Die norddeutsche Art.

Navigating NORTH
Interim report as at 30 June 2011

Finanzgruppe

NORD/LB Group at a glance

	1 Jan. – 30 Jun. 2011	1 Jan. – 30 Jun. 2010	Change (in %)
In € million			
Net interest income	855	766	12
Loan loss provisions	– 34	– 296	– 89
Net commission income	84	104	– 19
Profit / loss from financial instruments at fair value through profit or loss including hedge accounting	– 71	82	> 100
Profit / loss from financial assets	18	– 8	> 100
Profit / loss from investments accounted for using the equity method	16	– 67	> 100
Administrative expenses	553	490	13
Other operating profit / loss	– 24	2	> 100
Earnings before taxes	291	93	> 100
Income taxes	76	30	> 100
Consolidated profit	215	63	> 100
Key figures in %			
Cost-Income-Ratio (CIR)	64.3	55.2	
Return-on-Equity (RoE)	11.0	2.8	

	30 Jun. 2011	31 Dec. 2010	Change (in %)
Balance figures in € million			
Total assets	218 307	228 586	– 4
Customer deposits	63 753	60 742	5
Customer loans	110 612	113 605	– 3
Equity	5 561	5 890	– 6
Regulatory key figures			
Core capital for solvency reasons in € million	7 686	6 829	13
Regulatory equity in € million	10 720	9 599	12
Risk-weighted assets in € million	80 463	86 850	– 7
Total captial ratio in %	13.3	11.1	
Core capital ratio in %	9.6	7.9	

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

Interim report as at 30 June 2011

52° 22' N, 9° 44' O
Hannover

Interim Group Management Report as at 30 June 2011

pages 5 – 26

Contents

NORD/LB Norddeutsche Landesbank Girozentrale

NORD/LB Norddeutsche Landesbank Girozentrale (hereafter NORD/LB or the bank) is a registered public institution (AöR) in Germany, with registered offices in Hanover, Braunschweig and Magdeburg. Its head office is in Hanover. Under the name of Braunschweigische Landessparkasse, Braunschweig (hereafter BLSK), NORD/LB performs the function of a savings bank in the Braunschweig region and maintains a close network of branches in this region. NORD/LB also operates branches in Hamburg, Düsseldorf and Schwerin as well as in London, New York, Shanghai and Singapore. The bank also has representative offices in Beijing, Moscow and Mumbai.

The owners of the bank are the German federal states of Lower Saxony and Saxony-Anhalt, the Association of the Savings Banks of Lower Saxony (Sparkassenverband) in Hanover (hereafter SVN), the Holding Association of the Savings Banks of Saxony-Anhalt and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania.

The share capital amounts to € 1,085,483,130, with the federal state of Lower Saxony holding 41.75 per cent (of which 32.79 per cent is held in trust for the state-owned Hannoversche Beteiligungsgesellschaft mbH), the federal state of Saxony-Anhalt 8.25 per cent, the Lower Saxony Association of Savings Banks and Girobanks 37.25 per cent, the Holding Association of the Savings Banks of Saxony-Anhalt 7.53 per cent and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania 5.22 per cent.

The executive bodies of the bank are the Owners' Meeting, the Supervisory Board and the Managing Board.

NORD/LB is the state bank for the federal states of Lower Saxony and Saxony-Anhalt. In these two federal states and in Mecklenburg-Western Pomerania the bank performs the functions of a central and clearing bank for the savings banks (Girozentrale). NORD/LB focuses its business strategy on north-east Germany and also serves customers from all the areas of banking business.

NORD/LB operates in the following segments:
- Private and Commercial Customers
- Savings Bank Network
- Financial Markets / Institutional Customers
- Corporate Customers
- Energy and Infrastructure Customers
- Ship and Aircraft Customers
- Real Estate Banking Customers

The bank also handles promotional loans on behalf of the federal states through Investitionsbank Sachsen-Anhalt, an institute of Norddeutsche Landesbank Girozentrale, and through Landesförderinstitut Mecklenburg-Vorpommern (LFI), a division of Norddeutsche Landesbank Girozentrale.

NORD/LB is the parent company of a group which also includes Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale, Bremen (hereafter Bremer Landesbank), Norddeutsche Landesbank Luxembourg S.A., Luxembourg/Luxembourg (hereafter NORD/LB Luxembourg), Deutsche Hypothekenbank (Actien-Gesellschaft) (hereafter Deutsche Hypo), LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereafter LBS), Öffentliche Lebensversicherung Braunschweig, Braunschweig and Öffentliche Sachversicherung Braunschweig, Braunschweig, (hereafter ÖVB). The bank also holds other investments as shown in the disclosures of the Notes.

Control Systems

The control of profitability, productivity and the Group's risk profile are the responsibility of the Managing Board. The aim of this system of control is to optimise short and medium-term profitability and efficiency while at the same time maintaining the best possible degree of transparency in terms of earnings and cost. Regulating earnings and productivity at NORD/LB is primarily focussed on the key figures of return on equity (ROE), cost-income ratio (CIR) and the risk rate, on operating profit (contribution margin V) and on commercial profit/loss. The significance of key indicators is aligned towards the targets, depending on the respective banking division or the type of product. The cost-income ratio is defined as the ratio between administrative expenses and the sum total of the following income items: net interest income, net commission income, profit/loss from financial instruments at fair value, profit/loss from hedge accounting, profit/loss from investments accounted for using the equity method and other operating profit/loss. The calculation of the return-on-equity in the Group complies with the standard international definitions of key indicators and refers to earnings before taxes (less interest expenses for silent participations in reported equity) on long-term equity under commercial law (share capital and capital reserves and retained earnings and non-controlling interests less silent participations in reported equity).

Based on a central, medium-term forecast of the operating result, in the third and fourth quarters the bank prepares the target operating result for the coming reporting period in a decentralised planning process. The aim of medium-term planning within the planning process is for the respective profit centres to obtain estimates concerning the medium-term development of customer potential, the market situation, products, risks, resources and measures.

Report on Income, Assets and Financial Position

(In the following text the previous year's figures for the first six months of 2010 or as at 31 December 2010 are shown in brackets),

Income

The first six months of the financial year 2011 closed with satisfactory earnings before taxes of € 291 million.

The figures for the income statement are summarised as follows:

(in € million)	1 Jan.–30 Jun. 2011	1 Jan.–30 Jun. 2010*)	Change**)
Net interest income	855	766	89
Loan loss provisions	– 34	– 296	262
Net commission income	84	104	– 20
Profit / loss from financial instruments at fair value through profit or loss including hedge accounting	– 71	82	– 153
Other operating profit / loss	– 24	2	– 26
Administrative expenses	553	490	– 63
Profit / loss from financial assets	18	– 8	26
Profit / loss from investments accounted for using the equity method	16	– 67	83
Earnings before taxes	**291**	**93**	**198**
Income taxes	76	30	– 46
Consolidated profit	**215**	**63**	**152**

*) Previous year's adjustments are taken into account according to IAS 8 (please refer to note (3) Adjustment of the previous year's figures of the interim consolidated financial statements).
**) The sign of the "change" column figures reflects the impact on the result.

Net interest income rose compared to the same period of the previous year by € 89 million to € 855 million. The rise in net interest income results from satisfactory margins in the portfolio business. The lower levels of interest expense and interest income are a result of the prevailing low interest environment. Interest income was also affected by the sale of the indirect holdings in DekaBank Deutsche Girozentrale in the amount of € 64 million.

At € 34 million, loan loss provisions have been reduced by € 262 million as compared to the previous year. This is primarily due to the net reversal of general loan loss provisions in the amount of € 78 million. In the same period of the previous year, the net allocation to general loan loss provisions was € 100 million. Net specific valuation allowances and lump sum specific loan loss provisions totalled € 134 million (€ 172 million). Moreover, a net amount of € 49 million was reversed in the lending business. Of this, € 18 million relates to the reversal of general loan loss provisions in the lending business. A net amount of € 22 million had been added in the previous year.

Net commission income is, at € 84 million, around € 20 million lower than in the same period of the previous year. This can essentially be ascribed to lower commission income in the non-banking business. In addition, there was an increase in commission expenses in the trust and brokerage businesses.

The profit/loss from financial instruments at fair value including hedge accounting has significantly been impacted by the development of short and medium-term interest rates in the eurozone. Rising interest rates resulted in valuation losses in the period under review for both the Group's interest-bearing securities and interest derivatives, whereas a positive contribution to earnings was generated in the first six months of the previous year because of falling interest rates. The profit/loss from credit derivatives and the profit/loss from the use of the fair value option rose in the period under review. Valuation gains were achieved with credit derivatives due to falling credit spreads. The profit/loss from the use of the fair value option primarily includes the increase in income components reported in the trading profit/loss and is therefore positive in the period under review.

The rise in administrative expenses of € 63 million to € 553 million results primarily from increased personnel expenses as well as higher IT and communication costs.

At € 18 million, the profit/loss from financial assets improved by € 26 million as compared to the same period in the prior year. The result of the year under review was positively influenced by the sale of the shares directly held in DekaBank Deutsche Girozentrale. The opposite effect resulted from the valuation allowance for Greek government bonds.

At € 16 million, the result of companies valued at equity was € 83 million above the value recorded in the same period last year. The improvement is due to the deconsolidation of the DnB NORD A/S Bank as at 31 December 2010, which had negatively impacted the previous year's results to the tune of € 78 million.

The Other operating loss of € 24 million is well below the previous year's profit of € 2 million. This is mainly attributable to the full provision made for the bank levy in the amount of € 43 million. The opposite effect resulted from the positive balance of charter income and the expenses involved in generating that income.

Income taxes in the interim financial statements are calculated based on the anticipated income tax rate for the individual companies for the whole year.

Assets and Financial position

(in € million)	30 Jun. 2011	31 Dec. 2010	Change
Loans and advances to banks	32 319	36 734	– 4 415
Loans and advances to customers	110 612	113 605	– 2 993
Loan loss provisions	– 1 830	– 2 018	188
Financial assets at fair value through profit or loss	16 272	15 103	1 169
Financial assets	55 669	58 666	– 2 997
Investments accounted for using the equity method	384	402	– 18
Other assets	4 881	6 094	– 1 213
Total assets	**218 307**	**228 586**	**– 10 279**
Liabilities to banks	53 871	60 962	– 7 091
Liabilities to customers	63 753	60 742	3 011
Securitised liabilities	67 450	71 061	– 3 611
Financial liabilities at fair value through profit or loss	14 728	16 587	– 1 859
Provisions	3 417	3 357	60
Other liabilities	9 527	9 987	– 460
Reported equity including non-controlling interests	5 561	5 890	– 329
Total liabilities and equity	**218 307**	**228 586**	**– 10 279**

The balance sheet total fell by € 10.3 billion as compared to 31 December 2010, to € 218.3 billion. On the assets side the decline in the balance sheet total can be seen in particular in the loans and advances to credit institutions, loans and advances to customers and in the financial assets position. On the liabilities side, the main decline was seen in the liabilities towards credit institutions as well as in securitised liabilities. Reported equity declined by € 329 million. This is, apart from profit distribution, due primarily to the negative overall result of the period under review, in the amount of € 190 million, affected, in particular, by fair value declines in AfS financial instruments due to risen interest rates.

Loans and advances to customers are still the largest balance sheet item at 51 per cent (50 per cent), followed by financial assets at 26 per cent (26 per cent).

