



## **Navigating NORTH**

Interim report as at 31 March 2011

## NORD/LB Group at a glance

	1 Jan.– 31 Mar. 2011	1 Jan.– 31 Mar. 2010	Change (in %)
<b>In € million</b>			
Net interest income	384	358	7
Loan loss provisions	11	– 149	> 100
Net commission income	45	50	– 10
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	36	67	– 46
Other operating profit/loss	– 34	5	> 100
Administrative expenses	282	249	13
Profit/loss from financial assets	– 28	– 10	> 100
Profit/loss from investments accounted for using the equity method	5	– 19	> 100
Earnings before taxes	137	53	> 100
Income taxes	50	23	> 100
Consolidated profit	87	30	> 100
<b>Key figures in %</b>			
Cost-Income-Ratio (CIR)	64,7	53,9	
Return-on-Equity (RoE)	10,2	3,2	

	31 Mar. 2011	31 Dec. 2010	Change (in %)
<b>Balance figures in € million</b>			
Total assets	221 795	228 586	– 3
Customer deposits	63 929	60 742	5
Customer loans	110 605	113 605	– 3
Equity	5 682	5 890	– 4
<b>Regulatory key figures</b>			
Core capital in € million	8 109	7 945	2
Regulatory equity in € million	9 865	9 605	3
Risk-weighted assets in € million	83 888	86 850	– 3
BIZ total capital ratio in %	11,8	11,1	
BIZ core capital ratio in %	9,7	9,1	

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

Total differences are rounding differences and may cause minor deviations in the calculation of percentages.

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# Interim report as at 31 March 2011

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Hannover

# Interim Group Management Report as at 31 March 2011

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## 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 guarantors of the bank are the 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 Guarantors' 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.

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## Control Systems

The control of profitability, productivity and the risk profile in the Group is 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 rate of risk, 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 minority interests less silent participations in reported equity).

Based on a central, medium-term forecast of the operating result, the bank prepares in the third and fourth quarter 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 three months of 2010 or the 31 December 2010 are shown in brackets.)

## Income

The first three months of the financial year 2011 closed with very satisfactory earnings before taxes of € 137 million.

The figures for the income statement are summarised as follows:

(in € million)	1 Jan.–31 Mar. 2011	1 Jan.–31 Mar. 2010 <sup>1)</sup>	Change <sup>2)</sup>
Net interest income	384	358	26
Loan loss provisions	11	– 149	160
Net commission income	45	50	– 5
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	36	67	– 31
Other operating profit/loss	– 34	5	– 39
Administrative expenses	282	249	– 33
Profit/loss from financial assets	– 28	– 10	– 18
Profit/loss from investments accounted for using the equity method	5	– 19	24
<b>Earnings before taxes</b>	<b>137</b>	<b>53</b>	<b>84</b>
Income taxes	50	23	– 27
<b>Consolidated profit</b>	<b>87</b>	<b>30</b>	<b>57</b>

<sup>1)</sup> The sign of the "change" column figures reflects the impact on the result.

<sup>2)</sup> 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).

Net interest income rose compared to the same period of the previous year by € 26 million to € 384 million. The reduced level of interest expenses and interest income is due to low interest rates we saw in the last years, while the rise in net interest income is attributable to improved margins in new business.

Loan loss provisions are up on the previous year at € 11 million. This is primarily due to the net reversal of general loan loss provisions in the amount of € 52 million. In the same period of the previous year the net allocation to general loan loss provisions was € 106 million. Net specific valuation allowances and lumpsum specific loan loss provisions totalled € 26 million (€ 21 million). In addition to this, a net allocation of € 11 million (€ 22 million) was made to the provision for credit risks. Of this, € 2 million relates to the reversal of general loan loss provisions in lending business.

Net commission income is, at € 45 million, around € 5 million lower than in the same period of the previous year. This is primarily due to the increase in commission expenses in trust activities and brokerage business. Guarantee commission for the financing of projects for renewable energy sources also fell.



The profit/loss from financial instruments at fair value including hedge accounting has been significantly affected by changes in short and medium-term interest rates in the eurozone. Rising interest rates resulted in valuation losses for both the Group's interest-bearing securities and interest derivatives in the period under review, whereas a positive contribution to earnings was generated in the first quarter of the previous year due to falling interest rates. The convergence of EUR/USD base spreads in the period under review also resulted in valuation losses for currency derivatives. 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 increase in administrative expenses by € 33 million to € 282 million is primarily due to the increase in IT and communication costs and staff expenses.

The profit/loss from financial assets fell by € 18 million compared to the previous year to € 28 million. The profit/loss in the previous year was significantly impacted by impairments on Greek government bonds.

Profit/loss from investments accounted for using the equity method is, at € 5 million, around € 23 million up on the same period for the previous year. The strong improvement is due to the deconsolidation of Bank DnB NORD A/S as at 31 December 2010, which had a negative impact of € 24 million on the previous year's profit/loss.

The other operating profit/loss of € -34 million is well below the previous year's profit/loss of € 5 million. This is mainly attributable to the full provision made for the bank levy in the amount of € 42 million. Charter income from the consolidation of one-ship companies had a positive impact in the amount of € 8 million on profit/loss.

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)	31 Mar. 2011	31 Dec. 2010	Change
Loans and advances to banks	34 567	36 734	- 2 167
Loans and advances to customers	110 605	113 605	- 3 000
Loan loss provisions	- 1 881	- 2 018	137
Financial assets at fair value through profit or loss	16 169	15 103	1 066
Financial assets	55 965	58 666	- 2 701
Investments accounted for using the equity method	384	402	- 18
Other assets	5 986	6 094	- 108
<b>Total assets</b>	<b>221 795</b>	<b>228 586</b>	<b>- 6 791</b>
Liabilities to banks	55 036	60 962	- 5 926
Liabilities to customers	63 929	60 742	3 187
Securitised liabilities	68 310	71 061	- 2 751
Financial liabilities at fair value through profit or loss	14 754	16 587	- 1 833
Provisions	3 456	3 357	99
Other liabilities	10 628	9 987	641
Reported equity including non-controlling interests	5 682	5 890	- 208
<b>Total liabilities and equity</b>	<b>221 795</b>	<b>228 586</b>	<b>- 6 791</b>

The balance sheet total fell compared to 31 December 2010 by € 6.8 billion to € 221.8 billion. On the assets side the fall in the balance sheet total can be seen in particular in loans and advances to customers, loans and advances to banks and financial assets. On the liabilities side in particular liabilities to banks, securitised liabilities and financial liabilities at fair value through profit or loss fell. Reported equity fell by € 208 million. The negative comprehensive income for the period in the amount of € 148 million, which is due in particular to the fall in the fair value of AfS financial instruments due to rising interest rates, and the dividend of € 76 million paid to the Group's shareholders in the first quarter were mainly responsible for this.

Loans and advances to customers are still the largest balance sheet item at 50 per cent (50 per cent), followed by financial assets at 25 per cent (26 per cent).

Financial assets at fair value through profit or loss comprise trading assets and financial instruments 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. Overall there was increase as at the balance sheet date of 31 March 2011 of € 1.1 billion.

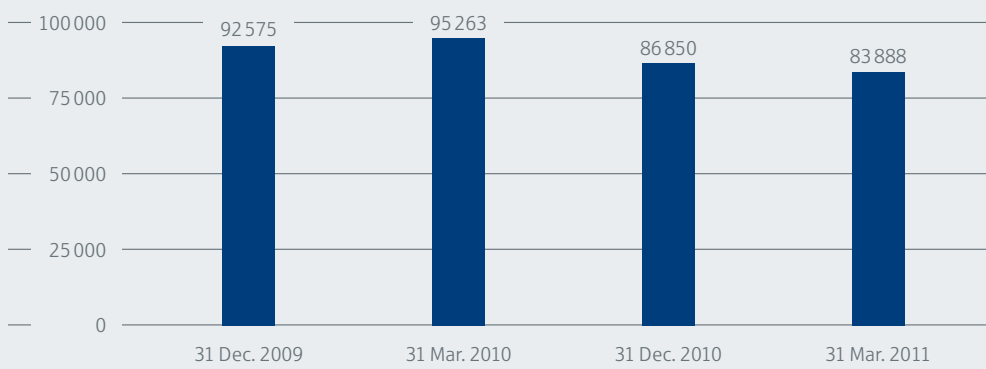
The rise in liabilities to customers is seen in particular in liabilities resulting from money market transactions. The fall in securitised liabilities is mainly attributable to the further improvement in the liquidity position.

Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. Compared to the previous year they have fallen by € 1.8 billion. This is primarily attributable to the development in negative fair values from derivatives in trading liabilities.

Regulatory capital was € 9.9 billion as at the reporting date, of which € 8.1 billion related to core capital. The overall ratio (= total capital ratio) rose slightly from 11.06 per cent as at 31 December 2010 to 11.76 per cent as at 31 March 2011.

