Portfolio allowances on loans and advances	–	1	–100
Total risk provisions for loans and advances to banks	**6**	**6**	**–**
Risk provisions for loans and advances to customers	251	232	8
Portfolio allowances on loans and advances	70	68	3
Total risk provisions for loans and advances to customers	**321**	**300**	7
Total	**327**	**306**	**7**

All of the risk provisions for loans and advances are recognized for German banks or German customers.

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

in EUR m	Specific allowances		Portfolio allowances		Total		Loan loss provisions	
	2011	2010	2011	2010	2011	2010	2011	2010
As of 1 Jan	**237**	**167**	**69**	**103**	**306**	**270**	**26**	**25**
Allocations	50	119	2	–	52	119	4	9
Reversals	–20	–45	–	–17	–20	–62	–6	–7
Unwinding	–5	–9	–	–	–5	–9	–	–
Utilizations	–6	–13	–	–	–6	–13	–	–
Reclassifications	1	18	–1	–17	–	1	–3	–1
As of 30 Jun/31 Dec	**257**	**237**	**70**	**69**	**327**	**306**	**21**	**26**

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Trading assets			
Debt securities and other fixed-income securities	59	–	–
Positive fair values from derivatives	892	999	–11
Total trading assets	**951**	**999**	**–5**
Financial assets designated at fair value			
Debt securities and other fixed-income securities	81	88	–8
Total financial assets designated at fair value	**81**	**88**	**–8**
Total	**1,032**	**1,087**	**–5**

(20)Positive fair values from hedge accounting derivatives

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Derivatives from micro fair value hedges	232	306	–24
Derivatives from portfolio fair value hedges	41	32	28
Total	**273**	**338**	**–19**

(21)Financial assets

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

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Financial assets in the LAR category	**14**	**14**	**–**
Available-for–sale financial assets (AFS)			
Debt securities and other fixed-income securities	5,393	5,482	–2
Shares and other variable-yield securities	10	–	–
Investments in non-consolidated entities	59	192	–69
Total available-for-sale financial assets (AFS)	**5,462**	**5,674**	**–4**
Total	**5,476**	**5,688**	**–4**

(22)Investments accounted for using the equity method

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Associates			
Banks	13	12	8
Other companies	69	65	6
Total	**82**	**77**	**6**

(23)Property and equipment

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Land and buildings	29	29	–
Furniture, fixtures and office equipment	5	5	–
Other property and equipment	3	2	50
Total	**37**	**36**	**3**

(24)Investment property

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Investment property	69	70	–1
Total	**69**	**70**	**–1**

(25)Intangible assets

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Software			
Purchased	2	2	–
Internally developed	5	–	–
Total	**7**	**2**	**–**

(26)Current income tax assets and deferred income taxes

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Current income tax assets	7	7	–
Deferred tax assets	129	117	10
Total	**136**	**124**	**10**

(27)Other assets

	30 Dec 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Inventories	–	1	–100
Tax refund claims resulting from other taxes	–	2	–100
Other assets	29	35	–17
Total	**29**	**38**	**–24**

Other assets primarily include receivables from non-consolidated subsidiaries of EUR 16m (31 Dec 2010: EUR 16m) and claims against Icelandic banks of EUR 8m (31 Dec 2010: EUR 8m).

(28)Liabilities to banks

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Deposits from other banks			
German banks	–	–	–
Foreign banks	–	–	–
Total deposits from other banks	**–**	**–**	**–**
Liabilities from money market business			
German banks	1,577	2,585	–39
Foreign banks	183	152	20
Total liabilities from money market business	**1,760**	**2,737**	**–36**
Other liabilities			
German banks			
Payable on demand	171	240	–29
Limited term	7,729	7,468	3
Foreign banks			
Payable on demand	49	25	96
Limited term	1,061	1,130	–6
Total other liabilities	**9,010**	**8,863**	**2**
Total	**10,770**	**11,600**	**–7**