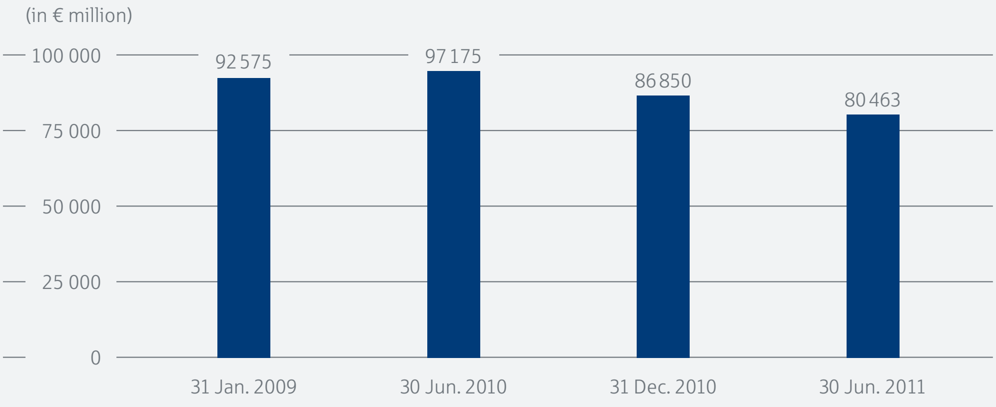
Financial assets at fair value through profit or loss comprise trading assets and financial assets designated at fair value. While the latter fell slightly compared to the previous year, a nominal increase in debt securities and other fixed-interest securities resulted in an increase in trading assets. The overall increase as at the balance sheet date of 30 June 2011 was € 1.2 billion.

The rise in liabilities to customers is seen in particular in liabilities resulting from money market transactions. The decline in securitised liabilities essentially results from the redemption of existing issues in connection with lower new issuances of securitisations.

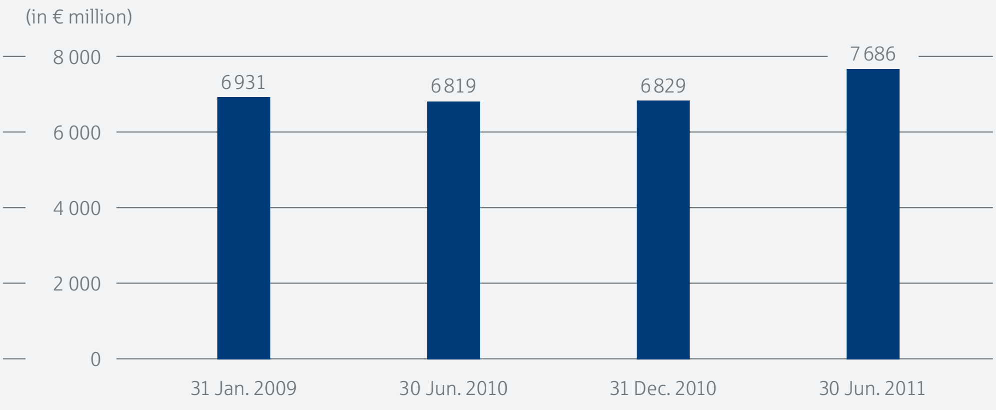
Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. A decline of € 1.9 billion was recorded as compared to the previous year. This is primarily attributable to the development in negative fair values from derivatives in trading liabilities.

Regulatory capital was € 10.7 billion as at the reporting date, of which € 7.7 billion related to core capital. The overall ratio rose from 11.05 per cent as at 31 December 2010 to 13.32 per cent as at 30 June 2011. The core capital ratio rose from 7.86 per cent to 9.55 per cent (shown under note (34)).

Risk-weighted assets as at the balance sheet date of 30 June 2011 and three comparison balance sheet dates are illustrated as follows:



Core capital for solvency reasons has changed as follows:



Economic Development to 30 June 2011

In the first six months of 2011 the economic recovery continued to gather pace in Germany. In the first quarter, the real gross domestic product (GDP) rose by 1.3 per cent as compared to the previous quarter. This trend was favoured by particularly mild weather, which advanced the usual spring resurgence in the construction sector. As this simultaneously limited the expansion capacity for the second quarter, the spring brought only a minor increase of 0.1 per cent in real GDP as compared to the previous quarter. Private consumption suffered from the steep increase in crude oil prices, and foreign trade generated further damping effects in the spring. Only investments in plant and equipment remained a pillar for growth. Thus, the previous high degree of dynamism could not be maintained until the end of the second quarter. The path of growth has also flattened in the processing trades after the catch-up effects following on to the deep recession of 2009 have substantially worn off. This is also reflected in a slowdown of the most significant sentiment indicators. What is however encouraging is the continuing high domestic and foreign demand for capital equipment goods through the first six months, which led to a robust increase in orders in the second quarter. Capacity utilisation in the processing trades is currently at 86.7 per cent and thus distinctly above the long-term average.

Even if in the first quarter foreign trade still contributed growth of 0.5 percentage points, it can nonetheless be discerned that the drivers of growth are noticeably shifting to the domestic economy. In particular the low level of interest rates would constitute a basis for lively investment transactions, especially as concerns plant and equipment. The production of capital goods, which remained robust until the end of the second quarter, and the continued increase in domestic sales of capital equipment goods are an indication of sustained growth in capital goods investments. According to our forecast, the capital goods sector will this year once again see annual growth in the double figures. Although various catch-up effects still play an important role in this development, an ever greater number of businesses are, in view of the high rate of capacity utilisation, apparently forced to ramp up their production options and invest in expansion in order to satisfy the rising demand.

Building investments recorded significant upward weather related distortions at the start of the year, limiting the potential for the completed quarter. On the other hand, construction output performed well until the month of May, so that the business climate in the construction industry continues to be very positive. In particular the home construction segment continues to benefit from historically low mortgage rates. In contrast, the spring was somewhat mixed as concerns private consumption; in particular retail sales showed weak performance. This should however be interpreted with caution, not just because of the statistical procedure changes implemented and the essentially high need for review in connection with this data series, but also because of potential distortions due to the EHEC crisis. In spite of these somewhat careful fundamentals in the spring, the high level of consumer confidence and the positive business climate in the retail sector would seem to favour strong growth in private consumption. Disposable income will, in addition, likely continue to increase as a result of the current positive trends in the labour market.

In view of the overall robust economic growth in the first half of the year, the situation in the German labour market has continued to improve through the end of the period under review. In July of 2011, there were 2.939 million people registered as unemployed, i. e. 247,000 less than in the same month of the previous year. This corresponds to a seasonally adjusted unemployment rate of 7.0 per cent, the lowest level since German reunification. The non-seasonally adjusted unemployment rate, which is more strongly perceived by the general public, was also at 7.0 per cent in July. In June, the number of people in employment reached 40.97 million, which is also a record for the reunified Germany.

The price of crude oil rose significantly at the beginning of the year against the background of the global economic recovery and, under the effect of the unrest in the Arab region, to a good USD 125 per barrel of Brent by mid-April. Since early May, oil prices have once again moved away from these record levels. According to our forecast, it will in 2011 nonetheless reach an average of more than USD 100 per barrel. In the first quarter, inflation has gathered pace due to the rise in energy and raw materials prices in both Germany and the eurozone. Inflationary pressure slowed down somewhat towards the end of the first half as a result of the decline in the price of crude oil. In July, at 2.6 per cent in Germany and 2.5 per cent in the eurozone, the annual rate of the Harmonised Index of Consumer Prices (HICP) was still distinctly above the less than, but close to 2 per cent target formulated by the European Central Bank (ECB).

Against this background, the ECB abandoned the highly expansive monetary policy course of action it had implemented for just on two years and increased the tender rate by 25 basis points in both April and July to a current 1,5 per cent. Owing to the persistently high inflationary pressure on upstream import and producer price levels, it is not yet possible to sound the all-clear, even though these interest rate increases have clearly helped check inflationary expectations. NORD/LB is expecting an average annual inflation rate of 2.5 per cent for the eurozone, and only slightly less for Germany.

In the first half of 2011 the financial markets were constantly shaken by the euro debt crisis. The decidedly nervous market reaction also failed to be calmed by the agreement reached at the end of March between the eurozone's heads of state and government leaders for a permanent European Stability Mechanism (ESM). After Portugal became the third country forced to apply for assistance from the euro community, the news that several countries in the eurozone, including Portugal and Greece, had missed their deficit targets in 2010 led to new doubts concerning the ability of individual countries affected by the crisis to service their debts. In particular Greece was once again and more severely targeted by the capital markets as a result of the expected increase of its debt ratio to more than 150 per cent of GDP. Although the triad consisting of the EU Commission, the ECB and the IMF had, in its latest report issued within the scope of the review of the economic adjustment programme, attested to the progress made by Greece, a substantial additional financing requirement was also found to exist, as long term capital market refinancing is likely to prove impossible. The additional savings and privatisation package demanded as a condition for further assistance was approved by the Greek parliament in late June.

In view of this exacerbation of the debt crisis, the heads of state and government of the eurozone countries held an extraordinary summit meeting in Brussels on 21 July and agreed on a package of measures. It provides for Greece receiving a new credit package of € 109 billion from the eurozone countries, including a participation from the IMF. In addition, it is provided that conditions should be reduced to levels close to those of the refinancing cost of the EFSF (European Financial Stability Facility), which is currently of around 3.5 per cent. The terms of the new loans are extended to 15–30 years, during 10 of which only interest would be paid. The terms of existing credit arrangements are also to be extended. This is supplemented by the voluntary participation of private investors, who – according to initial statements from the EU Commission – are said to be willing to make a net contribution of an estimated € 37 billion. In addition to a number of economic and finance policy declarations of intent, the rights of intervention for the stabilisation instrument EFSF were also distinctly expanded. The markets at first reacted with relief, but the panic of the previous weeks receded only for a short period of time. The risk aversion had even once again dramatically increased in early August, as many aspects of the agreement are still unclear, have not yet been implemented or are even simply not considered to be credible.

The debt crisis has also affected the stock markets. As a result of the positive economic development, in the first six months of the year the DAX (German Stock Index) occasionally climbed to over 7,500 points and closed on 2 May at 7,528 points, recording its high for the year to date. With the exacerbation of the debt crisis, this level could not be maintained, and the leading German share index at first trended laterally in a volatile market environment. In the midst of the already tense situation on the financial markets, the rating agency Standard & Poor's dropped a bombshell in the form of the downgrading of the long-term rating of the USA from AAA to AA+. This was followed by accelerated losses on the most significant stock exchanges worldwide. On 9 August, the DAX on occasion slid down to 5,500 points, and the leading US index Dow Jones occasionally fell below the 11,000 mark.

In the light of the escalating euro debt crisis, German government bonds continued to be sought out as a safe haven, so that yields from 10-year German government bonds once again fell distinctly below the 3 per cent mark following an earlier high for the year of 3.5 per cent at the end of June. Mid-August almost brought back the historic lows seen in the same month of the prior year. Starting in June, US Treasuries with the same residual term also fell to below 3 per cent and, in spite of the downgrading of the country's rating, even recorded a few basis points below the yield of German government bonds. The interest rate policy change already implemented by the ECB, as opposed to the US Federal Reserve, led to a distinctly flatter yield structure curve in Germany as compared to the USA. The yield gap between 10 and 2-year German government bonds was of only 128 basis points on 19 May, while at the end of June, with 270 basis points the yield curve in the USA was at its steepest since the beginning of the year. The US Federal Reserve surprised with a far-reaching long term rate setting, according to which its base rates are to be kept at a very low level until mid-2013.

Forecasts and other Information on Anticipated Developments

The German economy will not be able to maintain the high rate of growth seen in the first half for the rest of the year. The latest published hard economic indicators document that dynamics had flagged already by the end of the second quarter. Early survey based indicators paint a heterogeneous picture. While the economic expectations of the Centre for European Economic Research and the Purchasing Manager Indices for the processing trades and the service sector have of late signalled a more significant slowdown, the declines were comparatively moderate, including against the high level background, in the Ifo Business Climate Index and the European Commission's Economic Sentiment report.