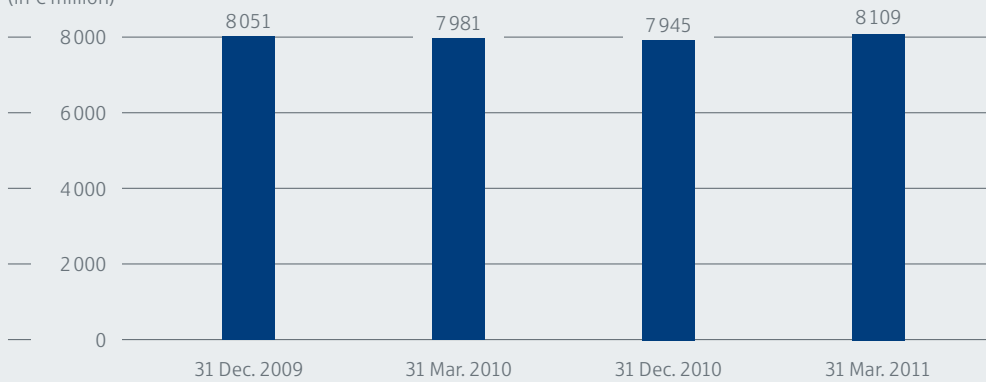
Risk-weighted assets as at the balance sheet date of 31 March 2011 and the last three balance sheet dates are illustrated as follows:

(in € million)



Core capital has changed as follows:

(in € million)



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## Economic Development to 31 March 2011

In the first quarter of 2011 the economic recovery gathered pace in Germany. Between January and March seasonally-adjusted real GDP grew slightly according to an estimate by the Federal Statistical Office by 1.5 per cent compared to the previous quarter. This results in an annual growth rate for real GDP of 5.2 per cent. The seasonally and calendar-adjusted rate is 4.9 per cent above the previous year's level due to an additional working day. This is the biggest year-on-year increase since reunification. The already high level of economic activity was also boosted by the unusually mild weather in the first quarter of 2011. In particular the construction sector benefited from this and quickly made up for the production lost in the frosty December. Investment in plant and equipment and private consumer expenditure also had a positive impact. The trade balance's contribution to growth in the first quarter was less than at the end of 2010 as the increase in exports was met by an even bigger increase in imports.

The recovery therefore continued as expected during the winter. In the first quarter of 2011 growth was for the first time slightly above the level seen before the crisis. In the current spring quarter economic growth is likely to slow down. Recently published hard economic indicators such as incoming orders and industrial production are the first signs of proof of a shift to a slightly more moderate pace. On the other hand, survey-based early indicators have recently fallen only slightly at most. In spite of many potential negative factors such as the crisis in Libya, the earthquake and nuclear disaster in Japan, the ongoing debt crisis and the sharp rise in raw materials and energy prices, economic sentiment indicators have proven to be surprisingly robust.

In view of the dynamic economic growth, the situation in the German job market has improved continuously of late. In April 2011 the seasonally-adjusted unemployment rate fell to 7.1 per cent, the lowest level since the reunification of Germany. The non-seasonally-adjusted unemployment rate, which receives much more public attention, fell to 7.3 per cent. In April there were therefore 3.078 million people registered as unemployed, 321 thousand less than in the same month of the previous year. In March the number of employed people reached 40.86 million, which is also a record for the reunified Germany. The number of unemployed will soon fall below three million again.

The price of crude oil rose significantly at the start of the year against the background of the global economic recovery and unrest in the Arab world. By the time it reached its high of a good USD 125/barrel in mid-April, the price of Brent crude oil had risen by ca. USD 300/barrel since the start of the year. Since the start of May the price of oil has fallen somewhat from these highs, but will according to our forecast still average over USD 100/barrel for the year. Inflation has gathered pace due to the rise in energy and raw materials prices both in Germany and in the eurozone. In April the Harmonised Index of Consumer Prices (HICP) rose in Germany to 2.7 per cent, while the inflation rate in the eurozone was slightly higher at 2.8 per cent.

Against this background the European Central Bank (ECB) felt compelled to abandon its expansive monetary policy. At the start of April the ECB raised its base rates for the first time in almost two years due to the sharp rise in inflation. In particular the persistently high price increases in energy and raw materials markets are placing the ECB under further pressure. Due to the persistently high inflationary pressure on upstream import and producer price levels, it is not yet possible to sound the all-clear. In addition to this, capacity utilisation has risen significantly and is, at least in Germany, already well above the long-term average. As a result of this wage increases are also higher than in previous years. On top of this, the survey-based indicators for the inflationary expectations of companies and consumers remained at a historically high level into April. NORD/LB is expecting both for Germany and the eurozone an average annual inflation rate of 2.5 per cent, which will be well above the ECB target of below or close to two per cent.

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In the first few months of 2011 the financial markets were repeatedly affected by new developments relating to the euro debt crisis. The markets reacted very nervously in some quarters, and the agreement reached at the end of March between the eurozone's heads of state and government for a permanent European Stability Mechanism (ESM) did nothing to change this. There were several reasons for the recent tensions. First of all, the Portuguese government failed with its savings plans, and became the third state following Greece and Ireland to ask for help from the euro community. Secondly, some states in the eurozone failed to meet their deficit targets in the past year, including Portugal and Greece. Due to the severe recession, Greece was, at 10.5 per cent, well over its targeted deficit ratio of 8 per cent in relation to GDP. The level of debt rose as at the end of 2010 to ca. € 329 billion and has already increased this year to over 150 per cent of annual economic output.

The high yield pick-ups for Greek, Irish and Portuguese government bonds compared to German government bonds highlight the ongoing mistrust of the markets and are evidence of the constant risk of ripple effects in the eurozone.

After the positive economic development continued in the first quarter of 2011, the DAX (German Stock Index) climbed temporarily to over 7,500 points and reached its high for the year so far of 7,528 points (closing price) on 2 May. German government bonds continued, in light of the escalating euro debt crisis, to be sought as a safe haven, and as a result yields from 10-year German government bonds fell to 3.1 per cent following a high for the year so far of 3.5 per cent on 13 May. US treasuries also benefited from the uncertainty in the markets and mid-May 10-year treasury yields were only a few basis points above German government bonds. Due to this development and the change in interest rates made by the ECB, the yield curve has flattened much more in Germany than in the USA, where the Federal Reserve has not taken this action. The yield gap between ten and two-year government bonds fell by 13 May to 131 basis points, while the slope of the yield curve in the USA was much steeper at the same time with 264 basis points.

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## 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 quarter for the rest of the year. However, all of the indicators are pointing towards the continuation of solid growth. For the whole of 2011, gross domestic product will grow by more than 3 per cent as in the previous year. The recovery will be supported by both the trade balance and domestic demand. As a strongly export-oriented company, Germany is benefiting from the continuing strong expansion of global trade. The high growth in the emerging markets should ensure that in particular the demand for capital goods, a major export earner for the German economy, will remain high. 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 incomes. The stable income expectations will, in conjunction with the still very low mortgage interest rates, also result in significant 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 expanding will increase.

The fiscal policy should have a slightly restrictive impact in view of the great need for consolidation in Germany, which seems to be sensible in view of a monetary policy which is geared towards the eurozone as a whole and is too expansive for the German economy. The economic recovery will also continue in the eurozone to the end of the year, although the rate of economic development may vary greatly due to structural problems in the periphery countries of the EU. Overall gross domestic product will according to our forecast grow in Germany by around 3.5 per cent in 2011, but only by 2 per cent in the eurozone.

The outlook for the economy in the USA is, despite a somewhat weaker first quarter, much better than in the eurozone. The expansive monetary policy continues to provide support, although it is expected that the US Federal Reserve will this year change the course of interest rates due to the economy's robust development.

The financial market will remain volatile this year. First of all, there may be further tension in the market due to mistrust about the ability of heavily indebted states to sustain their debts. This risk is not necessarily restricted to states in the eurozone. There are also risks to general economic development, for example in the form of rising raw materials and energy prices. Yields from ten-year German government bonds will therefore only rise slightly during the course of the year, and the yield curve should level off by the end of the year. A further tightening of ECB monetary policy should also contribute to this, resulting in a rise in the yield at the short end of the yield curve, but at the same time restricting inflationary expectations. We expect that the ECB will raise the tender rate to 2 per cent by the end of the year.

After the satisfying start into 2011, the NORD/LB Group is planning, with all due caution and a conservative mindset, to continue the steady upward trend in 2011. After overcoming the global financial and economic crisis, the challenge for 2011 is to beat the previous year's profit. However, it will be necessary to come to grips with the macroeconomic challenges of the national debt crises in Europe and industry-specific pressures such as the bank levy.

Net interest income in customer business is slightly above expectations for the first quarter of 2011. The focus of new customer business is on resource-friendly potential business with manageable risk. The effect of interest rate risk control is pleasing due to interest rates, while commission income is slightly below target due to the inflow principle. Contributions to earnings from fair value are positive, but are overall still below expectations. The profit/loss from financial assets is negatively affected by impairments to Greek government bonds. For the whole of 2011 the NORD/LB Group expects that the income targets will be achieved overall and therefore be above the previous year's level.

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

The situation with regard to loan loss provisions is easing. In addition to the manageable specific valuation allowances in particular in the Real Estate Customers and Ship and Aircraft Customers segments, it was possible to reverse loan loss provisions in other segments. In particular general loan loss provisions made due to the negative 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 the pleasing result of the first quarter, the NORD/LB Group expects that total earnings before taxes will be above the previous year's level in 2011; the negative impact of the planned bank levy is considered in other operating profit/loss. Accordingly the CIR and RoE should 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 cover, the bank expects earnings before taxes to increase significantly in the period up to 2015, accompanied by a corresponding improvement in key figures. The growing negative impact of the bank levy is included in this.



## 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. In this interim report only significant developments in the period under review are addressed.

### Risk-Bearing Capacity

The risk coverage ratio in the economic capital adequacy (status quo) is, at 240 per cent as at 31 March 2011, well above the level of 31 December 2010. The rise in the coverage ratio is attributable both an increase in risk capital and a fall in risk potential, particularly in the risk types of credit risk and market price risk.

The risk-bearing capacity is given from a risk coverage ratio 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 determinations 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 material.