(29)Liabilities to customers

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Savings deposits			
With an agreed period of notice of three months			
German customers	168	184	–9
Foreign customers	15	15	–
With an agreed period of notice of more than three months			
German customers	13	13	–
Foreign customers	1	1	–
Total savings deposits	**197**	**213**	**–8**
Liabilities from money market business			
German customers	2,228	1,790	**24**
Foreign customers	69	120	**–43**
Total liabilities from money market business	**2,297**	**1,910**	**20**
Other liabilities			
German customers			
Payable on demand	1,923	1,811	6
Limited term	6,239	6,115	2
Foreign customers			
Payable on demand	117	109	7
Limited term	1	–	–
Total other liabilities	**8,280**	**8,035**	**3**
Total	**10,774**	**10,158**	**6**

(30)Securitized liabilities

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Issued debt securities			
Pfandbriefe	641	677	–5
Municipal debt securities	2,168	2,285	–5
Other debt securities	5,156	5,304	–3
Total issued debt securities	**7,965**	**8,266**	**–4**
Money market securities			
Commercial paper	382	673	–43
Other money market securities	–	–	–
Total money market securities	**382**	**673**	**–43**
Total	**8,347**	**8,939**	**–7**

In the first six months of 2011, initial sales of EUR 2,156m (31 Dec 2010: EUR 2,185m), repayments of EUR 2,712m (31 Dec 2010: EUR 2,507m) and redemptions of EUR 8m (31 Dec 2010: EUR 0m) were made.

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

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Adjustment item for financial instruments included in the portfolio fair value hedge	10	22	**–55**
Interest rate risk	**10**	**22**	**–55**

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	1,178	1,449	–19
Total trading liabilities	**1,178**	**1,449**	–19
Total	**1,178**	**1,449**	**–19**

(33)Negative fair values from hedge accounting derivatives

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Derivatives from micro fair value hedges	42	66	–36
Derivatives from portfolio fair value hedges	30	40	–25
Total	**72**	**106**	**–32**

(34)Provisions

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Provisions for pensions and similar obligations	291	275	6
Other provisions	46	45	2
Total	**337**	**320**	**5**

Other provisions include loan loss provisions of EUR 21m (31 Dec 2010: EUR 26m).

(35)Current income tax liabilities and deferred income taxes

Income tax liabilities break down as follows:

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Current income tax liabilities	35	32	9
Deferred tax liabilities	1	1	–
Total	**36**	**33**	**9**

(36)Other liabilities

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Trade payables	8	1	>100
Liabilities from outstanding invoices	6	6	–
Liabilities from contributions	–	1	–100
Liabilities from short-term employee remuneration	5	8	–38
Liabilities from payable taxes and social security contributions	3	3	–
Other liabilities	10	5	>100
Total	**32**	**24**	**33**

Of the other liabilities, EUR 5m (31 Dec 2010: EUR 0m) is attributable to the recognition of a liability for a profit distribution.

(37)Subordinated capital

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Subordinated liabilities	502	500	–
Silent participations	639	663	–4
Total	**1,141**	**1,163**	**–2**

Other disclosures

Notes on financial instruments

(38)Fair value hierarchy

The following table shows the application of the fair value hierarchy of the financial assets and liabilities recognized at fair value through profit or loss or directly in equity:

	30 Jun 2011		
in EUR m	**Level 1 (Mark-to-market)**	**Level 2 (Mark-to-matrix)**	**Level 3 (Mark-to-model)**
Trading assets	59	880	12
Financial assets designated at fair value	81	–	–
Positive fair values from hedge accounting derivatives	–	273	–
Financial assets at fair value	4,808	47	590
Assets	**4,948**	**1,200**	**602**
Trading liabilities	–	1,031	147
Negative fair values from hedge accounting derivatives	–	72	–
Liabilities and equity	**–**	**1,103**	**147**

	31 Dec 2010		
in EUR m	**Level 1 (Mark-to-market)**	**Level 2 (Mark-to-matrix)**	**Level 3 (Mark-to-model)**
Trading assets	–	987	12
Financial assets designated at fair value	83	5	–
Positive fair values from hedge accounting derivatives	–	338	–
Financial assets at fair value	4,709	73	875
Assets	**4,792**	**1,403**	**887**
Trading liabilities	–	1,284	165
Negative fair values from hedge accounting derivatives	–	106	–
Liabilities	**–**	**1,390**	**165**

In addition to changes in the portfolio, higher interest rates in the first half of 2011 in particular were responsible for the decreases in the carrying amounts of interest-bearing financial instruments at fair value.