As particularly the latest survey results were most likely influenced by the high degree of uncertainty due to the euro debt crisis, we do not expect this weak phase to be long-lived. Of course, it is necessary rapidly to achieve an alleviation of the tensions on the financial markets in order to prevent stronger effects on the real economy. For the whole of 2011, the gross domestic product is expected to rise by around 3 per cent. The recovery will be reinforced by domestic demand, but the elevated level of growth in the emerging markets is also expected to continue supporting demand for German capital goods. Growth in private consumption will be stronger in 2011 than it has been for years due in particular to the improvement in the job market and the associated increase in income. Accordingly, consumer confidence has also followed a positive trend. The stable income expectations will, in conjunction with the still very low mortgage interest rates, also continue to support growth in housing construction in 2011. The low interest rates also provide a suitable environment for investment in plant and equipment. In view of the high capacity utilisation, the willingness of companies to invest in expansions will increase.

In the eurozone, the overall economic development will continue on a highly heterogeneous trend, although economic recovery will keep up at a moderate rate. Overall, at around 1.8 per cent, GDP in the eurozone will once more remain distinctly behind the growth rate of Germany as the engine of economic development.

The prospects for the economic situation in the USA continue to be positive in spite of rather disappointing trends. GDP growth in the USA recorded disappointing figures in the second quarter at an annualised rate of 1.3 per cent as compared to the previous quarter. In addition, the values for the prior quarters had been revised downwards. Unemployment is persistent, at more than 9 per cent in July. The property market, too, can to date at best be said to have stabilised at a low level. For this year we therefore expect only a moderate increase of 1.9 per cent in US GDP. Although GDP growth is expected once more to stabilise in the coming years with the help of the already enduring expansive US monetary policy, any increases are likely to be of lesser magnitude than before the crisis as a result of mounting tax policy constraints. We assume that the US Federal Reserve will not make changes to its interest rate policy this year or next. On the other hand, from the current point of view it is also unlikely that any action will follow in regard to a potential third government bonds purchasing programme (Quantitative Easing 3, QE3), even further to interim indications of the Head of the Federal Reserve, Mr Ben Bernanke.

The financial markets will remain highly volatile this year. The biggest danger for financial market stability and thus also for the world economy emanates from the euro debt crisis. This risk is however not necessarily restricted to countries in the eurozone. The debt service capacity of other highly indebted states could also receive increasingly sceptical evaluations from market participants and rating agencies alike. Other risks for global economic development could emanate from further increases in raw material and energy prices. The yields from ten-year German government bonds will therefore once again rise slightly during the course of the year, with such bonds consistently continuing to be sought out as a safe haven in the event of renewed market tensions. In the second half of the year, only a small interest rate step on the part of the ECB mawy be possible before the tightening of the monetary policy is interrupted.

Following the satisfactory result for the first half of 2011, and given all necessary caution and a conservative attitude, the NORD/LB Group expects to be able to achieve its goals planned for 2011. However, it will be necessary to come to keep an eye on the macroeconomic challenges of the national debt crises in Europe, the turmoil on the financial markets and the trends in loan loss provisions.

Interest earnings for the first half of 2011 are according to plan in the loan business, and slightly above expectations in the deposit business. The focus of new customer business continues to be on resource-friendly business potential with manageable risk. The result of the interest rate change risk control initiative is showing satisfactory results given the current levels of interest rates. The interest rate surplus was also positively influenced by the sale of our holdings in DekaBank Deutsche Girozentrale in the first half of the year. Commission income, on the other hand, is below plan. The result contributions from Hedge Accounting and financial assets (sale of Deka stock) are positive, the fair value result, on the other hand, distinctly failed to meet expectations as a result of valuation effects.

Administrative expenses are developing in line with budget. In administrative expenses a slight increase in staff expenses is expected during the year (as compared to the prior year) as a result of new jobs to comply with regulatory standards and because of rises in pay scales. Moderate investment will result in a slight increase in cost of materials, while write-downs will increase in connection with project costs.

The situation with regard to loan loss provisions is easing. In addition to the specific valuation allowances in particular in the Real Estate Banking Customers and Ship and Aircraft Customers segments, it was possible to reverse provisions in other segments. In particular general loan loss provisions made due to the decreasing effects of rating migrations were reversed in the credit portfolio as a result of the economic recovery in the credit markets. All the same, NORD/LB remains cautious and has provided a sufficient risk buffer for 2011.

After a successful first half, the NORD/LB Group continues to assume that in 2011 total earnings before taxes will be above the previous year's level and that 2011 goals will be met; the negative impact of the planned bank levy is accounted for in Other operating profit/loss. Accordingly, the CIR and RoE are expected to develop positively.

In its estimation of its medium-term development, NORD/LB assumes that there will be a positive economic climate and that the economy will continue on a sustainable path of growth. Given the overall development of earnings and expenditure, with loan loss provisions at the level of the required imputed covering, the bank expects earnings before taxes to increase significantly in the period up to 2015, accompanied by a corresponding improvement in key figures. This includes the liabilities resulting from the bank levy.

Risk Report

The risk management of the NORD/LB Group, the corresponding structures and procedures, the processes and methods implemented for measuring and monitoring risk and the risks to the Group's development were described in detail in the Annual Report 2010. Only significant developments in the period under review are addressed in this interim report.

Risk-Bearing Capacity

The risk coverage ratio in the economic capital adequacy (status quo) is, at 267 per cent as at 30 June 2011, well above the level of 31 December 2010. The rise in the coverage ratio is attributable both to an increase in risk capital and to a fall in risk potential, particularly in the risk types of credit risk and market price risk.

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

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

The utilisation of risk capital in the economic capital adequacy (status quo) can be seen in the following table, which shows risk-bearing capacity for the NORD/LB Group:

(in € million)	Risk-bearing capacity 30 Jun. 2011		Risk-bearing capacity 31 Dec. 2010	
Risk capital	**10 672**	**100 %**	**9 561**	**100 %**
Credit risk	3 239	30 %	3 509	37 %
Investment risk	100	1 %	118	1 %
Market price risk	282	3 %	382	4 %
Liquidity risk	112	1 %	150	2 %
Operational risk	263	2 %	240	3 %
Total risk potential	**3 996**	**37 %**	**4 398**	**46 %**
Excess cover	**6 676**	**63 %**	**5 163**	**54 %**
Risk coverage ratio		**267 %**		**217 %**

Among other things due to the current discussion with the supervision authority concerning internal risk-bearing capacity models, NORD/LB's current risk-bearing capacity model will continue to be critically reviewed to meet the MaRisk requirements in an adequate manner. The supervision authority's aspects and assessment criteria will be regularly taken into account.

The NORD/LB Group has taken further measures to strengthen risk ratios in 2011. Among other things, the owners of NORD/LB decided in April to strengthen the bank's capital stock by around € 1.7 billion, and this will take place during the course of 2011. As a result, NORD/LB has passed the EU-wide bank stress test with a core capital ratio of 5.6 per cent.

Credit Risk

The maximum default risk amount for on-balance-sheet and off-balance-sheet financial instruments decreased by 4 per cent in the first half of 2011. This is due in particular to a decline in loans and advances to banks and customers.

Risk-bearing financial instruments (in € million)	Maximum default risk 30 Jun. 2011	Maximum default risk 31 Dec. 2010
Loans and advances to banks	32 319	36 734
Loans and advances to customers	110 612	113 605
Financial assets at fair value through profit or loss	16 272	15 103
Positive Fair Values from Hedge Accounting Derivates	2 143	2 938
Financial assets	55 669	58 666
Sub-total	**217 015**	**227 046**
Liabilities from guarantees and other indemnity agreements	6 694	7 026
Irrevocable credit commitments	12 864	12 978
Total	**236 573**	**247 050**

There was a similar development in the figures used for internal control. The total exposure fell from € 245 billion to € 236 billion in the first six months of the year. In addition to an exchange-rate related fall, in particular reduced exposures in the Financial customer segment are having an impact here. At the same time, the risk potential from credit risks has also fallen slightly.

The positive development in the global economy is also reflected in the NORD/LB Group's credit portfolio. The exposure in rating categories with a high to very high risk rose by more than the total exposure. More particularly, exposure in the default categories fell by 20 per cent; the share of non-performing loans fell from 2.6 per cent to 2.2 per cent.

In the first half of 2011 the internal credit risk reporting data were migrated to a new IT environment. This conversion allows improved data quality, e.g. with regard to the market values and collateral considered.

The overall rating structure for the NORD/LB Group's credit exposure, broken down by product type and compared with the structure as at 31 December 2010, is as follows:

Rating structure [1] (in € million)	Loans [2] 30 Jun. 2011	Securities [3] 30 Jun. 2011	Derivatives [4] 30 Jun. 2011	Other [5] 30 Jun. 2011	Total exposure 30 Jun. 2011	Total exposure 31 Dec. 2010
Very good to good	99 382	54 782	12 314	11 539	178 016	185 605
Good/satisfactory	17 121	1 622	666	1 830	21 238	20 513
Reasonable/satisfactory	11 664	638	189	802	13 292	12 546
Increased risk	7 823	176	110	323	8 431	9 624
High risk	4 169	359	133	68	4 729	4 456
Very high risk	4 565	134	60	53	4 811	5 826
Default (=NPL)	5 068	14	44	36	5 162	6 465
Total	**149 791**	**57 723**	**13 516**	**14 650**	**235 679**	**245 036**

[1] Allocated in accordance with IFD rating categories.
[2] Includes loans taken up or loan commitments, guarantees and other non-derivative, off-balance sheet assets. As in the risk-bearing capacity report, irrevocable loan commitments are normally included at 61 per cent and revocable loan commitments at 5 per cent.
[3] Includes the own stocks of securities issued by third parties (banking book only).
[4] Includes derivative financial instruments such as financial swaps, options, futures, forward rate agreements and currency transactions.
[5] Includes other products such as transmitted loans and loans administered for third-party account.

The share of items in the rating category "Very good to good" continues to trend at a high level at 76 per cent (76 per cent) as at 30 June 2011. This is explained by the significance of business conducted with financial institutions and public authorities and is at the same time a reflection of the conservative risk policy of the NORD/LB Group.

The breakdown of total exposure by industry group shows that business conducted with financing institutes and with public authorities accounts for 61 per cent (62 per cent) and still constitutes a considerable share of the total exposure.

Industries[1] (in € million)	Loans[2] 30 Jun. 2011	Securities[3] 30 Jun. 2011	Derivatives[4] 30 Jun. 2011	Other[5] 30 Jun. 2011	Total exposure 30 Jun. 2011	Total exposure 31 Dec. 2010
Financing institutes/ insurance companies	42 785	35 637	10 165	8 454	97 042	103 714
Service industries/other	59 396	19 299	837	1 904	81 435	83 585
– of which: Land, housing	18 815	30	285	483	19 614	19 741
– of which: Public administration	28 058	18 779	376	88	47 301	48 210
Transport/ communications	27 957	802	837	326	29 923	31 395
– of which: Shipping	18 010	0	407	59	18 476	19 961
– of which: Aviation	6 764	48	87	164	7 063	7 334
Manufacturing industry	6 024	760	833	307	7 924	7 645
Energy, water and mining	6 292	1 088	543	2 600	10 523	9 689
Trade, maintenance and repairs	3 168	46	211	184	3 610	3 757
Agriculture, forestry and fishing	884	25	14	727	1 650	1 549
Construction	2 351	28	75	87	2 541	2 761
Other	933	37	1	60	1 031	940
Total	**149 791**	**57 723**	**13 516**	**14 650**	**235 679**	**245 036**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] to [5] See the previous chart on the rating structure.

The breakdown of the total credit exposure by regions shows that the eurozone accounts for a high share of 81 per cent (80 per cent) of total exposure and remains by far the most important business area of the NORD/LB Group. Germany's share rose from 64 per cent to 66 per cent.