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 31 Mar. 2011		Risk-bearing capacity 31 Dec. 2010	
<b>Risk capital</b>	<b>9 827</b>	<b>100 %</b>	<b>9 561</b>	<b>100 %</b>
Credit risk	3 289	33 %	3 509	37 %
Investment risk	136	1 %	118	1 %
Market price risk	288	3 %	382	4 %
Liquidity risk	129	1 %	150	2 %
Operational risk	247	3 %	240	3 %
<b>Total risk potential</b>	<b>4 089</b>	<b>42 %</b>	<b>4 398</b>	<b>46 %</b>
<b>Excess cover</b>	<b>5 737</b>	<b>58 %</b>	<b>5 163</b>	<b>54 %</b>
<b>Risk coverage ratio</b>		<b>240 %</b>		<b>217 %</b>

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 in the amount of € 1.7 billion in order to meet the capital requirements of the European Banking Authority (EBA) within the scope of the current stress test. The NORD/LB Group is expecting to pass the EBA's stress test.

## Credit Risk

The maximum default risk for on-balance-sheet and off-balance-sheet financial instruments fell in the first quarter of 2011 by 3 per cent. In particular a fall in loans and advances to customers and banks and financial assets contributed to this.

<b>Risk-bearing financial instruments</b> (in € million)	<b>Maximum default risk 31 Mar. 2011</b>	<b>Maximum default risk 31 Dec. 2010</b>
Loans and advances to banks	34 567	36 734
Loans and advances to customers	110 605	113 605
Financial assets at fair value through profit or loss	16 169	15 103
Positive fair values from hedge accounting derivatives	1 878	2 938
Financial assets	55 965	58 666
<b>Sub-total</b>	<b>219 184</b>	<b>227 046</b>
Liabilities from guarantees and other indemnity agreements	6 724	7 026
Irrevocable credit commitments	13 751	12 978
<b>Total</b>	<b>239 659</b>	<b>247 050</b>

There was a similar development in the figures used for internal control. The total exposure fell slightly in the period under review from € 245 billion to € 238 billion. In addition to an exchange-rate related fall, in particular reduced exposures in the Financials 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 credit portfolio of the NORD/LB Group. The exposure in rating categories with a high to very high risk disproportionately fell by more than the overall exposure. In particular the exposure in the default categories fell by 12 per cent; the share of non-performing loans fell from 2.6 per cent to 2.4 per cent.

As at the reporting date, the data of the internal credit risk reporting of NORD/LB and Bremer Landesbank was transferred to a new IT environment. This switch allows improved data quality, e. g. with regard to the market values and collateral considered.

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

Rating structure <sup>1)</sup> (in € million)	Loans <sup>2)</sup> 31 Mar. 2011	Securities <sup>3)</sup> 31 Mar. 2011	Derivatives <sup>4)</sup> 31 Mar. 2011	Other <sup>5)</sup> 31 Mar. 2011	Total exposure 31 Mar. 2011	Total exposure 31 Dec. 2010
Very good to good	102 450	54 772	12 057	11 603	180 882	185 605
Good/satisfactory	16 755	1 769	450	1 625	20 598	20 513
Reasonable/satisfactory	11 166	368	251	707	12 492	12 546
Increased risk	8 190	215	192	267	8 864	9 624
High risk	4 138	250	40	91	4 518	4 456
Very high risk	4 858	240	54	48	5 200	5 826
Default (= NPL)	5 454	81	63	120	5 718	6 465
<b>Total</b>	<b>153 012</b>	<b>57 694</b>	<b>13 105</b>	<b>14 460</b>	<b>238 271</b>	<b>245 036</b>

<sup>1)</sup> Allocated in accordance with IFD rating categories.

<sup>2)</sup> 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.

<sup>3)</sup> Includes the own stocks of securities issued by third parties (banking book only).

<sup>4)</sup> Includes derivative financial instruments such as financial swaps, options, futures, forward rate agreements and currency transactions.

<sup>5)</sup> Includes other products such as transmitted loans and loans administered for third-party account.

The share of items in the rating category very good to good remains high as at 31 March 2011 at 76 per cent (76 per cent). This is explained by the significance of business conducted with financing institutes and public authorities and is at the same time a reflection of the conservative risk policy of the NORD/LB Group.

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

Industries <sup>1)</sup> (in € million)	Loans <sup>2)</sup> 31 Mar. 2011	Securities <sup>3)</sup> 31 Mar. 2011	Derivatives <sup>4)</sup> 31 Mar. 2011	Other <sup>5)</sup> 31 Mar. 2011	Total exposure 31 Mar. 2011	Total exposure 31 Dec. 2010
Financing institutes/ insurance companies	44 695	36 886	10 329	8 286	100 196	103 714
Service industries/other	60 022	18 108	789	1 901	80 821	83 585
– of which: Land, housing	18 765	56	254	472	19 547	19 741
– of which: Public administration	28 271	17 597	396	91	46 355	48 210
Transport/ communications	28 644	768	717	557	30 686	31 395
– of which: Shipping	18 478	0	404	61	18 944	19 961
– of which: Aviation	6 938	65	77	383	7 462	7 334
Manufacturing industry	5 886	755	617	333	7 591	7 645
Energy, water and mining	6 327	1 034	417	2 359	10 138	9 689
Trade, maintenance and repairs	3 139	52	153	196	3 539	3 757
Agriculture, forestry and fishing	910	25	14	694	1 643	1 549
Construction	2 568	28	68	87	2 751	2 761
Other	822	37	1	47	907	940
<b>Total</b>	<b>153 012</b>	<b>57 694</b>	<b>13 105</b>	<b>14 460</b>	<b>238 271</b>	<b>245 036</b>

<sup>1)</sup> Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.

<sup>2)</sup> to <sup>5)</sup> See the previous chart on the rating structure.

The breakdown of total exposure by region shows that the country risk tends to be of minor significance for the NORD/LB Group. 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 68 per cent.

Regions <sup>1)</sup> (in € million)	Loans <sup>2)</sup> 31 Mar. 2011	Securities <sup>3)</sup> 31 Mar. 2011	Derivatives <sup>4)</sup> 31 Mar. 2011	Other <sup>5)</sup> 31 Mar. 2011	Total exposure 31 Mar. 2011	Total exposure 31 Dec. 2010
Euro countries	124 612	46 557	8 467	14 234	193 869	196 549
– of which: Germany	112 819	30 500	4 589	15 046	162 954	157 747
Other Western Europe	9 566	3 500	2 762	63	15 891	15 870
Eastern Europe	1 100	847	12	7	1 966	2 683
North America	9 140	3 393	1 479	96	14 107	16 627
Latin America	2 645	354	39	0	3 038	2 229
Middle East/Africa	960	188	0	1	1 149	1 078
Asia	4 362	1 796	345	13	6 516	6 807
Other countries	626	1 059	2	47	1 734	3 192
<b>Total</b>	<b>153 012</b>	<b>57 694</b>	<b>13 105</b>	<b>14 460</b>	<b>238 271</b>	<b>245 036</b>

<sup>1)</sup> Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.

<sup>2)</sup> to <sup>5)</sup> See the previous chart on the rating structure.

Overall the exposure in the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) fell by 5 per cent to €16 billion. The share in overall exposure is only 7 per cent. The share of receivables owed by the respective countries, regional governments and municipalities fell to 1 per cent of the total exposure.

Exposure in selected countries <sup>1)</sup> (in € million)	Total exposure 31 Mar. 2011	Total exposure 31 Dec. 2010
Portugal	1 435	1 442
– Of which: Sovereign Exposure <sup>2)</sup>	435	435
– Of which: Financing institutions/insurance companies	878	871
Ireland	3 211	3 543
– Of which: Sovereign Exposure <sup>2)</sup>	319	285
– Of which: Financing institutions/insurance companies	1 565	1 843
Italy	4 960	4 992
– Of which: Sovereign Exposure <sup>2)</sup>	1 965	2 018
– Of which: Financing institutions/insurance companies	2 820	2 796
Greece	719	612
– Of which: Sovereign Exposure <sup>2)</sup>	273	275
– Of which: Financing institutions/insurance companies	100	101
Spain	5 177	5 654
– Of which: Sovereign Exposure <sup>2)</sup>	516	666
– Of which: Financing institutions/insurance companies	3 764	4 102
<b>Total</b>	<b>15 502</b>	<b>16 243</b>
<b>– Of which: Sovereign Exposure <sup>2)</sup></b>	<b>3 508</b>	<b>3 679</b>
<b>– Of which: Financing institutions/insurance companies</b>	<b>9 128</b>	<b>9 713</b>

<sup>1)</sup> Allocated in alignment with the risk-bearing capacity report in accordance with economic criteria.

<sup>2)</sup> Includes exposures to countries, regional governments and municipalities.

The NORD/LB Group believes it is likely that there will be a haircut on Greece's national debt and has therefore taken precautionary steps in the period under review. Developments in the aforementioned countries will be intensively monitored and analysed, however the NORD/LB Group does not consider it necessary to make any further loan loss provision at present.

## Investment Risk

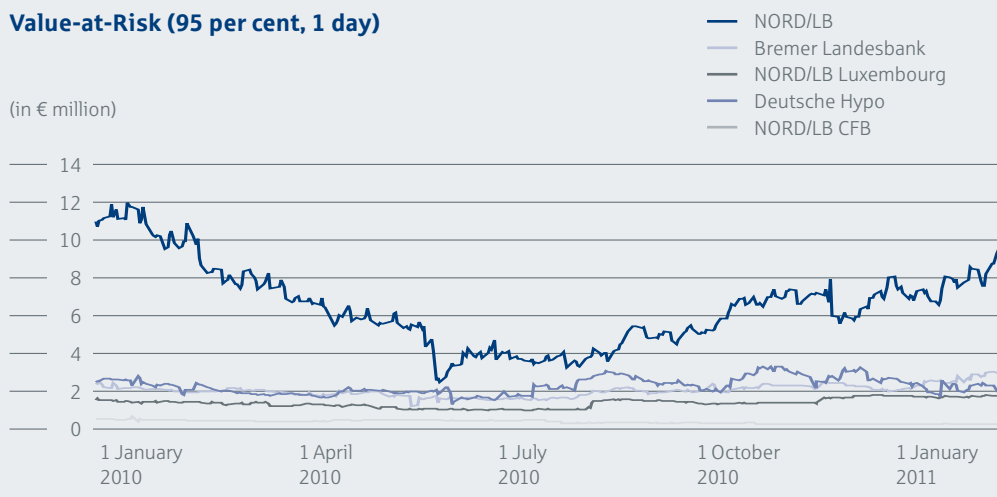
The optimisation of the investment portfolio will continue in 2011. After the signing of the contract, it is expected that the sale of the shares in DekaBank Deutsche Girozentrale, Frankfurt, will be completed in the second quarter of 2011.