The continuing uncertainty as to the viability of financing the high levels of sovereign debt in certain countries pushed up risk premiums on the international credit derivatives markets. This led to higher negative fair values of the credit default swaps for which the Bank is protection seller and which are held under trading liabilities.

Transfers within the fair value hierarchy break down as follows:

30 Jun 2011 in EUR m	From Level 1 to Level 2	From Level 1 to Level 3	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 1	From Level 3 to Level 2
Trading assets	–	–	–	–	–	–
Financial assets designated at fair value	–	–	–	–	–	–
Positive fair values from hedge accounting derivatives	–	–	–	–	–	–
Financial assets at fair value	47	10	10	–	161	–
Assets	**47**	**10**	**10**	**–**	**161**	**–**
Trading liabilities	–	–	–	12	–	5
Negative fair values from hedge accounting derivatives	–	–	–	–	–	–
Liabilities	**–**	**–**	**–**	**12**	**–**	**5**

31 Dec 2010 in EUR m	From Level 1 to Level 2	From Level 1 to Level 3	From Level 2 to Level 1	From Level 2 to Level 3	From Level 3 to Level 1	From Level 3 to Level 2
Trading assets	–	–	–	3	–	–
Financial assets designated at fair value	–	–	–	–	–	–
Positive fair values from hedge accounting derivatives	–	–	–	–	–	–
Financial assets at fair value	–	100	47	–	228	–
Assets	**–**	**100**	**47**	**3**	**228**	**–**
Trading liabilities	–	–	–	34	–	16
Negative fair values from hedge accounting derivatives	–	–	–	–	–	–
Liabilities	**–**	**–**	**–**	**34**	**–**	**16**

(39)Derivative financial instruments

in EUR m	Nominal values		Positive fair values		Negative fair values	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
Interest rate risk	51,751	46,455	875	1,125	700	924
Currency risk	12,382	13,235	278	200	310	386
Equity price and other price risks	–	–	–	–	–	–
Credit derivatives	3,348	3,416	12	12	240	245
Total	**67,481**	**63,106**	**1,165**	**1,337**	**1,250**	**1,555**

(40)Regulatory data

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

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Risk-weighted assets	**17,799**	**17,449**	2
Capital requirements for credit risk	1,303	1,288	1
Capital requirements for market risk	58	50	16
Capital requirements for operational risk	63	58	9
Capital requirements under the SolvV	1,424	1,396	2

No condensed report in accordance with Sec. 10a KWG [“Kreditwesengesetz”: German Banking Act] is required due to the exemption granted under Sec. 10a (10) KWG.

	30 Jun 2011 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Paid-in capital	140	140	–
Contributions from silent partners	608	608	–
Other reserves	523	501	4
Special item for general banking risks pursuant to Sec. 340g HGB	442	330	34
Other components (intangible assets)	–3	–3	–
Core capital	**1,710**	**1,576**	9
Non-current subordinated liabilities	500	500	–
Sec. 340f KWG	29	80	–64
Supplementary capital	**529**	**580**	–9
Deduction from core and supplementary capital	188	243	–23
Modified available equity	**2,051**	**1,913**	7
Eligible capital pursuant to Sec. 10 KWG	**2,051**	**1,913**	7

Core capital (overall) for solvency purposes after the deductions of EUR 94m pursuant to the KWG amounts to EUR 1,616m.

	30 Jun 2011 (in %)	31 Dec 2010 (in %)	Change (in %)
Overall ratio according to Sec. 2 (6) SolvV	11.52	10.96	5
Core capital ratio (before appropriation of profit)	9.08	8.34	9
Core capital ratio (after appropriation of profit)	9.08	9.33	–3

(41)Contingent liabilities and other obligations

	30 Jun 2010 (in EUR m)	31 Dec 2010 (in EUR m)	Change (in %)
Contingent liabilities			
Guarantees	448	434	3
Other obligations			
Irrevocable loan commitments	3,255	2,821	15
Financial guarantees	667	741	–10
Total	**4,370**	**3,996**	**9**

Of the total amount, EUR 7m (31 Dec 2010: EUR 3m) relates to associates.