Regions[1] (in € million)	Loans[2] 30 Jun. 2011	Securities[3] 30 Jun. 2011	Derivatives[4] 30 Jun. 2011	Other[5] 30 Jun. 2011	Total exposure 30 Jun. 2011	Total exposure 31 Dec. 2010
Euro countries	121 074	46 645	8 467	14 422	190 608	196 549
– of which: Germany	108 090	28 344	4 399	14 010	154 843	157 747
Other Europe	11 394	3 690	3 043	80	18 207	18 553
North America	8 751	4 065	1 595	74	14 484	16 627
Latin America	2 548	370	14	–	2 932	2 229
Middle East/Africa	1 003	112	0	1	1 116	1 078
Asia	4 864	1 596	398	13	6 871	6 807
Other countries	157	1 244	–	60	1 460	3 192
Total	**149 791**	**57 723**	**13 516**	**14 650**	**235 679**	**245 036**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] to [5] See the previous chart on the rating structure.

The exposure in the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) declined by a total of 9 per cent to € 14.8 billion, primarily due to intervening maturities. Its share in the total exposure is of only 6 per cent. The share of receivables owed by the respective countries, regional governments and municipalities also fell to 1 per cent of the total exposure, i.e. € 3.5 billion, also primarily due to maturities.

The NORD/LB Group has constituted impairments for Greek government bonds. Details can be found in the Notes to the Interim Report. The resolutions of the eurozone heads of state and government passed on 21 July and the planned participation of private creditors in an exchange or debt buy-back programme are currently being analysed.

The NORD/LB Group is also closely monitoring and analysing developments in the other PIIGS countries. However, the Group does not consider it necessary to make any further impairments at this stage.

Exposure in selected countries [1] (in € million)	Total exposure 30 Jun. 2011	Total exposure 31 Dec. 2010
Portugal	1 063	1 442
– of which: Sovereign Exposure [2]	380	435
– of which: Financing institutions/insurance companies	551	871
Ireland	3 191	3 543
– of which: Sovereign Exposure [2]	317	285
– of which: Financing institutions/insurance companies	1 438	1 843
Italy	4 925	4 992
– of which: Sovereign Exposure [2]	1 992	2 018
– of which: Financing institutions/insurance companies	2 692	2 796
Greece	650	612
– of which: Sovereign Exposure [2]	217	275
– of which: Financing institutions/insurance companies	100	101
Spain	4 955	5 654
– of which: Sovereign Exposure [2]	575	666
– of which: Financing institutions/insurance companies	3 559	4 102
Total	**14 784**	**16 243**
– of which: Sovereign Exposure [2]	**3 482**	**3 679**
– of which: Financing institutions/insurance companies	**8 340**	**9 713**

[1] Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.
[2] Includes exposures to countries, regional governments and municipalities.

The reported exposure comprises direct exposure as well as indirect exposure (primarily Credit Default Swaps). The Sovereign Exposure also comprises exposure to regional governments, municipalities and state related public sector companies enjoying government guarantees. Collaterals for the benefit of NORD/LB Group are not accounted for in this exposure.

The total nominal value of the credit default swaps of the selected countries in the NORD/LB Group's portfolio is € 3,217 million. This includes both nominal values where the Group acts as the provider of security and nominal values where the Group acts as the recipient of security. The net fair value of these credit default swaps is € – 357 million.

Investment Risk

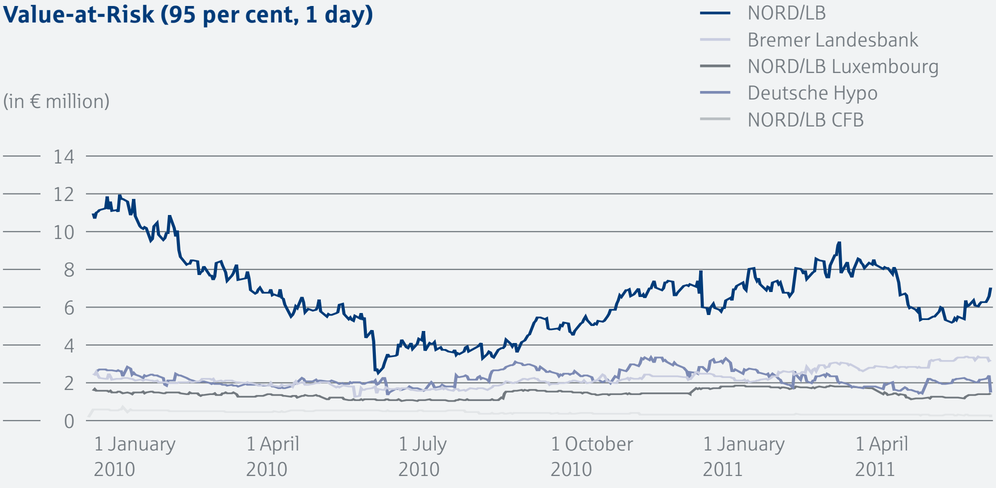
The optimisation of the investment portfolio will continue in 2011. The sale of holdings in DekaBank Deutsche Girozentrale, Frankfurt, was completed in the second quarter.

Market Price Risk

NORD/LB Group's market price risk has diminished over the reporting period primarily as a result of a reduction in the interest rate risk positions in the banking book. Overall market price risks remain at a moderate level.

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

(in € million)



Between early January and late June, the daily total Value-at-Risk (VaR) calculated for the significant Group companies (confidence level of 95 per cent and holding period of one day) fluctuated between € 10 million and € 16 million, with an average Value-at-Risk of € 13 million.

As at the balance sheet date 30 June 2011, NORD/LB Group's Value-at-Risk (confidence level 95 per cent, holding period one day) was calculated at a reduced € 10 million as compared to 31 December 2010. The historical simulation method was used throughout the Group.

Market price risks (in € 000) [1) 2) 3)]	Maximum 1 Jan.– 30 Jun. 2011	Maximum 1 Jan.– 31 Dec. 2010	Average 1 Jan.– 30 Jun. 2011	Average 1 Jan.– 31 Dec. 2010	Minimum 1 Jan.– 30 Jun. 2011	Minimum 1 Jan.– 31 Dec. 2010	End-of-period risk 30 Jun. 2011	End-of-period risk 31 Dec. 2010
Interest rate risk (VaR 95 %, 1 day)	16 709	9 631	13 633	5 418	10 588	3 399	10 216	12 248
Currency risk (VaR 95 %, 1 day)	1 662	2 869	1 336	1 272	975	967	1 192	735
Share price and fund price risk (VaR 95 %, 1 day)	2 366	2 576	1 398	1 325	861	741	1 131	1 610
Volatility risk (VaR 95 %, 1 day)	521	488	336	290	191	188	232	361
Other add-ons	127	202	62	46	10	3	63	54
Total	**15 810**	**18 215**	**13 091**	**11 626**	**10 267**	**6 907**	**10 084**	**12 349**

1) Maximum, average and minimum risks are calculated on the basis of the VaR totals for the significant subsidiaries; end-of-period risks are consolidated figures.
2) Maximum, average and minimum sub-risks are calculated for 2010 on the basis of the maturity of equity capital.
3) Credit-spread risks of the liquidity reserve are not shown in the figures of 2010.

The VaR in the NORD/LB Group calculated on the basis of regulatory parameters (confidence level of 99 per cent and holding period of ten days) is € 56 million as at 30 June 2011. These figures also include the interest rate, share price and currency risks in the banking book.

The validation of the VaR model shows a distinct increase in the number of back-testing exceptions in NORD/LB's banking book in the period under review. These exceptions result primarily from fundamental risks, i.e. differences in the scope of movements in the various interest rate markets leading to higher fluctuations on a daily basis in the cash value profit/loss recorded in the Treasury Division. The risks of pertinence for the banking books from a longer term point of view that result from general changes in interest rate or credit spread levels are fully taken account of in the VaR model. In addition, as part of the operating risk control, conservative markup is effected onto the VaR values calculated on a daily basis.

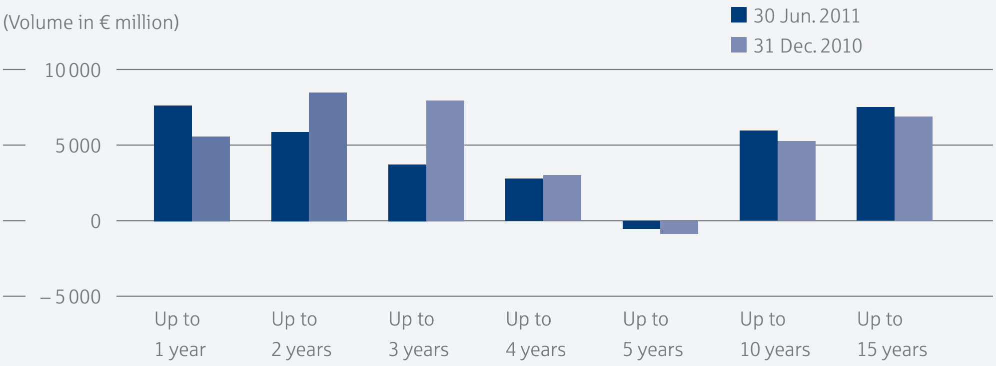
Unlike the credit-spread risks for the liquidity reserve, the credit-spread risks for credit investments recognised as fixed assets are not included in the VaR for market price risks, but are measured for operational control with scenario analyses and limited separately. In the first two quarters of 2011, the credit investment positions were also further reduced by means of slimming down and targeted sales.

Liquidity Risk

The liquidity situation in the markets continues to be characterised by uncertainty with regard to necessary support measures for the EU periphery countries. Notwithstanding, the NORD/LB Group had sufficient liquidity at all times during the first half of 2011. The liquidity maturity balance sheet shows liquidity surpluses in almost all maturity bands. The liquidity risk limits derived from the risk-bearing capacity and updated in the period under review were always complied with both as concerns all currencies taken together and as concerns the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As of the reporting date, the significant companies for risk reporting hold securities in the amount of € 64 billion (€ 65 billion), 83 per cent (83 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve.

Accumulated liquidity maturities



In the period under review, the liquidity ratio in accordance with the liquidity regulation (LiqV) was always well over the minimum of 1.00 required by regulatory provisions. The dynamic stress tests used for internal control showed a satisfactory liquidity situation for all units of the NORD/LB Group as at the reporting date. The liquidity buffers for one week and one month in accordance with MaRisk are also complied with.

Liquidity ratio in accordance with the LiqV[1]	30 Jun. 2011	31 Dec. 2010
NORD/LB	1.39	1.39
Bremer Landesbank	1.41	1.52
Deutsche Hypo	1.66	1.45

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

Operational Risk

In the first six months of 2011, the method for collecting risk indicators was established in all the significant companies of the NORD/LB Group. Within the scope of standardisation of the risk management processes, the NORD/LB Asset Management Group also converted to the internal model used by the NORD/LB Group to measure operational risk.

The total of all losses from operational risks (not including credit-related losses) increased to € 12 million during the period under review.

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

Summary

The development of the NORD/LB Group is dependent on the scope and duration of the economic recovery in Germany and the development of the situation in the countries of the eurozone. In addition, the high degree of market volatility, in particular in regard to interest rates and credit spreads, against the joint background of the continuing discussions concerning the euro periphery countries and of the rating-downgrade imposed on the USA by Standard & Poor's, also affects future developments. However, the NORD/LB Group considers these effects to be manageable and will continue closely to monitor and analyse the developments.

Beyond the abovementioned risks, no significant new risks can currently be identified. The NORD/LB Group has taken precautions to adequately account for all of the risks known to the bank and considers itself to be well prepared for the upcoming challenges.