## Market Price Risk

In the period under review the market price risk of the NORD/LB Group rose slightly on the 95 per cent quantile, primarily due to an increase in interest rate risks in the banking book of NORD/LB. Overall market price risks remain at a moderate level.

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

(in € million)



During the course of the period under review, 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 € 12 million and € 16 million, with an average Value-at-Risk of € 14 million.



As at 31 March 2011 a slight rise in the VaR (confidence level 95 per cent, holding period one day) of € 13 million compared to 31 December 2010 was calculated for the NORD/LB Group. The historical simulation method was used throughout the Group.

	Maximum	Maximum	Average	Average	Minimum	Minimum	End-of-period risk	End-of-period risk
	1 Jan.– 31 Mar. 2011	1 Jan.– 31 Dec. 2010	1 Jan.– 31 Mar. 2011	1 Jan.– 31 Dec. 2010	1 Jan.– 31 Mar. 2011	1 Jan.– 31 Dec. 2010	31 Mar. 2011	31 Dec. 2010
Market price risks (in € 000) <sup>1) 2) 3)</sup>								
Interest rate risk (VaR 95 %, 1 day)	16 709	9 631	14 183	5 418	11 254	3 399	12 761	12 248
Currency risk (VaR 95 %, 1 day)	1 662	2 869	1 327	1 272	982	967	1 199	735
Share price and fund price risk (VaR 95 %, 1 day)	2 366	2 576	1 521	1 325	861	741	1 051	1 610
Volatility risk (VaR 95 %, 1 day)	521	488	357	290	191	188	466	361
Other add-ons	77	202	44	46	10	3	76	54
<b>Total</b>	<b>15 810</b>	<b>18 215</b>	<b>13 578</b>	<b>11 626</b>	<b>12 023</b>	<b>6 907</b>	<b>12 887</b>	<b>12 349</b>

<sup>1)</sup> 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.

<sup>2)</sup> Maximum, average and minimum sub-risks are calculated for 2010 on the basis of the maturity of equity capital.

<sup>3)</sup> 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 € 59 million as at 31 March 2011. The figures also include the interest rate, share price and currency risks in the banking book.

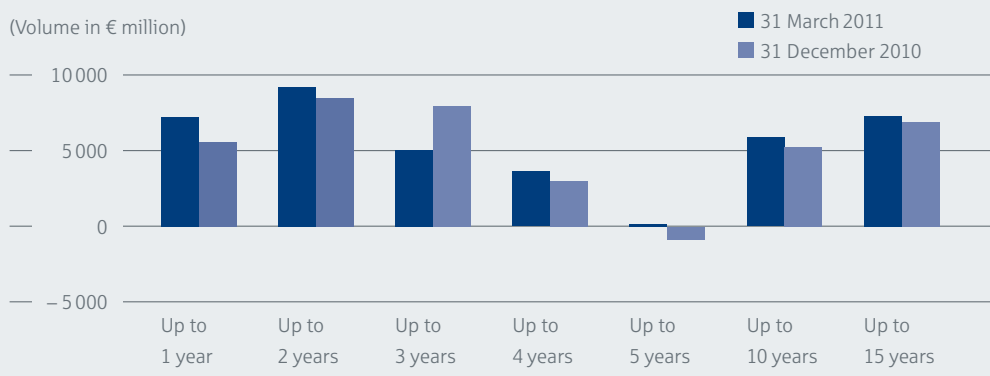
Unlike the credit-spread risks for the liquidity reserve, the credit-spread risks for credit investments for fixed assets are not included in the VaR for market price risks, but are measured for operational control with scenario analyses and limited separately. Credit investment exposures were further reduced in the first quarter of 2011 by slimming down.

## Liquidity Risk

The liquidity situation in the markets continues to be characterised by uncertainty with regard to any necessary support measures for the periphery countries of the EU. However, the NORD/LB Group had sufficient liquidity at all times in the period under review. The liquidity maturity balance sheet shows liquidity surpluses in all maturity bands; limit utilisation remains low in virtually all maturity bands.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. The companies significant for risk reporting possess as at the reporting date securities in the amount of € 63 billion (€ 65 billion), 82 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



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

### Liquidity ratio in accordance with the LiqV<sup>1)</sup>

	31 Mar. 2011	31 Dec. 2010
NORD/LB	1.38	1.39
Bremer Landesbank	1.31	1.52
Deutsche Hypo	1.47	1.45

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

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## Operational Risk

In the period under review the method for collecting risk indicators was established in further companies of the NORD/LB Group.

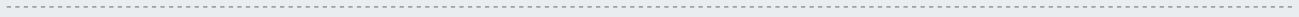
The total of all losses from operational risks (not including credit-related losses) was € 1 million in the period under review as in the first quarter of the previous year. The number of losses incurred rose slightly compared to the first quarter of 2010.

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 length of the economic recovery and the development of the situation in the PIIGS countries. Due to the low share of these countries in the total exposure, the NORD/LB Group considers the impact on the risk situation to be manageable. The NORD/LB Group will continue to monitor and analyse developments closely.

Beyond the above-mentioned risks, no material 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 31 March 2011

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# Consolidated Financial Statements

## Income Statement

	Notes	1 Jan.– 31 Mar. 2011 (in Mio €)	1 Jan.– 31 Mar. 2010 <sup>*)</sup> (in € million)	Change (in %)
Interest income		3 002	3 240	– 7
Interest expense		2 618	2 882	– 9
<b>Net interest income</b>	6	<b>384</b>	<b>358</b>	<b>7</b>
Loan loss provisions	7	11	– 149	> 100
Commission income		87	85	2
Commission expense		42	35	20
<b>Net commission income</b>	8	<b>45</b>	<b>50</b>	<b>– 10</b>
Trading profit/loss		– 188	189	> 100
Profit/loss from the use of the fair value option		212	– 164	> 100
<b>Profit/loss from financial instruments at fair value through profit or loss</b>	9	<b>24</b>	<b>25</b>	<b>– 4</b>
Profit/loss from hedge accounting	10	12	42	– 71
Profit/loss from financial assets	11	– 28	– 10	> 100
Profit/loss from investments accounted for using the equity method		5	– 19	> 100
Administrative expenses	12	282	249	13
Other operating profit/loss	13	– 34	5	> 100
<b>Earnings before taxes</b>		<b>137</b>	<b>53</b>	<b>&gt; 100</b>
Income taxes	14	50	23	> 100
<b>Consolidated profit for the period</b>		<b>87</b>	<b>30</b>	<b>&gt; 100</b>
of which: attributable to the owners of NORD/LB		81	29	
of which: attributable to non-controlling interests		6	1	

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

# Statement of Comprehensive income

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

	1 Jan.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Consolidated profit</b>	<b>87</b>	<b>30</b>	<b>&gt; 100</b>
Increase/decrease from Available for Sale (AFS) financial instruments			
Unrealised profit/losses	– 395	270	> 100
Transfer due to realisation from profit/loss	34	29	17
Changes in value investments accounted for using the equity method recognised directly in equity	– 11	– 5	> 100
Translation differences of foreign business units			
Unrealised profit/losses	– 5	4	> 100
Actuarial gains and losses for pensions for defined benefit obligations	54	–41	> 100
Deferred taxes	88	–77	> 100
<b>Other profit/loss</b>	<b>– 235</b>	<b>180</b>	<b>&gt; 100</b>
<b>Comprehensive income for the period under review</b>	<b>– 148</b>	<b>210</b>	<b>&gt; 100</b>
of which: attributable to the owners of NORD/LB	– 155	204	
of which: attributable to non-controlling interests	7	6	

## Balance Sheet

Assets	Notes	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Cash reserve		634	1 069	- 41
Loans and advances to banks	15	34 567	36 734	- 6
Loans and advances to customers	16	110 605	113 605	- 3
Loan loss provisions	17	-1 881	-2 018	- 7
Financial assets at fair value through profit or loss	18	16 169	15 103	7
Positive fair values from hedge accounting derivatives		1 878	2 938	- 36
Financial assets	19	55 965	58 666	- 5
Investments accounted for using the equity method	20	384	402	- 4
Property and equipment	21	690	702	- 2
Investment property		95	96	- 1
Intangible assets	22	162	161	1
Assets held for sale	23	41	1	> 100
Current income tax assets		45	70	- 36
Deferred income tax		540	480	13
Other assets	24	1 901	577	> 100
<b>Total assets</b>		<b>221 795</b>	<b>228 586</b>	<b>- 3</b>