(42)Other financial obligations

The following significant other financial obligations exist:
As guarantors, Bremer Landesbank and the other owners of DekaBank Deutsche Girozentrale are jointly liable for the latter.
An obligation to contribute to M CAP Finance Deutsche Mezzanine Fonds Zweite GmbH & Co. KG, Leipzig, amounts to EUR 4m (31 Dec 2010: EUR 4m).
Another obligation to make additional contributions and additional joint liability for other shareholders relating to Liquiditäts-Konsortialbank GmbH, Frankfurt am Main, amounts to EUR 3m (31 Dec 2010: EUR 3m).
Contributions to the security reserve of the Landesbanken and girobanks were re-calculated on the basis of risk principles, resulting in obligations to make additional contributions of EUR 43m (31 Dec 2010: EUR 43m). These additional contributions can be called in when support is required.
In connection with the redemption of shares in FinanzIT GmbH, the withdrawing shareholders NORD/LB, Bremer Landesbank and Landesbank Saar have undertaken to cover the company's risks from the period up to their withdrawal jointly with the remaining FinanzIT shareholders provided these risks actually occur and are not covered by provisions already established.
Securities amounting to EUR 21m (31 Dec 2010: EUR 26m) were deposited as collateral for transactions on forward markets.

Companies and individuals linked to the Group

(43)Related party relationships

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

The volume of such transactions is shown below:

30 Jun 2011 in EUR m	Owners	Subsidiaries	Associates	Other related parties
Outstanding loans and advances				
To banks	538	–	19	–
To customers	–	–	146	267
Other outstanding assets	–	–	–	–
Total assets	**538**	**–**	**165**	**267**
Outstanding liabilities				
To banks	586	–	83	54
To customers	–	2	53	26
Other outstanding liabilities	–	–	–	–
Total liabilities and equity	**586**	**2**	**136**	**80**
Guarantees received	3	–	5	–
Guarantees granted	3	–	4	1

1 Jan – 30 Jun 2011 in EUR m	Owners	Subsidiaries	Associates	Other related parties
Interest expenses	4	–	3	1
Interest income	5	–	4	4
Commission expenses		–	–	–
Commission income	–	–	–	–
Other expenses and income	–	–	–	–
Total contributions to profit and loss	**1**	**-**	**1**	**3**

31 Dec 2010 in EUR m	**Owners**	**Subsidiaries**	**Associates**	**Other related parties**
Outstanding loans and advances				
To banks	439	–	23	–
To customers	–	–	154	209
Other outstanding assets	–	–	–	–
Total assets	**439**	**–**	**177**	**209**
Outstanding liabilities				
To banks	357	–	72	56
To customers	–	2	43	22
Other outstanding liabilities	–	–	–	–
Total liabilities and equity	**357**	**2**	**115**	**78**
Guarantees received	3	–	5	–
Guarantees granted	3	–	6	2

1 Jan – 30 Jun 2010 in EUR m	**Owners**	**Subsidiaries**	**Associates**	**Other related parties**
Interest expenses	3	–	2	1
Interest income	3	–	3	5
Commission expenses	–	–	–	–
Commission income	–	–	–	–
Other expenses and income	–	–	–	–
Total contributions to profit and loss	**–**	**–**	**1**	**4**

(44)Governing bodies as of 30 June 2011

1. Members of the Management Board

Dr. Stephan-Andreas Kaulvers
Chairman

Heinrich Engelken
Deputy Chairman

Dr. Guido Brune

2. Members of the Supervisory Board

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

Hartmut Möllring
(Deputy Chairman)
Lower Saxony Minister of Finance

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

Elke Heinig
Qualified banker
Bremer Landesbank

Hermann Bröring
District Administrator of the Emsland District

Cora Hermenau
State Secretary of the
Lower Saxony Ministry of Finance

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

Andreas Klarmann
Qualified banker
Bremer Landesbank

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

Thomas Mang
President of the Lower Saxony Association
of Savings Banks

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

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

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

Jürgen Scheller
Qualified banker
Bremer Landesbank

Lars-Peer Finke
Qualified banker
Bremer Landesbank

Lutz Stratmann
Lawyer

Martin Grapentin
Chairman of the Management Board of
Landessparkasse zu Oldenburg