53° 5' N, 8° 48' O
Bremen

Consolidated Interim Report as at 30 June 2011

pages 27 – 73

Contents

Consolidated Financial Statements

Income Statement

	Notes	1 Jan.–30 Jun. 2011 (in € million)	1 Jan.–30 Jun. 2010*) (in € million)	Change (in %)
Interest income		6 149	6 482	– 5
Interest expense		5 294	5 716	– 7
Net interest income	6	**855**	**766**	**12**
Loan loss provisions	7	– 34	– 296	– 89
Commission income		157	173	– 9
Commission expense		73	69	6
Net commission income	8	**84**	**104**	**– 19**
Trading profit / loss		– 228	241	>100
Profit / loss from the use of the fair value option		108	– 252	>100
Profit / loss from financial instruments at fair value through profit or loss	9	**– 120**	**– 11**	**>100**
Profit / loss from hedge accounting	10	49	93	– 47
Profit / loss from financial assets	11	18	– 8	>100
Profit / loss from investments accounted for using the equity method		16	– 67	>100
Administrative expenses	12	553	490	13
Other operating profit / loss	13	– 24	2	>100
Earnings before taxes		**291**	**93**	**>100**
Income taxes	14	76	30	>100
Consolidated profit for the period		**215**	**63**	**>100**
of which: attributable to the owners of NORD/LB		201	61	
of which: attributable to non-controlling interests		14	2	

*) The consolidated profit reported for the previous year was adjusted; see Note 3 Adjustment of figures for the previous year.

Income Statement – Summary by Quarter

	2011 Q 2	2011 Q 1	2010 Q 2*)	2010 Q 1*)
Interest income	3 147	3 002	3 242	3 240
Interest expense	2 676	2 618	2 834	2 882
Net interest income	**471**	**384**	**408**	**358**
Loan loss provisions	– 45	11	– 147	– 149
Commission income	70	87	88	85
Commission expense	31	42	34	35
Net commission income	**39**	**45**	**54**	**50**
Trading profit / loss	– 40	– 188	52	189
Profit / loss from the use of the fair value option	– 104	212	– 88	– 164
Profit / loss from financial instruments at fair value through profit or loss	**– 144**	**24**	**– 36**	**25**
Profit / loss from hedge accounting	37	12	51	42
Profit / loss from financial assets	46	– 28	2	– 10
Profit / loss from investments accounted for using the equity method	11	5	– 48	– 19
Administrative expenses	271	282	241	249
Other operating profit / loss	10	– 34	– 3	5
Earnings before taxes	**154**	**137**	**40**	**53**
Income taxes	26	50	7	23
Consolidated profit for the period	**128**	**87**	**33**	**30**
of which: attributable to the owners of NORD/LB	120	81	32	29
of which: attributable to non-controlling interests	8	6	1	1

*) The consolidated profit reported for the previous year was adjusted.

Statement of Comprehensive Income

The consolidated statement of income and earnings for the first half of the year comprises the income and expense from the income statement and the income and expense recognised directly in equity:

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010*) (in € million)	Change (in %)
Consolidated profit	**215**	**63**	**> 100**
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit / losses	– 487	310	> 100
Transfer due to realisation profit / loss	– 64	21	> 100
Changes in value investments accounted for using the equity method recognised directly in equity	– 7	1	> 100
Translation differences of foreign business units			
Unrealised profit / loss	– 2	13	> 100
Actuarial gains and losses for pensions for defined benefit obligations	28	– 112	> 100
Deferred taxes	127	– 49	> 100
Other profit/loss	**– 405**	**184**	**> 100**
Comprehensive income for the period under review	**– 190**	**247**	**> 100**
of which: attributable to the owners of NORD/LB	– 200	241	
of which: attributable to non-controlling interests	10	6	

*) The consolidated profit reported for the previous year was adjusted; see Note 3 Adjustment of figures for the previous year.

Statement of Comprehensive Income – Summary by Quarter

	2011 Q 2	2011 Q 1	2010 Q 2*)	2010 Q 1*)
Consolidated profit	**128**	**87**	**33**	**30**
Increase/decrease from available for sale (AfS) financial instruments				
Unrealised profit / losses	– 92	– 395	40	270
Transfer due to realisation profit / loss	– 98	34	– 8	29
Changes in value investments accounted for using the equity method recognised directly in equity	4	– 11	6	– 5
Currency translation differences of foreign business units				
Unrealised profit / losses	3	– 5	9	4
Actuarial gains and losses for defined benefit obligations	– 26	54	– 71	– 41
Deferred taxes	39	88	28	– 77
Other comprehensive income	**– 170**	**– 235**	**4**	**180**
Comprehensive income	**– 42**	**– 148**	**37**	**210**
of which: attributable to the owners of NORD/LB	– 45	– 155	37	204
of which: attributable to non-controlling interests	3	7	–	6

*) The consolidated profit reported for the previous year was adjusted.

Balance Sheet

Assets	Notes	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Cash reserve		355	1 069	– 67
Loans and advances to banks	15	32 319	36 734	– 12
Loans and advances to customers	16	110 612	113 605	– 3
Loan loss provisions	17	– 1 830	– 2 018	– 9
Financial assets at fair value through profit or loss	18	16 272	15 103	8
Positive fair values from hedge accounting derivatives		2 143	2 938	– 27
Financial assets	19	55 669	58 666	– 5
Investments accounted for using the equity method	20	384	402	– 4
Property and equipment	21	685	702	– 2
Investment property		96	96	–
Intangible assets	22	154	161	– 4
Assets held for sale	23	1	1	–
Current income tax assets		59	70	– 16
Deferred income taxes		569	480	19
Other assets	24	819	577	42
Total assets		**218 307**	**228 586**	**– 4**

Liabilities and equity	Notes	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Liabilities to banks	25	53 871	60 962	– 12
Liabilities to customers	26	63 753	60 742	5
Securitised liabilities	27	67 450	71 061	– 5
Adjustment item for financial instruments hedged in the fair value hedge portfolio		224	390	– 43
Financial liabilities at fair value through profit or loss	28	14 728	16 587	– 11
Negative fair values from hedge accounting derivatives		1 873	2 269	– 17
Provisions	29	3 417	3 357	2
Current income tax liabilities		143	182	– 21
Deferred income taxes		9	5	80
Other liabilities	30	1 121	568	97
Subordinated capital	31	6 157	6 573	– 6
Equity				
Issued capital		1 085	1 085	–
Capital reserves		2 618	2 597	1
Retained earnings		2 257	2 173	4
Revaluation reserve		– 339	66	> 100
Currency translation reserve		– 45	– 37	– 22
Equity capital attributable to the owners of NORD/LB		**5 576**	**5 884**	**– 5**
Equity capital attributable to non-controlling interests		– 15	6	> 100
		5 561	5 890	– 6
Total liabilities and equity		**218 307**	**228 586**	**– 4**

Condensed Statement of Changes in Equity

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncon-trolling interests	Consol-idated equity
Equity as at 1 Jan. 2011	**1 085**	**2 597**	**2 173**	**66**	**– 37**	**5 884**	**6**	**5 890**
Comprehensive income for the period under review	–	–	213	– 405	– 8	– 200	10	– 190
Distribution	–	–	– 127	–	–	– 127	– 3	– 130
Capital payments	–	21	–	–	–	21	1	22
Changes in the basis of consolidation	–	–	– 2	–	–	– 2	– 25	– 27
Equity as at 30 Jun. 2011	**1 085**	**2 618**	**2 257**	**– 339**	**– 45**	**5 576**	**– 15**	**5 561**

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to noncon-trolling interests	Consol-idated equity
Equity as at 1 Jan. 2010*)	**1 085**	**2 597**	**2 037**	**24**	**– 49**	**5 694**	**104**	**5 798**
Comprehensive income for the period under review	–	–	– 12	240	13	241	6	247
Distribution	–	–	–	–	–	–	26	26
Capital payments	–	–	2	–	–	2	–	2
Changes in the basis of consolidation	–	–	– 14	–	–	– 14	–	– 14
Equity as at 30 Jun. 2010	**1 085**	**2 597**	**1 966**	**264**	**– 36**	**5 876**	**133**	**6 009**

*) Previous year’s adjustments are taken into account according to IAS 8.

Condensed Cash Flow Statement

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Cash and cash equivalents as at 1 Jan.	**1 069**	**1 844**	**– 42**
Cash flow from operating activities	– 706	– 1 033	32
Cash flow from investing activities	405	– 43	> 100
Cash flow from financing activities	– 400	– 13	> 100
Total cash flow	**– 701**	**– 1 089**	**36**
Effects of changes in exchange rates and in the basis of consolidation	– 13	69	> 100
Cash and cash equivalents as at 30 Jun.	**355**	**824**	**– 57**

Selected Notes

General Information

(1) Principles for preparing the interim consolidated financial statements

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 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). For requirements relating to interim financial statements in particular IAS 34 is applied. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are part of the interim financial report in accordance with § 37w of the German Securities Trading Act (WpHG) and are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2010.

The interim consolidated financial statements as at 30 June 2011 comprise the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes. The segment reporting takes place in the notes.

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

(2) Accounting policies

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

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

In the fair value hedge portfolio, for the retrospective effectivity test disposals from the hedged portfolio were previously dealt with using the percentage method. From the second quarter of 2011 the bottom-layer method has been used to calculate the notional disposal figure. This change did not have a significant impact (EUR 2.9 million) on interest income. As the impact on subsequent periods will depend on future transactions, it is therefore not possible to calculate or disclose these.

In the period under review consideration has been given to the following amendments to the standards which were first applied as at 1 January:

In November 2009 the IASB published a revised version of IAS 24 - Related party disclosures. The revision essentially defined more precisely and supplemented the definition of related parties and to implement an exemption clause with regard to disclosures which have to be published by government-related entities.

In May 2010 the IASB published within the scope of its annual improvements project further amendments to existing IFRSs. These comprise both amendments to various IFRSs with effects on the approach, valuation and reporting of transactions and terminological or editorial adjustments. Most of the amendments come into effect in financial years starting on or after 1 January 2011.

The application of aforementioned amendments to the standards has the following effects on the NORD/LB Group.

Due to the initial application of IAS 24 (rev. 2009), the related parties are extended to include the subsidiaries and joint ventures of the state of Lower Saxony and the Sparkassenverband Niedersachsen, SVN (Savings Banks Association in Lower Saxony), and the subsidiaries of joint ventures and associated companies of the NORD/LB Group. As a result the volume of transactions to be disclosed in the notes is increased. The previous year's figures have been adjusted accordingly (cf. Note (36) Related party disclosures). The NORD/LB Group has not made use of the exemption clause included in the revised standard concerning disclosures for government-related entities.

Within the scope of the modification made to IAS 34 by the annual improvements project, the Level disclosures of IFRS 7 are added to the notes.

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

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

(3) Adjustment of figures for the previous year

In the interim financial report as at 30 June 2010 the profit / loss from financial assets reported for a bond sold in the first half of 2010 was too high by € 9 million and interest income from amortisation was too low by € 2 million.

1 Jan. – 30 Jun. 2010 (in € million)	Prior to adjustment	Adjustment	After adjustment
Interest income from fixed-income and book entry securities	763	2	765
Profit / loss from the disposal of debt securities and other fixed-interest securities	22	– 9	13
…	…		…
Earnings before taxes	**100**	**– 7**	**93**
Income taxes	32	– 2	30
Consolidated profit for the period	**68**	**– 5**	**63**

In addition to this, loan processing fees for new loans and restructurings totalling EUR 6 million were not reported under interest income, but under commission income.

1 Jan.–30 Jun. 2010 (in € million)	Prior to adjustment	Adjustment	After adjustment
Interest income from lending and money market transactions	2 588	6	2 594
Commission income from banking transactions	159	– 6	153

The respective adjustments were also taken into account in the notes for the following items: (6) net interest income, (8) net commission income and (11) profit / loss from financial assets.

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 51 (31 December 2010: 51) subsidiaries (including special purpose entities in accordance with SIC-12) in which NORD/LB directly or indirectly holds more than 50 per cent of the voting rights or over which NORD/LB is in a position to exercise control in another manner. In addition one (31 December 2010: 2) joint venture and 13 (31 December 2010: 13) associated companies are accounted for using the equity method.