Liabilities and equity	Notes	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Liabilities to banks	25	55 036	60 962	- 10
Liabilities to customers	26	63 929	60 742	5
Securitised liabilities	27	68 310	71 061	- 4
Adjustments item for financial instruments hedged in the fair value hedge portfolio		62	390	- 84
Financial liabilities at fair value through profit or loss	28	14 754	16 587	- 11
Negative fair values from hedge accounting derivatives		1 773	2 269	- 22
Provisions	29	3 456	3 357	3
Current income taxes liabilities		186	182	2
Deferred income tax		7	5	40
Other liabilities	30	2 408	568	> 100
Subordinated capital	31	6 192	6 573	- 6
<b>Equity</b>				
Issued capital		1 085	1 085	-
Capital reserves		2 618	2 597	1
Retained earnings		2 201	2 173	1
Revaluation reserve		- 186	66	> 100
Currency translation reserve		- 45	- 37	- 22
<b>Equity capital attributable to the owners of NORD/LB</b>		<b>5 673</b>	<b>5 884</b>	<b>- 4</b>
Equity capital attributable to non-controlling interests		9	6	50
		<b>5 682</b>	<b>5 890</b>	<b>- 4</b>
<b>Total liabilities and equity</b>		<b>221 795</b>	<b>228 586</b>	<b>- 3</b>

## 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 non-controlling interests	Consolidated equity capital
<b>Equity as at 1 Jan. 2011</b>	<b>1 085</b>	<b>2 597</b>	<b>2 173</b>	<b>66</b>	<b>- 37</b>	<b>5 884</b>	<b>6</b>	<b>5 890</b>
Comprehensive income for the period under review	-	-	105	-252	- 8	-155	7	-148
Distribution	-	-	-76	-	-	- 76	-	- 76
Capital contributions	-	21	-	-	-	21	-	21
Capital payments	-	-	-	-	-	-	-4	- 4
Changes in the basis of consolidation	-	-	- 1	-	-	- 1	-	- 1
<b>Equity as at 31 Mar. 2011</b>	<b>1 085</b>	<b>2 618</b>	<b>2 201</b>	<b>-186</b>	<b>-45</b>	<b>5 673</b>	<b>9</b>	<b>5 682</b>

(in € million)	Issued capital	Capital reserve	Retained earnings	Revaluation reserve	Currency translation reserve	Equity attributable to the owners of NORD/LB	Equity attributable to non-controlling interests	Consolidated equity capital
<b>Equity as at 1 Jan. 2010</b>	<b>1 085</b>	<b>2 597</b>	<b>2 037<sup>*)</sup></b>	<b>24<sup>*)</sup></b>	<b>-49</b>	<b>5 694</b>	<b>104</b>	<b>5 798</b>
Comprehensive income for the period under review	-	-	-2	202	4	204	6	210
Capital contributions	-	-	-	-	-	-	26	26
Changes in the basis of consolidation	-	-	2	-	-	2	-	2
Consolidation effects and other changes in capital	-	-	-4	-	-	-4	-	-4
<b>Equity as at 31 Mar. 2010</b>	<b>1 085</b>	<b>2 597</b>	<b>2 033</b>	<b>226</b>	<b>-45</b>	<b>5 896</b>	<b>136</b>	<b>6 032</b>

\*) Previous year's adjustments are taken into account according to IAS 8

## Condensed Cash Flow Statement

	1 Jan.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Cash and cash equivalents as at 1 Jan.</b>	<b>1 069</b>	<b>1 844</b>	<b>– 42</b>
Cash flow from operating activities	– 138	– 943	– 85
Cash flow from investing activities	– 69	– 8	> 100
Cash flow from financing activities	– 200	19	> 100
<b>Total cash flow</b>	<b>– 407</b>	<b>– 932</b>	<b>– 56</b>
Effects of exchange rate differences and in the basis of consolidation	– 28	36	> 100
<b>Cash and cash equivalents as at 31 Mar.</b>	<b>634</b>	<b>948</b>	<b>– 33</b>

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## Selected Notes

### General Information

#### **(1) Principles for Preparing the Interim Consolidated Financial Statements**

The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hannover, Braunschweig, Magdeburg (NORD/LB) as at 31 March 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 (IFRS) of the International Accounting Standards Board (IASB). For requirements relating to interim financial statements in particular IAS 34 is applied. National regulations contained in the German Commercial Code (HGB) under §315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements 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 31 March 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 is indicated. The previous year's figures are shown afterwards in brackets.

#### **(2) Accounting Policies**

The accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 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 assets, financial and earnings position 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 loan loss provisions, the provisions and deferred taxes.

In the period under review consideration has been given to the following amendments to the standards which were first applied as at 1 January 2011:

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 April 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 consolidated financial statements as at 31 March 2010 the interest income from amortisation reported in financial assets was too low by € 1 million.

1 Jan.–31 Mar. 2010 (in € million)	Prior to adjustment	Adjustment	After adjustment
Interest income from fixed-income and book entry securities	380	1	381
...	...		...
<b>Consolidated profit</b>	<b>29</b>	<b>1</b>	<b>30</b>

The respective adjustments were also taken into account in the notes for the following items:  
(9) Net Interest Income.

#### **(4) Basis of Consolidation**

In addition to NORD/LB as the parent company, the consolidated financial statements include 52 (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 on 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 effects resulting from the changes to the basis of consolidation have no significant impact on the Group's assets, financial and earnings position.

Subsidiaries, joint ventures and associated companies 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 traditional lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products,

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

A capital charge of five per cent of risk-weighted asset values is used to calculate the capital employed in the segments. These are based on regulations pertaining to German solvency 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 statement of financial position 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.

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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 investment products in the form of for example open or closed funds with assets in German or foreign real estate, ships or aircraft, products for individual asset management or inheritance or foundation management.

### **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 NORD/LB Asset Management Holding GmbH, Hanover, including investments and allocated special funds and public funds.

In addition to standard products alternative products which are detached from retail banking including derivatives are offered. For example structured debt securities which offer various alternatives in respect of returns or type of repayment are included. The 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 AG, Zürich. As a full-service provider, banking products and banking services are offered. The services include traditional 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.

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In the **Energy and Infrastructure Customers, Ship and Aircraft Customers** and **Real Estate Customers** segments traditional 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 to the overall consolidated figures in the income statement are shown. The shortfall in the regulatory capital requirement is converted into risk-weighted assets within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory risk-weighted assets report flows into the reconciliation.

**(5) Segmentation by business segments**

31 Mar. 2011	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
(in € million)										
Net interest income before loan loss provisions	70	16	123	60	39	100	61	– 2	– 83	384
Loan loss provisions	1	– 5	2	– 2	–	16	23	– 46	1	– 11
<b>Net interest income after loan loss provisions</b>	<b>69</b>	<b>21</b>	<b>121</b>	<b>62</b>	<b>39</b>	<b>84</b>	<b>38</b>	<b>44</b>	<b>– 83</b>	<b>395</b>
Net commission income	8	3	7	8	10	15	4	– 9	– 2	45
Profit/loss from financial instruments at fair value	– 1	3	78	3	1	5	1	– 40	– 25	24
Profit/loss from hedge accounting	–	–	–	–	–	–	–	12	– 1	12
Profit/loss from financial assets	2	–	42	–	–	–	–	11	–	28
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	–	–	4	–	5
Administrative expenses	79	13	35	19	12	12	16	97	– 1	282
Other operating profit/loss	12	–	5	–	– 3	– 1	–	– 37	– 11	– 34
<b>Earnings before taxes (EBT)</b>	<b>12</b>	<b>14</b>	<b>134</b>	<b>54</b>	<b>35</b>	<b>91</b>	<b>27</b>	<b>– 111</b>	<b>– 121</b>	<b>137</b>
Taxes	–	–	–	–	–	–	–	–	50	50
<b>Consolidated profit</b>	<b>12</b>	<b>14</b>	<b>134</b>	<b>54</b>	<b>35</b>	<b>91</b>	<b>27</b>	<b>– 111</b>	<b>– 171</b>	<b>87</b>
Segment assets	11 832	26 978	142 156	14 208	13 731	25 468	21 650	– 29 503	– 4 726	221 795
of which: investments at equity	–	–	32	–	–	–	–	352	–	384
Segment liabilities	9 674	5 018	196 909	9 194	3 812	3 368	13 057	– 25 610	6 373	221 795
Risk-weighted assets	4 909	1 736	19 837	10 186	8 177	34 545	20 978	797	– 17 278	83 888
Capital employed*)	260	87	994	509	409	1 727	1 049	23	– 192	4 866
CIR	88,6 %	57,1 %	16,4 %	27,0 %	26,0 %	10,1 %	24,6 %	–	–	64,7 %
RoRaC/RoE**)	17,4 %	61,9 %	40,6 %	36,6 %	26,2 %	21,1 %	10,0 %	–	–	10,2 %

31 Mar. 2010	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
(in € million)										
Net interest income before loan loss provisions	67	15	150	54	37	83	60	– 57	– 50	358
Loan loss provisions	2	– 2	5	– 4	16	– 6	20	128	– 10	149
<b>Net interest income after loan loss provisions</b>	<b>65</b>	<b>17</b>	<b>144</b>	<b>58</b>	<b>21</b>	<b>89</b>	<b>40</b>	<b>– 185</b>	<b>– 40</b>	<b>209</b>
Net commission income	5	5	15	7	10	17	7	– 13	– 3	50
Profit/loss from financial instruments at fair value	7	2	3	2	–	6	–	21	– 16	25
Profit/loss from hedge accounting	–	–	–	–	–	–	–	42	–	42
Profit/loss from financial assets	3	–	–12	–	–	–	–	–	1	– 10
Profit/loss from investments accounted for using the equity method	– 23	–	–	–	–	–	–	4	–	– 19
Administrative expenses	78	14	34	17	10	11	15	70	–	249
Other operating profit/loss	12	–	3	–	–	1	–	– 5	– 6	5
<b>Earnings before taxes (EBT)</b>	<b>– 9</b>	<b>10</b>	<b>119</b>	<b>50</b>	<b>21</b>	<b>102</b>	<b>32</b>	<b>– 206</b>	<b>– 66</b>	<b>53</b>
Taxes	–	–	–	–	–	–	–	–	23	23
<b>Consolidated profit</b>	<b>– 9</b>	<b>10</b>	<b>119</b>	<b>50</b>	<b>21</b>	<b>102</b>	<b>32</b>	<b>– 206</b>	<b>– 89</b>	<b>30</b>
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 (31 Dec. 2010)	–	–	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	5 417	1 956	24 273	11 270	9 055	32 779	19 433	3 243	– 12 163	95 263
Capital employed <sup>*)</sup>	493	98	1 217	563	453	1 639	972	– 99	– 321	5 015
CIR	113,8 %	64,1 %	20,1 %	27,4 %	21,0 %	10,3 %	23,1 %	–	–	53,9 %
RoRaC/RoE <sup>**)</sup>	– 7,2 %	39,5 %	38,6 %	35,8 %	18,6 %	24,7 %	13,0 %	–	–	3,2 %