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

(45)List of shareholdings as of 30 June 2011

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

Company name and registered office	Shares (%) indirect	Shares (%) direct	Equity[1] (in EUR k)	Profit/ loss (in EUR k)
Companies included in the consolidated financial statements				
Subsidiaries				
BLB Immobilien GmbH, Bremen	–	100[2]	–	–
BLB Leasing GmbH, Oldenburg	–	100[2]	–	–
Bremische Grundstücks-GmbH, Bremen	–	100	–	–
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	90	10	–	–
Investments included in the consolidated financial statements using the equity method				
Associates				
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–	–	–
BREBAU GmbH, Bremen	48.84	–	–	–
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen		16.50	–	–
GSG OLDENBURG Bau- und Wohngesellschaft mbH, Oldenburg	–	22.22	–	–
Investment funds				
Lazard-Sparkassen Rendite-Plus-Fonds, Frankfurt am Main	–	49.18	–	–
Companies not included in the consolidated financial statements				
BGG Bremen GmbH & Co. KG, Bremen	100	–	1,918[4]	165[4]
BGG Oldenburg GmbH & Co, KG, Bremen	100	–	7,715[4]	919[4]
BLB I Beteiligungs-GmbH, Bremen	100	–	43[4]	21[4]
Bremer Spielcasino GmbH & Co. Kommanditgesellschaft, Bremen	–	49	[3]	[3]
Bremer Toto und Lotto GmbH, Bremen	–	33.33	4,283	3
Bremische Grundstücks-GmbH & Co. KG Präsident-Kennedy-Platz, Bremen	100	–	4,200[4]	820[4]
Bremische Grundstücks-GmbH & Co., Wohnanlagen Gross-Bonn, Bremen	100	–	100[4]	85[4]
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen	–	12.61	16,043	1,152
Deutsch-Indonesische Tabak Handelsgesellschaft mit beschränkter Haftung, Bremen	–	24.53	435	–
GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen	7.75	–	307,848	30,610
Gewobau Gesellschaft für Wohnungsbau Vechta mbH, Vechta	–	20.46	9,111	515
Grundstücksgemeinschaft Escherweg 5 GbR, Bremen	50	–	–1,182[4]	–384[4]
Grundstücksgemeinschaft Escherweg 8 GbR, Bremen	50	–	90[4]	–283[4]
Interessengemeinschaft KATHARINENKLOSTERHOF GbR, Bremen	30.7	–	770[4]	–64[4]
Öffentliche Versicherung Bremen, Bremen	–	20	6,020	360
Schiffsbetriebs-Gesellschaft Bremen mbH, Bremen	–	100	1,082	12
Unterstützungseinrichtung der Bremer Landesbank Kreditanstalt Oldenburg GmbH, Bremen	–	100	35,513[4]	2,796[4]
WLO Wirtschaftsförderungsgesellschaft für den Landkreis Oldenburg mbH, Wildeshausen	–	23.84	41	–
Wohnungsbaugesellschaft Wesermarsch mbH, Brake	–	21.71	18,266	225

Notes:
[1] Equity as defined in Secs. 266 and 272 HGB; there are no unpaid contributions.
[2] Domination and profit and loss transfer agreement concluded with the company.
[3] No information provided in accordance with Sec. 313 (2) No. 4 Sentence 3 HGB.
[4] Figures are from the most recent, but as yet unapproved, financial statements for 2010.

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

Bremen, 16 August 2011

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
The Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

8. Responsibility statement

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

Bremen, 16 August 2011

Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –
The Management Board

Dr. Stephan-Andreas Kaulvers

Heinrich Engelken

Dr. Guido Brune

9. Review report[1]

To Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen:

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the condensed cash flow statement and condensed notes, and the interim group management report of Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen, for the period from 1 January 2011 to 30 June 2011, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU and of the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

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

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

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

Hamburg, 17 August 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Bühring	Meyer
Wirtschaftsprüfer	Wirtschaftsprüfer

[German Public Auditor] [German Public Auditor]