The basis of consolidation has changed as follows compared to 31 December 2010:

NORD/LB and Sparkasse Hannover have decided to end their joint venture KreditServices Nord GmbH, Hanover. On the basis of a separation process, NORD/LB has a controlling interest with effect of 1 January 2011. KreditServices Nord GmbH, which was previously accounted for using the equity method, is therefore categorised as a subsidiary which is to be fully consolidated and the transitional consolidation took place with effect of 1 January 2011.

The previously fully consolidated fund NORD/LB AM VT Renten Classic was deconsolidated in the second quarter of 2011 with the return of all of the shares.

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

The subsidiaries, associated companies and joint venture included in the consolidated financial statements are shown in Note (38) Companies and investment funds included in the basis of consolidation.

Segment Reporting

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

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

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

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

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

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

RoRaC calculations in the segments include the contribution to income after loan loss provisions and valuation on committed capital (here 5 per cent of the higher value of the RWA limits and the amount called on). Calculation of the return on equity at Group level complies with the standard international definitions of financial ratios and refers to earnings before taxes (less interest expenses for silent investments in reported equity) on long-term equity under commercial law (share capital plus capital reserves, retained earnings and non-controlling interests less silent investments in reported equity).

A capital charge of 5 per cent of risk-weighted asset values is used to calculate the capital employed in the segments. These are based on regulations pertaining to German solvency regulations. Capital tied up in the segments is calculated on the basis of average annual figures. The reconciliation figure for the tied-up capital reported in the segments and the long-term equity in the Group in accordance with commercial law is included in the segment reconciliation. A transfer from long-term equity under commercial law to equity reported in the balance sheet is shown separately at the end of the segment overview.

The following segments are reported by business segment in the segment reporting:

Private and Commercial Customers

As well as business with private, individual, commercial and small-business customers, this business segment includes middle-market corporate customer business in the Braunschweig region. It also includes the business conducted by Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig, including restricted funds, and the share of the profit/loss from Bank DnB NORD A/S accounted for using the equity method for the last time in 2010.

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

Savings Bank Network

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

Financial Markets / Institutional Customers

This segment mainly includes the following divisions of the bank in Germany, in the foreign branches and in the Group companies: Markets, Corporate Sales, Portfolio Investments and Treasury. The financial markets business segment also includes NORD/LB COVERED FINANCE BANK S.A., Luxembourg, and NORDCON Asset Management Holding GmbH, Hanover, including investments and allocated special funds and public funds.

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

Corporate Customers

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

In the Energy and Infrastructure Customers, Ship and Aircraft Customers and Real Estate Banking Customers segments classical lending products and innovative products such as for example asset-backed securities transactions and financial engineering are generally offered irrespective of the respective industry. This primarily concerns financing for specific purposes.

Energy and Infrastructure Customers

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

Ship and Aircraft Customers

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

Real Estate Banking Customers

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

Group Controlling / Others

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

Reconciliations

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

(5) Segment reporting by business segment

30 Jun. 2011 (in € million)	Private and Commercial Customers	Savings Bank Network	Financial Markets / Institutional Customers ***)	Corporate Customers	Energy and Infrastructure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	142	31	250	119	77	188	120	32	– 105	855
Loan loss provisions	2	– 5	11	19	– 2	64	40	– 98	3	34
Net interest income after loan loss provisions	**140**	**36**	**240**	**100**	**79**	**124**	**80**	**130**	**– 107**	**821**
Net commission income	21	8	14	16	18	29	7	– 19	– 10	84
Profit / loss from financial instruments at fair value	1	6	38	6	1	8	2	– 109	– 74	– 120
Profit / loss from hedge accounting	–	–	–	–	–	–	–	49	–	49
Profit / loss from financial assets	3	–	– 38	–	–	–	–	54	–	18
Profit / loss from investments accounted for using the equity method	–	–	1	–	–	–	–	15	–	16
Administrative expenses	161	27	77	37	24	26	31	159	11	553
Other operating profit / loss	46	–	10	–	– 2	–	1	– 57	– 22	– 24
Earnings before taxes (EBT)	**50**	**23**	**189**	**86**	**72**	**134**	**59**	**– 97**	**– 225**	**291**
Taxes	–	–	–	–	–	–	–	–	76	76
Consolidated profit	**50**	**23**	**189**	**86**	**72**	**134**	**59**	**– 97**	**– 301**	**215**
Segment assets	11 755	26 145	137 119	14 263	13 887	25 069	20 844	– 26 954	– 3 822	218 307
of which: investments at equity	–	–	33	–	–	–	–	351	–	384
Segment liabilities	9 893	5 523	189 298	8 564	4 013	3 347	12 662	– 21 443	6 450	218 307
Risk-weighted assets	5 024	1 619	18 751	10 132	8 020	33 700	20 282	1 788	– 18 854	80 463
Capital employed*)	266	81	939	507	401	1 685	1 014	73	– 164	4 802
CIR	76.8 %	59.7 %	24.4 %	26.0 %	25.8 %	11.5 %	23.9 %	–	–	64.3 %
RoRaC/RoE**)	36.6 %	49.4 %	28.5 %	28.8 %	26.9 %	16.0 %	11.1 %	–	–	11.0 %

30 Jun. 2010 (in € million)	Private and Commercial Customers	Savings Bank Network	Financial Markets / Institutional Customers ***)	Corporate Customers	Energy and Infrastructure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Reconciliations	NORD/LB Group
Net interest income before loan loss provisions	137	30	301	109	81	182	123	3	– 199	766
Loan loss provisions	7	1	11	14	29	66	41	130	– 3	296
Net interest income after loan loss provisions	130	29	290	95	52	115	82	– 127	– 197	471
Net commission income	19	8	30	14	23	33	14	– 27	– 11	104
Profit / loss from financial instruments at fair value	6	4	– 129	4	1	11	–	– 20	112	– 11
Profit / loss from hedge accounting	–	–	– 1	–	–	–	–	98	– 4	93
Profit / loss from financial assets	–	–	– 6	–	–	–	–	1	– 3	– 8
Profit / loss from investments accounted for using the equity method	– 77	–	2	–	–	–	–	8	–	– 67
Administrative expenses	158	26	74	37	21	22	32	117	3	490
Other operating profit / loss	23	1	9	1	1	1	–	– 5	– 29	2
Earnings before taxes (EBT)	– 57	16	121	77	57	139	64	– 189	– 135	93
Taxes	–	–	–	–	–	–	–	–	30	30
Consolidated profit	– 57	16	121	77	57	139	64	– 189	– 165	63
Segment assets (31 Dec. 2010)	11 954	27 447	141 361	14 172	14 168	26 662	21 961	– 25 785	– 3 354	228 586
of which: investments at equity	–	–	32	–	–	–	–	370	–	402
Segment liabilities (31 Dec. 2010)	10 048	5 627	198 415	7 921	4 159	3 924	12 586	– 26 051	11 957	228 586
Risk-weighted assets	5 403	1 841	23 096	11 142	9 292	34 531	20 757	5 670	– 14 557	97 175
Capital employed*)	568	92	1 159	557	465	1 727	1 038	– 47	– 647	4 912
CIR	145.7 %	60.8 %	34.6 %	28.9 %	19.5 %	9.8 %	23.4 %	–	–	55.2 %
RoRaC/RoE**)	– 20.2 %	34.6 %	22.4 %	27.6 %	24.2 %	16.0 %	12.3 %	–	–	2.8 %

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

(in € million)	30.6.2011	30.6.2010
Long-term equity under commercial law	4 802	4 912
Revaluation reserve	– 339	275
Currency translation reserve	– 45	– 36
Accumulated profits	305	40
Silent participations in reported equity	839	818
Reported equity	5 561	6 009

**) By business segment RoRaC:
(Earnings before taxes *2) / core capital employed
For the Group RoE:
(Earnings before taxes – interest expenses for silent participations in reported equity) *2 / longterm equity under commercial law
= share capital +capital reserves +retained earnings + non-controlling interests – silent participations in reported equity)

***) Sales income 2011 not related to Financial Markets = € 22.6 million (€ 23.5 million)

Notes to the income statement

(6) Net interest income

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

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 *) (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	2 500	2 594	– 4
Interest income from fixed-income and book entry securities	715	765	– 7
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	2 756	2 914	– 5
Interest income from fair value option	39	46	– 15
Current income			
from shares and other variable-yield securities	5	10	– 50
from investments	70	6	> 100
Interest income from other amortisations	60	143	– 58
Other interest income and similar income	4	4	–
	6 149	**6 482**	**– 5**
Interest expense			
Interest expense from lending and money market transactions	1 466	1 456	1
Interest expense from securitised liabilities	937	1 106	– 15
Interest expense from financial instruments at fair value			
Interest expense from trading profit/loss and hedge accounting derivatives	2 410	2 594	– 7
Interest expense from fair value option	153	164	– 7
Interest expense from subordinated capital	160	154	4
Interest expense from other amortisations	125	202	– 38
Interest expense for provisions and liabilities	38	34	12
Other interest expenses and similar expenses	5	6	– 17
	5 294	**5 716**	**– 7**
Total	**855**	**766**	**12**

*) The disclosure of the amortisation amounts deriving from hedge accounting derivatives has changed as at the balance sheet day, 31 December 2010; the figures as at 30 June 2010 were adjusted accordingly.

(7) Loan loss provisions

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowance	213	76	> 100
Reversal of lumpsum specific loan loss provisions	11	12	– 8
Reversal of general loan loss provisions	98	29	> 100
Reversal of provisions for lending business	77	34	> 100
Additions to receivables written off	13	6	> 100
	412	**157**	**> 100**
Expenses for loan loss provisions			
Allocation to specific valuation allowance	352	252	40
Allocation to lumpsum specific loan loss provisions	6	8	– 25
Allocation to general loan loss provisions	20	129	– 84
Allocation to provisions for lending business	28	56	– 50
Direct write-offs of bad debts	40	8	> 100
	446	**453**	**– 2**
Total	**– 34**	**– 296**	**– 89**

The reversal of general loan loss provisions totals € 138 million. This includes an amount of € 40 million for off-balance-sheet transactions, which are reported under the item reversal of provisions for lending business.

The allocation to general loan loss provisions accounts totals € 42 million, € 22 million of which relates to off-balance-sheet transactions.

(8) Net commission income

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	148	153	– 3
Commission income from non-banking transactions	9	20	– 55
	157	**173**	**– 9**
Commission expense			
Commission expense from banking transactions	57	53	8
Commission expense from non-banking transactions	16	16	–
	73	**69**	**6**
Total	**84**	**104**	**– 19**

Commission income and commission expense from non-banking transactions relate in particular to insurance contracts.