<sup>\*)</sup> Reconciliation of long-term equity under commercial law to reported equity:

(in € million)	31 Mar. 2011	31 Mar. 2010
Long-term equity under commercial law	4 866	5 015
Revaluation reserve	– 186	226
Currency translation reserve	– 45	– 45
Accumulated profits	208	19
Silent participations in reported equity	838	818
Reported equity	5 682	6 032

<sup>\*\*)</sup> By business segment RoRaC:

(Earnings before taxes \*4) / core capital employed

For the Group RoE:

(Earnings before taxes – interest expenses for silent participations in reported equity) \*4 / longterm equity under commercial law (= share capital + capital reserves + retained earnings + non-controlling interests – silent participations in reported equity)

<sup>\*\*\*)</sup> Sales income 2011 not related to Financial Markets = € 10.94 million (€ 10.71 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 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.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 <sup>*)</sup> (in € million)	Change (in %)
<b>Interest income</b>			
Interest income from lending and money market transactions	1 253	1 269	– 1
Interest income from fixed-income and book entry securities	353	381	– 7
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	1 339	1 528	– 12
Interest income from fair value option	21	12	75
Current income			
from shares and other variable-yield securities	2	2	–
from investments	–	1	– 100
Interest income from other amortisation	32	44	– 27
Other interest income and similar income	2	3	– 33
	<b>3 002</b>	<b>3 240</b>	<b>– 7</b>
<b>Interest expenses</b>			
Interest expenses from lending and money market transactions	721	721	–
Interest expenses from securitised liabilities	454	544	– 17
Interest expense from financial instruments at fair value			
Interest expense from trading profit/loss and hedge accounting derivatives	1 170	1 341	– 13
Interest expense from fair value option	89	92	– 3
Interest expenses from subordinated capital	80	76	5
Interest expenses from other amortisation	84	90	– 7
Interest expenses for provisions and liabilities	18	15	20
Other interest expenses and similar expenses	2	3	– 33
	<b>2 618</b>	<b>2 882</b>	<b>– 9</b>
<b>Total</b>	<b>384</b>	<b>358</b>	<b>7</b>

\*) The disclosure of the amortisation amounts deriving from hedge accounting derivatives has changed as at the balance sheet day, 31 December 2010.



**(7) Loan Loss Provisions**

	1 Jan.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Income from loan loss provisions</b>			
Reversal of specific valuation allowance	111	38	> 100
Reversal of lumpsum specific loan loss provisions	6	7	– 14
Reversal of general loan loss provisions	86	19	> 100
Reversal of provisions for lending business	44	17	> 100
Additions to receivables written off	7	4	75
	<b>254</b>	<b>85</b>	<b>&gt; 100</b>
<b>Expenses for loan loss provisions</b>			
Allocations to specific valuation allowance	140	59	> 100
Allocation to lumpsum specific loan loss provisions	3	7	– 57
Allocation to general loan loss provisions	34	125	– 73
Allocation to provisions for lending business	55	39	41
Direct write-offs of bad debts	11	4	> 100
	<b>243</b>	<b>234</b>	<b>4</b>
<b>Total</b>	<b>11</b>	<b>– 149</b>	<b>&gt; 100</b>

The reversal of general loan loss provisions in lending business totals € 119 million. This includes an amount of € 33 million for off-balance-sheet transactions, which are reported under the item reversal of general loan loss provisions in lending business.

The allocation to general loan loss provisions in lending business totals € 65 million, € 31 million of which relates to off-balance-sheet transactions.

**(8) Net Commission Income**

	1 Jan.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Commission income</b>			
Commission income from banking transactions	80	75	7
Commission income from non-banking transactions	7	10	– 30
	<b>87</b>	<b>85</b>	<b>2</b>
<b>Commission expense</b>			
Commission expenses from banking transactions	31	23	35
Commission expenses from non-banking transactions	11	12	– 8
	<b>42</b>	<b>35</b>	<b>20</b>
<b>Total</b>	<b>45</b>	<b>50</b>	<b>– 10</b>

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.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Trading profit/loss</b>			
Realised profit/loss			
Profit/loss from debt securities and other fixed-interest securities	– 15	23	> 100
Profit/loss from shares and other variable-yield securities	2	8	– 75
Profit/loss from derivatives	49	12	> 100
Profit/loss from receivables held for trading	– 27	19	> 100
	<b>9</b>	<b>62</b>	<b>– 85</b>
Profit/loss from valuation			
Profit/loss from debt securities and other fixed-interest securities	– 32	3	> 100
Profit/loss from shares and other variable-yield securities	– 1	– 8	88
Profit/loss from derivatives	– 134	79	> 100
Profit/loss from receivables held for trading	– 23	21	> 100
Profit/loss from other trading transactions	–	3	– 100
	<b>– 190</b>	<b>98</b>	<b>&gt; 100</b>
Foreign exchange gains/losses	– 8	28	> 100
Other income	1	1	–
	<b>– 188</b>	<b>189</b>	<b>&gt; 100</b>
<b>Profit/loss from the use of the fair value option</b>			
Realised profit/loss			
from debt securities and other fixed-interest securities	– 5	–	–
from liabilities to banks and customers	63	51	24
from securised liabilities	29	– 5	> 100
	<b>87</b>	<b>46</b>	<b>89</b>
Profit/loss from valuation			
from loans and advance to banks and customers	– 7	4	> 100
from debt securities and other fixed-interest securities	– 2	25	> 100
from liabilities to banks and customers	145	– 204	> 100
from securised liabilities	– 12	– 34	65
from other activities	1	– 1	> 100
	<b>125</b>	<b>– 210</b>	<b>&gt; 100</b>
	<b>212</b>	<b>– 164</b>	<b>&gt; 100</b>
<b>Total</b>	<b>24</b>	<b>25</b>	<b>– 4</b>

**(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.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Profit/loss from micro fair value hedges</b>			
from hedged underlying transactions	55	– 108	> 100
from derivatives employed as hedging instruments	– 63	113	> 100
	<b>– 8</b>	<b>5</b>	<b>&gt; 100</b>
<b>Profit/loss from portfolio fair value hedges</b>			
from hedged underlying transactions	318	– 287	> 100
from derivatives employed as hedging instruments	– 298	324	> 100
	<b>20</b>	<b>37</b>	<b>– 46</b>
<b>Total</b>	<b>12</b>	<b>42</b>	<b>– 71</b>

**(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.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Profit/loss from financial assets classified as LaR</b>	<b>6</b>	<b>– 1</b>	<b>&gt; 100</b>
<b>Profit/loss from financial assets classified as AfS (excluding investments)</b>			
Profit/loss from the disposal of			
Debt securities and other fixed-interest securities	8	3	> 100
Shares and other variable-yield securities	2	2	–
Profit/loss from allowances for losses on			
Debt securities and other fixed-interest securities	– 43	– 14	> 100
Shares and other variable-yield securities	– 1	– 1	–
	<b>– 34</b>	<b>– 10</b>	<b>&gt; 100</b>
<b>Profit/loss from shares in companies (not consolidated)</b>	<b>–</b>	<b>1</b>	<b>– 100</b>
<b>Total</b>	<b>– 28</b>	<b>– 10</b>	<b>&gt; 100</b>

**(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.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
Staff expenses	136	127	7
Other administrative expenses	128	107	20
Amortisation and depreciations	18	15	20
<b>Total</b>	<b>282</b>	<b>249</b>	<b>13</b>

**(13) Other Operating Profit/Loss**

	1 Jan.– 31 Mar. 2011 (in € million)	1 Jan.– 31 Mar. 2010 (in € million)	Change (in %)
<b>Other operating income</b>			
from the reversal of provisions	257	279	- 8
from insurance contracts	202	191	6
from other business	43	20	> 100
	<b>502</b>	<b>490</b>	<b>2</b>
<b>Other operating expenses</b>			
from allocation to provisions	412	389	6
from insurance contracts	91	78	17
from other business	33	18	83
	<b>536</b>	<b>485</b>	<b>11</b>
<b>Total</b>	<b>-34</b>	<b>5</b>	<b>&gt; 100</b>

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 € 42 million (€ 0 million) provided for the bank levy in accordance with the Restructuring Fund Act. This was estimated based on the calculation method currently known. The final ruling should be made by a separate statutory order in the second quarter of 2011.

Other operating income from insurance contracts is primarily the result of premium income (€ 172 million (€ 162 million)) and income from insurance contracts (€ 7 million (€ 5 million)).