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

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Trading profit/loss			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	– 16	31	> 100
Profit/loss from shares and other variable-yield securities	4	7	– 43
Profit/loss from derivatives	80	– 23	> 100
Profit/loss from receivables held for trading	– 43	49	> 100
	25	**64**	**– 61**
Profit/loss from valuation			
Profit/loss from debt securities and other fixed-interest securities	– 15	18	> 100
Profit/loss from shares and other variable-yield securities	– 3	– 13	77
Profit/loss from derivatives	– 240	128	> 100
Profit/loss from receivables held for trading	9	39	– 77
	– 249	**172**	**> 100**
Foreign exchange gains	– 6	4	> 100
Other income	2	1	100
	– 228	**241**	**> 100**
Profit/loss from the use of the fair value option			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	– 57	1	> 100
Profit/loss from liabilities to banks and customers	71	66	8
Profit/loss from securised liabilities	25	– 8	> 100
	39	**59**	**– 34**
Profit/loss from valuation			
Profit/loss from loans to banks and customers	– 4	12	> 100
Profit/loss from debt securities and other fixed-interest securities	81	79	3
Profit/loss from liabilities to banks and customers	47	– 363	> 100
Profit/loss from securitised liabilities	– 56	– 38	– 47
Profit/loss from other activities	1	– 1	> 100
	69	**– 311**	**> 100**
	108	**– 252**	**> 100**
Total	**– 120**	**– 11**	**> 100**

(10) Profit/loss from hedge accounting

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

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	22	113	– 81
from derivatives employed as hedging instruments	– 25	– 102	75
	– 3	**11**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	148	– 540	> 100
from derivatives employed as hedging instruments	– 96	622	> 100
	52	**82**	**– 37**
Total	**49**	**93**	**– 47**

(11) Profit/loss from financial assets

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

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Profit/loss from financial assets classified as LaR	**– 14**	**– 2**	**> 100**
Profit/loss from financial assets classified as AfS (excluding investments)			
Profit/loss from the disposal of			
Debt securities and other fixed-interest securities	38	13	> 100
Shares and other variable-yield securities	4	3	33
Other financial assets classified as AfS	–	1	– 100
Profit/loss from allowances for losses on			
Debt securities and other fixed-interest securities	– 41	– 15	> 100
Shares and other variable-yield securities	– 2	– 8	75
	– 1	**– 6**	**– 83**
Profit/loss from shares in companies (not consolidated)	**33**	**–**	**–**
Total	**18**	**– 8**	**> 100**

As a result of concessions made by lenders to the Greece government, Greek government bonds were revalued with a nominal volume of € 116 million (31. Dezember 2010: € 117 million). For these securities classified as AfS, a risk provision of € 51 million was made for an anticipated loss in value (31 Dezember 2010: 0 Mio €). The fair value of the securities is € 67 million (31 December 2010: € 87 million).

(12) Administrative expenses

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

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Staff expenses	285	256	11
Other administrative expenses	224	204	10
Amortisation and depreciation	44	30	47
Total	**553**	**490**	**13**

(13) Other operating profit/loss

	1 Jan.– 30 Jun. 2011 (in € million)	1 Jan.– 30 Jun. 2010 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	261	273	– 4
from insurance contracts	288	264	9
from other business	78	45	73
	627	**582**	**8**
Other operating expenses			
from allocation to provisions	404	385	5
from insurance contracts	162	148	9
from other business	85	47	81
	651	**580**	**12**
Total	**– 24**	**2**	**> 100**

Income from the reversal of provisions and expense from allocation to provisions primarily concern provisions relating to insurance contracts. The expense from allocation to provisions also includes an amount of € 43 million (€ 0 million) provided for the bank levy in accordance with the Restructuring Fund Act. This was estimated based on the Restructuring Fund Regulation that was subsequently passed.

Other operating income from insurance contracts is primarily the result of premium income (€ 241 million (€ 221 million)) and income from insurance contracts (€ 22 million (€ 18 million)).

Income from other business includes income from the the chartering of ships relating restructuring commitments in lending business (€ 25 million (€ 0 million)), income from the redemption of the bank's own issues (€ 10 million (€ 8 million)), reimbursements of costs (€ 7 million (€ 6 million)), rental income from investment property (€ 5 million (€ 6 million)) and income from data processing services for third parties (€ 1 million (€ 1 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 130 million (€ 115 million)) and expenses from deferred reinsurance contracts (€ 24 million (€ 26 million)).

Expenses from other business essentially comprise expenses from reductions in loans and advances (€ 26 million (€ 14 million)), expenses from the redemption of debt securities (€ 10 million (€ 18 million)) and expenses to generate charter income from ships (€ 11 million (€ 0 million)).

(14) Income taxes

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

Notes to the balance sheet

(15) Loans and advances to banks

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	3 742	5 415	– 31
Foreign banks	2 279	2 822	– 19
	6 021	**8 237**	**– 27**
Other loans and advances			
German banks			
Due on demand	906	584	55
With a fixed term or period of notice	21 350	22 465	– 5
Foreign banks			
Due on demand	313	298	5
With a fixed term or period of notice	3 729	5 150	– 28
	26 298	**28 497**	**– 8**
Total	**32 319**	**36 734**	**– 12**

(16) Loans and advances to customers

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	3 177	2 049	55
Customers abroad	25	26	– 4
	3 202	**2 075**	**54**
Other loans and advances			
Domestic customers			
Due on demand	2 193	1 804	22
With a fixed term or period of notice	76 780	79 072	– 3
Customers abroad			
Due on demand	206	260	– 21
With a fixed term or period of notice	28 231	30 394	– 7
	107 410	**111 530**	**– 4**
Total	**110 612**	**113 605**	**– 3**

(17) Loan loss provisions

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Specific valuation allowance	1 213	1 312	– 8
Lumpsum specific loan loss provisions	30	35	– 14
General loan loss provisions	587	671	– 13
Total	**1 830**	**2 018**	**– 9**

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

	Specific valuation allowance		Lumpsum specific loan loss provisons		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
1 Jan.	**1 312**	**1 276**	**35**	**44**	**671**	**472**	**172**	**135**	**2 190**	**1 927**
Allocations	352	252	6	8	20	129	28	56	406	445
Reversals	213	76	11	12	98	29	77	34	399	151
Utilisation	195	227	–	1	–	–	1	4	196	232
Unwinding	– 28	– 26	–	–	–	–	–	– 1	– 28	– 27
Effects from currency translation and other changes	– 15	48	–	–	– 6	4	– 4	4	– 25	56
30 Jun.	**1 213**	**1 247**	**30**	**39**	**587**	**576**	**118**	**156**	**1 948**	**2 018**

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

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Trading assets			
Bonds and debt securities	5 045	3 054	65
Shares and other variable-yield securities	116	112	4
Positive fair values from derivatives	6 732	7 051	– 5
Trading portfolio claims	2 097	2 501	– 16
	13 990	**12 718**	**10**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	525	242	> 100
Debt securities and other fixed-interest securities	1 746	2 132	– 18
Shares and other variable-yield securities	11	11	–
	2 282	**2 385**	**– 4**
Total	**16 272**	**15 103**	**8**

(19) Financial assets

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

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

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Financial assets classified as LaR	**4 643**	**4 910**	**– 5**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	50 389	52 651	– 4
Shares and other variable-yield securities	375	388	– 3
Shares in companies	262	717	– 63
	51 026	**53 756**	**– 5**
Total	**55 669**	**58 666**	**– 5**

(20) Investments accounted for using the equity method

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Joint ventures	22	27	– 19
Associated companies	362	375	– 3
Total	**384**	**402**	**– 4**

(21) Property and equipment

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Land and buildings	354	310	14
Operating and office equipment	70	71	– 1
Ships	254	281	– 10
Other property and equipment	7	40	– 83
Total	**685**	**702**	**– 2**

(22) Intangible assets

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Software			
Purchased	16	15	7
Internally generated	41	45	– 9
	57	**60**	**– 5**
Intangible assets under development	84	77	9
Goodwill	–	11	– 100
Other intangible assets	13	13	–
Total	**154**	**161**	**– 4**

The write-down of goodwill relates entirely to the goodwill generated in the acquisition of Deutsche Hypothekenbank.

(23) Assets held for sale

The carrying amount of assets held for sale is € 1 million (€ 1 million). This relates entirely to property and equipment (buildings).

(24) Other assets

The item other assets in the statement of financial position includes assets relating to insurance contracts to the amount of € 151 million (€ 150 million). These concern soley assets from outwards reinsurance.

(25) Liabilities to banks

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Deposits from other banks			
German banks	427	229	86
Foreign banks	42	50	– 16
	469	**279**	**68**
Liabilities resulting from money market transactions			
German banks	13 269	17 269	– 23
Foreign banks	9 748	12 592	– 23
	23 017	**29 861**	**– 23**
Other liabilities			
German bank			
Due on demand	1 073	2 015	– 47
With a fixed term or period of notice	23 279	23 325	–
Foreign banks			
Due on demand	890	323	> 100
With a fixed term or period of notice	5 143	5 159	–
	30 385	**30 822**	**– 1**
Total	**53 871**	**60 962**	**– 12**

(26) Liabilities to customers

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	930	985	– 6
Customers abroad	21	21	–
With an agreed notice period of more than three months			
Domestic customers	523	455	15
Customers abroad	3	3	–
	1 477	**1 464**	**–**
Liabilities resulting from money market transactions			
Domestic customers	16 316	11 466	42
Customers abroad	2 593	3 062	– 15
	18 909	**14 528**	**30**
Other liabilities			
Domestic customers			
Due on demand	8 504	9 530	– 11
With a fixed term or period of notice	33 454	33 541	–
Customers abroad			
Due on demand	497	494	1
With a fixed term or period of notice	912	1 185	– 23
	43 367	**44 750**	**– 3**
Total	**63 753**	**60 742**	**5**

(27) Securitised liabilities

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Issued debt securities			
Mortgage bonds	8 424	8 060	5
Municipal bonds	18 563	19 347	– 4
Other debt securities	35 559	36 314	– 2
	62 546	**63 721**	**– 2**
Money market instruments			
Commercial papers	2 961	4 691	– 37
Certificates of deposit	276	768	– 64
Other money market instruments	1 298	1 089	19
	4 535	**6 548**	**– 31**
Other securitised liabilities	**369**	**792**	**– 53**
Total	**67 450**	**71 061**	**– 5**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities in the amount of € 7 570 million (€ 8 398 million).

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

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	6 409	7 719	– 17
Delivery obligations from short-sales	305	235	30
	6 714	**7 954**	**– 16**
Financial liabilities designated at fair value			
Liabilities to banks and customers	4 790	4 970	– 4
Securitised liabilities	3 200	3 638	– 12
Subordinated capital	24	25	– 4
	8 014	**8 633**	**– 7**
Total	**14 728**	**16 587**	**– 11**

(29) Provisions

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Provisions for pensions and other obligations	1 354	1 355	–
Other provisions	2 063	2 002	3
Total	**3 417**	**3 357**	**2**

Other provisions include provisions from insurance contracts to the amount of € 1 745 million (€ 1 681 million).

(30) Other liabilities

The item other liabilities in the statement of financial position includes liabilities from insurance contracts to the amount of € 45 million (€ 47 million). These contain liabilities from direct insurance and reinsurance contracts in the amount of € 5 million (€ 3 million).

(31) Subordinated capital

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Subordinated liabilities	3 596	3 622	– 1
Participatory capital	307	530	– 42
Silent participations	2 254	2 421	– 7
Total	**6 157**	**6 573**	**– 6**

Other disclosures

(32) Fair value hierarchy

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

	Level 1		Level 2		Level 3		Total	
(in € million)	30 Jun. 2011	31 Dec. 2010	30 Jun. 2011	31 Dec. 2010	30 Jun. 2011	31 Dec. 2010	30 Jun. 2011	31 Dec. 2010
Assets held for trading	7 105	5 373	6 873	7 129	12	216	13 990	12 718
Designated financial assets reported at fair value	983	1 258	757	419	542	708	2 282	2 385
Positive fair values from hedge accounting derivatives	–	–	2 143	2 938	–	–	2 143	2 938
Financial assets at fair value	40 197	38 602	8 217	6 994	2 455	7 921	50 869	53 517
Assets	**48 285**	**45 233**	**17 990**	**17 480**	**3 009**	**8 845**	**69 284**	**71 558**
Liabilities held for trading	320	214	6 231	7 461	163	279	6 714	7 954
Designated financial liabilities reported at fair value	2 301	3 161	5 713	5 472	–	–	8 014	8 633
Negative fair values from hedge accounting derivatives	–	–	1 873	2 269	–	–	1 873	2 269
Liabilities	**2 621**	**3 375**	**13 817**	**15 202**	**163**	**279**	**16 601**	**18 856**

The transfers within the fair value hierarchy are summarised as follows:

1 Jan.–30 Jun. 2011 (in € million)	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
Assets held for trading	–	–	125	–	140	– 16
Designated financial assets reported at fair value	–	–	9	–	–	65
Financial assets reported at fair value	367	11	347	4	2 811	1 683
Liabilities held for trading	–	–	9	20	13	71
Designated financial liabilities reported at fair value	160	–	–	–	–	

For the financial instruments the activity status of the parameters used for the measurement is reviewed on an individual transaction basis. The review as at the balance sheet date showed that the market has picked up since the previous balance sheet date all categories, particularly the market for financial assets. This has resulted in a shift in value towards near-market categories, with Level 1 values clearly dominating. The drawback of the model can also be clearly seen in a fall in the number of valuations transferring to Level 3 values.