Income from other business includes income from the redemption of the bank's own issues (€ 2 million (€ 6 million)), reimbursements of costs (€ 2 million (€ 2 million)), rental income from investment property (€ 2 million (€ 2 million)), income from data processing services for third parties (€ 1 million (€ 1 million)) and income from the chartering of ships relating restructuring commitments in lending business (€ 13 million (€ 0 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 74 million (€ 60 million)) and expenses from deferred reinsurance contracts (€ 12 million (€ 14 million)).

Expenses from other business essentially comprise expenses from the redemption of debt securities (€ 8 million (€ 9 million)), expenses from reductions in loans and advances (€ 5 million (€ 2 million)) and expenses to generate charter income from ships (€ 5 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

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Loans and advances resulting from money market transactions</b>			
German banks	5 435	5 415	–
Foreign banks	2 323	2 822	– 18
	<b>7 758</b>	<b>8 237</b>	<b>– 6</b>
<b>Other loans and advances</b>			
German banks			
Due on demand	891	584	53
With a fixed term or period of notice	21 775	22 465	– 3
Foreign banks			
Due on demand	249	298	– 16
With a fixed term or period of notice	3 894	5 150	– 24
	<b>26 809</b>	<b>28 497</b>	<b>– 6</b>
<b>Total</b>	<b>34 567</b>	<b>36 734</b>	<b>– 6</b>

### (16) Loans and Advances to Customers

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Loans and advances resulting from money market transactions</b>			
Domestic customers	2 242	2 049	9
Customers abroad	22	26	– 15
	<b>2 264</b>	<b>2 075</b>	<b>9</b>
<b>Other loans and advances</b>			
Domestic customers			
Due on demand	1 885	1 804	4
With a fixed term or period of notice	77 626	79 072	– 2
Customers abroad			
Due on demand	315	260	21
With a fixed term or period of notice	28 515	30 394	– 6
	<b>108 341</b>	<b>111 530</b>	<b>– 3</b>
<b>Total</b>	<b>110 605</b>	<b>113 605</b>	<b>– 3</b>

**(17) Loan Loss Provisions**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Specific valuation allowance	1 231	1 312	- 6
Lumpsum specific loan loss provisions	33	35	- 6
General loan loss provisions	617	671	- 8
<b>Total</b>	<b>1 881</b>	<b>2 018</b>	<b>- 7</b>

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

(in € million)	Specific valuation allowance		Lumpsum specific loan loss provisions		General loan loss provisions		Provisions in lending business		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
<b>1 Jan.</b>	<b>1 312</b>	<b>1 276</b>	<b>35</b>	<b>44</b>	<b>671</b>	<b>472</b>	<b>172</b>	<b>135</b>	<b>2 190</b>	<b>1 927</b>
Allocations	140	59	3	7	34	125	55	39	232	230
Reversals	111	38	6	7	86	19	44	17	247	81
Utilisation	78	144	-	1	-	-	1	-	79	145
Unwinding	-16	-12	-	-	-	-	-1	-	-17	-12
Effects from currency translation and other changes	-16	17	1	-	-2	1	-2	2	-19	20
<b>31 Mar.</b>	<b>1 231</b>	<b>1 158</b>	<b>33</b>	<b>43</b>	<b>617</b>	<b>579</b>	<b>179</b>	<b>159</b>	<b>2 060</b>	<b>1 939</b>



**(18) Financial Assets at Fair Value through Profit or Loss**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Trading assets</b>			
Bonds and debt securities	4 949	3 054	62
Shares and other variable-yield securities	115	112	3
Positive fair values from derivatives	6 820	7 051	- 3
Trading portfolio claims	2 059	2 501	-18
	<b>13 943</b>	<b>12 718</b>	<b>10</b>
<b>Financial assets as at fair value through profit or loss</b>			
Loans and advances to banks and customers	235	242	- 3
Debt securities and other fixed-interest securities	1 980	2 132	- 7
Shares and other variable-yield securities	11	11	-
	<b>2 226</b>	<b>2 385</b>	<b>- 7</b>
<b>Total</b>	<b>16 169</b>	<b>15 103</b>	<b>7</b>

**(19) Financial Assets**

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

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

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Financial assets classified as LaR</b>	<b>4 732</b>	<b>4 910</b>	<b>- 4</b>
<b>Financial assets classified as AFS</b>			
Debt securities and other fixed-interest securities	50 125	52 651	- 5
Bonds and debt securities	384	388	- 1
Shares in companies	724	717	1
	<b>51 233</b>	<b>53 756</b>	<b>- 5</b>
<b>Total</b>	<b>55 965</b>	<b>58 666</b>	<b>- 5</b>

**(20) Investments accounted for using the Equity Method**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Joint Ventures	24	27	- 11
Associated companies	360	375	- 4
<b>Total</b>	<b>384</b>	<b>402</b>	<b>- 4</b>

**(21) Property and Equipment**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Land and buildings	307	310	- 1
Operating and office equipment	71	71	-
Ships	261	281	- 7
Other property and equipment	51	40	28
<b>Total</b>	<b>690</b>	<b>702</b>	<b>- 2</b>

**(22) Intangible Assets**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Software</b>			
Purchased	16	15	7
Internally generated	40	45	- 11
	<b>56</b>	<b>60</b>	<b>- 7</b>
Intangible assets under development	82	77	6
Goodwill	11	11	-
Other intangible assets	13	13	-
<b>Total</b>	<b>162</b>	<b>161</b>	<b>1</b>

**(23) Assets held for Sale**

The carrying amount of assets held for sale is € 41 million (€ 1 million). This comprises company shares held for sale in the amount of € 40 million (€ 0 million) and property and equipment held for sale in the amount of € 1 million (€ 1 million).

**(24) Other Assets**

Other assets includes assets relating to insurance contracts to the amount of € 144 million (€ 150 million). These concern solely assets from outwards reinsurance.

**(25) Liabilities to Banks**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Deposits from other banks</b>			
German banks	817	229	> 100
Foreign banks	51	50	2
	<b>868</b>	<b>279</b>	<b>&gt; 100</b>
<b>Liabilities resulting from money market transactions</b>			
German banks	13 371	17 269	- 23
Foreign banks	11 353	12 592	- 10
	<b>24 724</b>	<b>29 861</b>	<b>- 17</b>
<b>Other liabilities</b>			
German banks			
Due on demand	1 038	2 015	- 48
With a fixed term or period of notice	22 961	23 325	- 2
Foreign banks			
Due on demand	173	323	- 46
With a fixed term or period of notice	5 272	5 159	2
	<b>29 444</b>	<b>30 822</b>	<b>- 4</b>
<b>Total</b>	<b>55 036</b>	<b>60 962</b>	<b>- 10</b>

**(26) Liabilities to Customers**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Savings deposits</b>			
With an agreed notice period of three months			
Domestic customers	950	985	- 4
Customers abroad	21	21	-
With an agreed notice period of more than three months			
Domestic customers	486	455	7
Customers abroad	3	3	-
	<b>1 460</b>	<b>1 464</b>	<b>-</b>
<b>Liabilities resulting from money market transactions</b>			
Domestic customers	14 031	11 466	22
Customers abroad	3 961	3 062	29
	<b>17 992</b>	<b>14 528</b>	<b>24</b>
<b>Other liabilities</b>			
Domestic customers			
Due on demand	9 236	9 530	- 3
With a fixed term or period of notice	33 758	33 541	1
Customers abroad			
Due on demand	629	494	27
With a fixed term or period of notice	854	1 185	-28
	<b>44 477</b>	<b>44 750</b>	<b>- 1</b>
<b>Total</b>	<b>63 929</b>	<b>60 742</b>	<b>5</b>

**(27) Securitised Liabilities**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Issued debt securities</b>			
Mortgage bonds	8 474	8 060	5
Municipal debentures	18 193	19 347	- 6
Other debt securities	36 155	36 314	-
	<b>62 822</b>	<b>63 721</b>	<b>- 1</b>
<b>Money market instruments</b>			
Commercial papers	3 363	4 691	-28
Certificates of deposit	187	768	-76
Other money-market instruments	1 289	1 089	19
	<b>4 848</b>	<b>6 548</b>	<b>-26</b>
<b>Other securitised liabilities</b>	<b>640</b>	<b>792</b>	<b>-19</b>
<b>Total</b>	<b>68 310</b>	<b>71 061</b>	<b>- 4</b>

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities to the amount of € 7 569 million (€ 8 398 million).

**(28) Financial Liabilities at Fair Value through Profit or Loss**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Trade liabilities</b>			
Negative fair values from derivatives	6 307	7 719	- 18
Delivery obligations from short-sales	422	235	80
	<b>6 729</b>	<b>7 954</b>	<b>- 15</b>
<b>Financial liabilities designated as at fair value through</b>			
Liabilities to banks and customers	4 743	4 970	- 5
Securitised liabilities	3 258	3 638	-10
Subordinated capital	24	25	- 4
	<b>8 025</b>	<b>8 633</b>	<b>- 7</b>
<b>Total</b>	<b>14 754</b>	<b>16 587</b>	<b>-11</b>

**(29) Provisions**

	<b>31 Mar. 2011</b> (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Provisions for pensions and other obligations	<b>1 317</b>	1 355	- 3
Other provisions	<b>2 139</b>	2 002	7
<b>Total</b>	<b>3 456</b>	<b>3 357</b>	<b>3</b>

Other provisions include provisions from insurance contracts to the amount of € 1 757 million (€ 1 681 million).

**(30) Other Liabilities**

Other liabilities includes liabilities from insurance contracts to the amount of € 44 million (€ 47 million). These contain liabilities from direct insurance and reinsurance contracts to the amount of € 3 million (€ 3 million).

**(31) Subordinated Capital**

	<b>31 Mar. 2011</b> (in € million)	31 Dec. 2010 (in € million)	Change (in %)
Subordinated liabilities	<b>3 623</b>	3 622	-
Participatory capital	<b>305</b>	530	- 42
Silent participations	<b>2 264</b>	2 421	- 6
<b>Total</b>	<b>6 192</b>	<b>6 573</b>	<b>- 6</b>

## 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:

(in € million)	Level 1		Level 2		Level 3		Total	
	31 Mar. 2011	31 Dec. 2010	31 Mar. 2011	31 Dec. 2010	31 Mar. 2011	31 Dec. 2010	31 Mar. 2011	31 Dec. 2010
Assets held for trading	6 659	5 373	7 260	7 129	24	216	13 943	12 718
Designated financial assets reported at fair value	1 202	1 258	446	419	578	708	2 226	2 385
Positive fair values from hedge accounting derivatives	–	–	1 878	2 938	–	–	1 878	2 938
Financial assets at fair value	39 598	38 602	8 236	6 994	3 399	7 921	51 233	53 517
<b>Assets</b>	<b>47 459</b>	<b>45 233</b>	<b>17 820</b>	<b>17 480</b>	<b>4 001</b>	<b>8 845</b>	<b>69 280</b>	<b>71 558</b>
Liabilities held for trading	201	214	6 337	7 461	191	279	6 729	7 954
Designated financial liabilities reported at fair value	2 477	3 161	5 548	5 472	–	–	8 025	8 633
Negative Fair Values aus Hedge-Accounting-Derivaten	–	–	1 773	2 269	–	–	1 773	2 269
<b>Liabilities</b>	<b>2 678</b>	<b>3 375</b>	<b>13 658</b>	<b>15 202</b>	<b>191</b>	<b>279</b>	<b>16 527</b>	<b>18 856</b>

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

1 Jan.– 31 Mar. 2011 (in € million)	aus Level 1 in Level 2	aus Level 1 in Level 3	aus Level 2 in Level 1	aus Level 2 in Level 3	aus Level 3 in Level 1	aus Level 3 in Level 2
Assets held for trading	36	–	126	–	137	1
Designated financial assets reported at fair value	–	17	14	–	40	63
Financial assets reported at fair value	355	173	257	41	2 429	1 777
Liabilities held for trading	–	–	–	37	9	4
Designated financial liabilities reported at fair value	157	–	9	–	–	–

For financial instruments at fair value the activity status of the criteria 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 end of the year in all categories, particularly the market for financial assets. As a result of this securities allocated to Level 3 in the reference period were transferred towards a close-to-market valuation, whereby movement towards Level 1 clearly dominates. Movements in all other categories are negligible.

**(33) Derivative Financial Instruments**

(in € million)	Nominal values		Fair values			
	31 Mar. 2011	31 Dec. 2010	positive 31 Mar. 2011	positive 31 Dec. 2010	negative 31 Mar. 2011	negative 31 Dec. 2010
Interest-rate risks	335 793	323 414	6 263	8 184	6 424	7 770
Currency risks	73 849	73 103	2 344	1 692	1 141	1 639
Shares and other price risks	2 433	3 111	65	83	74	59
Credit risk	9 592	9 763	26	30	440	520
<b>Total</b>	<b>421 667</b>	<b>409 391</b>	<b>8 698</b>	<b>9 989</b>	<b>8 079</b>	<b>9 988</b>



### (34) Regulatory Capital

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

(in € million)	31 Mar. 2011	31 Dec. 2010
<b>Risk-weighted assets</b>	<b>83 888</b>	<b>86 850</b>
Capital requirements for credit risks	6 186	6 468
Capital requirements for market risks	188	183
Capital requirements for operational risks	337	297
<b>Capital requirements according to the SolvV</b>	<b>6 711</b>	<b>6 948</b>

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)	31 Mar. 2011	31 Dec. 2010
Paid-in capital	1 228	1 213
Other reserves	2 846	2 823
Special item for general banking risks in accordance with §340g of the German Commercial Code	1 212	1 082
Other capital	2 844	2 855
Other components	-21	-28
<b>Core capital</b>	<b>8 109</b>	<b>7 945</b>
Non-current subordinated liabilities	3 432	3 443
Participatory capital liabilities	297	297
Other components	147	152
<b>Supplementary capital</b>	<b>3 876</b>	<b>3 892</b>
Deductions from core capital and supplementary capital	2 120	2 232
<b>Modified available equity</b>	<b>9 865</b>	<b>9 605</b>
<b>Eligible capital in accordance with § 10 of the German Banking Act</b>	<b>9 865</b>	<b>9 605</b>

(in %)	31 Mar. 2011	31 Dec. 2010
Overall ratio accordance to §2 Paragraph 6 of the German Solvency Regulation (SolvV)	11,76	11,06
Core capital ratio	9,67	9,15

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**(35) Contingent Liabilities and Other Obligations**

	31 Mar. 2011 (in € million)	31 Dec. 2010 (in € million)	Change (in %)
<b>Contingent liabilities</b>			
Liabilities from guarantees and other indemnity agreements	6 724	7 026	- 4
<b>Other obligations</b>			
Irrevocable credit obligations	13 751	12 978	6
<b>Total</b>	<b>20 475</b>	<b>20 004</b>	<b>2</b>

**(36) Related Parties**

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

<b>31 Mar. 2011</b>	<b>Shareholders</b>	<b>Subsidiaries</b>	<b>Joint ventures</b>	<b>Affiliated companies</b>	<b>Persons in key positions</b>	<b>Other related parties</b>
(in € 000)						
<b>Outstanding loans and advances</b>						
to banks	–	–	–	1 008 593	–	87 120
to customers	2 838 520	70 280	12 156	234 696	2 075	456 036
Other unsettled assets	2 365 529	51	–	45 358	–	3 455
<b>Total assets</b>	<b>5 204 049</b>	<b>70 331</b>	<b>12 156</b>	<b>1 288 647</b>	<b>2 075</b>	<b>546 611</b>
<b>Unsettled liabilities</b>						
to banks	–	–	–	349 249	–	120 784
to customers	785 853	52 254	34 136	127 702	2 754	269 458
Other unsettled liabilities	712 167	1 236 327	–	388	13	119 381
<b>Total liabilities</b>	<b>1 498 020</b>	<b>1 288 581</b>	<b>34 136</b>	<b>477 339</b>	<b>2 767</b>	<b>509 623</b>
Guarantees/sureties received	4 263 347	27	–	5 000	–	–
Guarantees/sureties granted	5 325 031	750	1 704	4 894	–	1 042
<b>1 Jan.– 31 Mar. 2011</b>	<b>Shareholders</b>	<b>Subsidiaries</b>	<b>Joint ventures</b>	<b>Affiliated companies</b>	<b>Persons in key positions</b>	<b>Other related parties</b>
(in € 000)						
Interest expense	32 202	22 104	161	5 920	19	3 256
Interest income	37 383	1 257	454	12 502	22	4 921
Commission expense	5 953	–	–	–	–	224
Commission income	20	2	8	70	–	6
Other income and expenses	25 016	11	1	–2 703	–13	5 439
<b>Total contributions to income</b>	<b>24 264</b>	<b>–20 834</b>	<b>302</b>	<b>3 949</b>	<b>–10</b>	<b>6 886</b>

31 Dec. 2010 <sup>*)</sup>	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
(in € 000)						
<b>Outstanding loans and advances</b>						
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
<b>Total assets</b>	<b>4 762 846</b>	<b>68 740</b>	<b>17 313</b>	<b>1 324 179</b>	<b>2 077</b>	<b>491 542</b>
<b>Unsettled liabilities</b>						
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	1 236 270	–	477	–	125 355
<b>Total liabilities</b>	<b>1 045 018</b>	<b>1 289 244</b>	<b>133 410</b>	<b>519 369</b>	<b>2 809</b>	<b>580 892</b>
Guarantees/sureties received	4 247 347	27	–	5 000	–	–
Guarantees/sureties granted	5 325 031	750	2 196	7 995	–	2 199
<b>1 Jan.– 31 Dec. 2010<sup>*)</sup></b>						
(in € 000)						
Interest expense	4 151	22 566	1	3 056	19	757
Interest income	33 684	1 176	2 044	11 946	23	503
Commission expense	6 056	–	–	–	–	–
Commission income	26	57	–	71	–	–
Other income and expenses	– 16 562	–	156	2 704	– 8	– 4
<b>Total contributions to income</b>	<b>6 941</b>	<b>– 21 333</b>	<b>2 199</b>	<b>11 665</b>	<b>– 4</b>	<b>– 258</b>

\*) 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
<b>Subsidiaries included in the consolidated financial statements</b>		
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	–	49.00
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
<b>Investment funds included in the consolidated financial statements</b>		
NORD/LB AM 118 NLB	–	100,00
NORD/LB AM High-Yield	–	96,14
NORD/LB AM VT Renten Classic	–	51,07
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	–
<b>Companies/investment funds accounted for in the consolidated financial statements using the equity method</b>		
<b>Joint Ventures</b>		
LHI Leasing GmbH, Pullach im Isartal	43,00	6,00
<b>Associated companies</b>		
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
<b>Investment funds</b>		
Lazard-Sparkassen Rendite-Plus-Fonds	49,18	–
NORD/LB AM Emerging Market Bonds	–	33,89
NORD/LB AM Global Challenges Index-Fonds	–	40,14



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# 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, 24 May 2011

Norddeutsche Landesbank Girozentrale

## The Managing Board

Dr. Dunkel

Schulz

Forst

Dr. Holm

Dr. Riegler

## 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

**31 August 2011** Release of interim results as at 30 June 2011  
**30 November 2011** Release of interim results as at 30 August 2011

#### NORD/LB

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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](mailto: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  
Deutschen Hypothekenbank AG, 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

**NORD/LB**

Die norddeutsche Art.

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