(33) Derivative financial instruments

(in € million)	Nominal values		Fair values			
	30 Jun. 2011	31 Dec. 2010	positive 30 Jun. 2011	positive 31 Dec. 2010	negative 30 Jun. 2011	negative 31 Dec. 2010
Interest rate risks	315 785	323 414	6 567	8 184	6 596	7 770
Currency risk	72 699	73 103	2 206	1 692	1 118	1 639
Share price and other price risks	1 396	3 111	70	83	71	59
Credit risk	9 962	9 763	32	30	497	520
Total	**399 842**	**409 391**	**8 875**	**9 989**	**8 282**	**9 988**

(34) Regulatory capital

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

(in € million)	30 Jun. 2011	31 Dec. 2010
Risk-weighted assets	**80 463**	**86 850**
Capital requirements for credit risks	5 928	6 468
Capital requirements for market risks	172	183
Capital requirements for operational risks	337	297
Capital requirements according to the SolvV	**6 437**	**6 948**

The following schedule shows the composition of regulatory equity for the group of institutes in accordance with § 10 in conjunction with § 10a of the German Banking Act.

(in € million)	30 Jun. 2011	31 Dec. 2010*)
Paid-in capital	1 215	1 213
Further capital	21	–
Other reserves	2 944	2 823
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1 425	1 082
Other capital	2 844	2 855
Other components	– 54	– 28
Core capital	8 395	7 945
Deductions from core capital	– 709	– 1 116
Core capital for solvency reasons	**7 686**	**6 829**
Non-current subordinated liabilities	3 424	3 437
Participatory capital liabilities	297	297
Other components	22	152
Supplementary capital	3 743	3 886
Deductions from supplementary capital	– 709	– 1 116
Supplementary capital for solvency reasons	**3 034**	**2 770**
Modified available equity	**10 720**	**9 599**
Tier three capital	–	–
Eligible capital in accordance with § 10 of the German Banking Act	**10 720**	**9 599**

*) Previous year’s figures were adjusted.

(in %)	30 Jun. 2011	31 Dec. 2010
Overall ratio according to § 2 Paragraph 6 of the German Solvency Regulation (SolvV) *)	13.32	11.05
Core capital ratio **)	9.55	7.86

*) The previous year's figure was adjusted.

**) Since 30 June 2011 the core capital ratio is calculated as follows:
Core capital for solvency reasons / risk weighted assets.
The previous year's figure was adjusted accordingly.

(35) Contingent liabilities and other obligations

	30 Jun. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 694	7 026	–5
Other obligations			
Irrevocable credit commitments	12 864	12 978	–1
Total	**19 558**	**20 004**	**–2**

(36) Related parties

The scope of transactions with related parties (not including those to be eliminated under consolidation) can be seen in the following:

30 Jun. 2011 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	1 044 512	–	133 336
to customers	2 737 560	66 113	2 941	276 309	2 631	479 286
Other unsettled assets	2 296 397	51	–	50 468	–	2 663
Total assets	**5 033 957**	**66 164**	**2 941**	**1 371 289**	**2 631**	**615 285**
Unsettled liabilities						
to banks	–	–	–	342 606	–	98 847
to customers	1 292 141	47 137	23 536	106 303	2 499	292 270
Other unsettled liabilities	5 894	1 311 293	–	152	25	121 791
Total liabilities	**1 298 035**	**1 358 430**	**23 536**	**449 061**	**2 524**	**512 908**
Guarantees / sureties received	4 210 347	27	–	5 000	–	20
Guarantees / sureties granted	5 325 031	750	1 704	5 974	–	1 042

1 Jan.–30 Jun. 2011 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	35 689	48 333	233	12 213	27	8 619
Interest income	82 613	1 573	150	25 840	49	11 563
Commission expense	11 973	–	–	–	–	437
Commission income	37	4	14	135	–	12
Other income and expenses	23 826	11	2	3 824	– 29	3 938
Total contributions to income	**58 814**	**– 46 745**	**– 67**	**17 586**	**– 7**	**6 457**

31 Dec. 2010 *) (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	1 030 614	–	89 498
to customers	3 000 218	68 529	17 313	246 061	2 077	399 577
Other unsettled assets	1 762 628	211	–	47 504	–	2 467
Total assets	**4 762 846**	**68 740**	**17 313**	**1 324 179**	**2 077**	**491 542**
Unsettled liabilities						
to banks	–	–	–	359 818	–	141 996
to customers	998 384	52 974	133 410	159 074	2 809	313 541
Other unsettled liabilities	46 634	1 313 410	–	477	–	125 355
Total liabilities	**1 045 018**	**1 366 384**	**133 410**	**519 369**	**2 809**	**580 892**
Guarantees / sureties received	4 247 347	27	–	5 000	–	–
Guarantees / sureties granted	5 325 031	750	2 196	7 995	–	2 199

1 Jan.–30 Jun. 2010 *) (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	8 660	47 275	1 180	6 150	28	1 375
Interest income	65 521	1 980	20 051	25 317	46	12 898
Commission expense	11 999	–	–	–	–	–
Commission income	107	125	82	149	–	31
Other income and expenses	– 36 289	20	10 766	9 842	– 24	1 164
Total contributions to income	**8 680**	**– 45 150**	**29 719**	**29 158**	**– 6**	**12 718**

*) The previous year's figures were adjusted according to the change in IAS 24.

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

(37) Members of governing bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman of the Managing Board)

Christoph Schulz
(Deputy Chairman of the Managing Board)

Eckhard Forst

Dr. Hinrich Holm

Dr. Johannes-Jörg Riegler

2. Members of the Supervisory Board

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

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

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

Frank Berg
Chairman of the Managing Board
OstseeSparkasse Rostock

Hermann Bröring
County Officer
Emsland District

Edda Döpke
Bank employee
NORD/LB Hannover

Ralf Dörries
Senior Vice President
NORD/LB Hannover

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

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Dr. Gert Hoffmann
Mayor, City of Braunschweig

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board
Sparkasse Hannover

Manfred Köhler
Chairman of the Managing Board
Salzlandsparkasse

Heinrich v. Nathusius
Managing Director
IFA Gruppe

August Nöltker
Union Secretary
ver.di Vereinte Dienstleistungsgewerkschaft
District administration

Freddy Pedersen
Deputy District Manager
United Services Union
ver.di Vereinte Dienstleistungsgewerkschaft

Ilse Thonagel
Bank employee
Landesförderinstitut
Mecklenburg-Western Pomerania

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

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

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereedungs GmbH & Co., Buxtehude	–	–
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	92.50
Bremische Grundstücks-GmbH, Bremen	100.00	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pöcking	–	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Berlin and Hanover	–	100.00
GEBAG Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAG Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Delaware/USA	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
KreditServices Nord GmbH, Hanover	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
MT „BALTIC COMMODORE“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC CHAMPION“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SCORPIUS“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC SOLAR“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „NORDIC STAR“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
Nieba GmbH, Hanover	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg/Luxembourg	–	100.00
NORD/FM Norddeutsche Facility Management GmbH, Hanover	–	100.00
NORD/LB Asset Management Holding GmbH, Hanover	–	100.00
NORD/LB Capital Management GmbH, Hanover	100.00	–
NORD/LB COVERED FINANCE BANK S.A., Luxembourg/Luxembourg	100.00	–
NORD/LB G-MTN S.A., Luxembourg/Luxembourg	–	100.00
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Magdeburg	–	–
NORD/LB Kapitalanlagegesellschaft AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
Öffentliche Facility Management GmbH, Braunschweig	100.00	–
Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig	–	75.00
„OLIVIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„OLYMPIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PANDORA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
PANIMA GmbH & Co. Objekte Braunschweig KG, Pullach im Isartal	–	94.00
PANIMA GmbH & Co. Objekt Hannover KG, Pullach im Isartal	–	94.00
„PRIMAVERA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
Skandifinanz AG, Zurich/Switzerland	100.00	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
Investment funds included in the consolidated financial statements		
NORD/LB AM 118 NLB	–	100.00
NORD/LB AM High-Yield	–	95.03
NORD/LB AM 9	100.00	–
NORD/LB AM 52	–	100.00
NORD/LB AM 56	–	100.00
NORD/LB AM 65	–	100.00
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–
Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint Ventures		
LHI Leasing GmbH, Pullach im Isartal	43.00	6.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
DEUTSCHE FACTORING BANK Deutsche Factoring GmbH & Co. KG, Bremen	27.50	–
GSG OLDENBURG Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover	44.00	–
LINOVO Productions GmbH & Co. KG, Munich	–	45.17
NORD Holding Unternehmensbeteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	40.00
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH, Magdeburg	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investmentfonds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
NORD/LB AM Emerging Market Bonds	–	32.94
NORD/LB AM Global Challenges Index-Fonds	–	35.75

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the income, assets and financial position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hanover / Braunschweig / Magdeburg, 23 August 2011

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel Schulz

Forst Dr. Holm Dr. Riegler

Review Report

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes, as well as the interim group management report of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig and Magdeburg, 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] on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements 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 [International Financial Reporting Standards] 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.

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 IFRSs on interim financial reporting as adopted by the EU or 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.

Hanover, 23 August 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Müller-Tronnier
German Public Auditor

Hultsch
German Public Auditor

Statements relating to the future

This report contains statements relating to the future. They can be recognised in terms such as "expect", "intend", "plan", "endeavour" and "estimate" and are based on our current plans and estimations. These statements contain uncertainties since a number of factors which affect our business are beyond the sphere of influence of NORD/LB. These factors notably include developments in the financial markets and changes in interest rates and market prices. Actual results and developments may deviate considerably from current assumptions. NORD/LB does not assume any responsibility and nor does it intend to update these statements relating to the future or to adjust them in the event of developments which deviate from those that had been anticipated.

Financial calendar 2011/2012

30 November 2011	Release of interim results as at 30 September 2011
April 2012	Release of interim results as at 31 December 2011

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover
Phone: +49 511 361-0
Fax: +49 511 361-25 06
Email: info@nordlb.de

Please download our annual and interim reports at www.nordlb.de.
Our Investor Relations team will be glad to give assistance in case of any questions.
Phone: +49 511 361-43 38
Email: ir@nordlb.de

Branches (including Braunschweigische Landessparkasse)

Braunschweig	Bad Harzburg	Duesseldorf
Hamburg	Helmstedt	Holzminden
Magdeburg	Salzgitter	Schwerin
Seesen	Vorsfelde	Wolfenbüttel

In addition there are more than 100 Branches and self-services in the Braunschweig area. For more details, please follow this link: https://www.blsk.de

International branches
London, New York, Singapore, Shanghai

Representative offices
Beijing, Moscow, Mumbai

Major holdings (alphabetical)
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale – , Bremen and Oldenburg
Deutsche Hypothekenbank (Actien-Gesellschaft), Hanover (Amsterdam, Berlin, Duesseldorf, Frankfurt, Hanover, Hamburg, London, Madrid, Munich, Nuremberg, Paris)
Norddeutschen Landesbank Luxembourg S.A., Luxembourg
(with the subsidiary: NORD/LB COVERED FINANCE BANK S.A., Luxembourg)
NORD/LB Asset Management Holding AG, Hanover

Die norddeutsche Art.

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover
Phone: +49 (0) 511/361-0
Fax: +49 (0) 511/361-2502

www.nordlb.de

Finanzgruppe