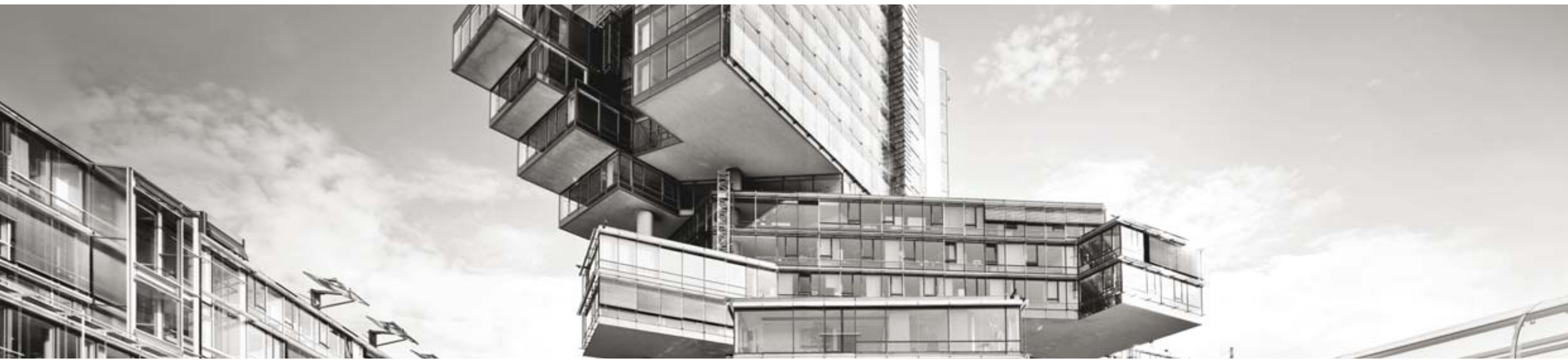
NORD/LB

Die norddeutsche Art.



Interim Report
as at 30 June 2012

Finanzgruppe

NORD/LB Group at a glance

	1 Jan. – 30 Jun. 2012	1 Jan. – 30 Jun. 2011*)	Change (in %)
In € million			
Net interest income	973	855	14
Loan loss provisions	– 146	– 34	> 100
Net commission income	83	84	– 1
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	– 168	– 89	89
Profit/loss from financial assets	11	18	– 39
Profit/loss from investments accounted for using the equity method	– 8	16	> 100
Administrative expenses	554	553	–
Other operating profit/loss	– 35	– 24	46
Reorganisation expenses	– 25	–	–
Earnings before taxes	131	273	– 52
Income taxes	64	74	– 14
Consolidated profit	67	199	– 66
Key figures in %			
Cost-Income-Ratio (CIR)	65.6	65.7	
Return-on-Equity (RoE)	3.9	10.1	

	30 Jun. 2012	31 Dec. 2011*)	Change (in %)
Balance figures in € million			
Total assets	228 677	227 630	–
Customer deposits	63 883	60 774	5
Customer loans	115 805	114 714	1
Equity	6 496	6 543	– 1
Regulatory key figures			
Core capital for solvency reasons in € million	8 487	8 005	6
Regulatory equity in € million	11 028	10 727	3
Risk-weighted assets in € million	81 438	84 800	– 4
Total capital ratio in %	13.54	12.65	
Core capital ratio in %	10.42	9.44	

NORD/LB Ratings (long-term/short-term/individual)
Moody's A3/P-2/D Fitch Ratings A/F1/bbb-

*) Some previous year's figures were adjusted as you can see at note (3) adjustment of figures for the previous year.

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

Interim Report as at 30 June 2012

INTERIM GROUP MANAGEMENT REPORT AS AT 30 JUNE 2012

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Contents

NORD/LB Norddeutsche Landesbank Girozentrale

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

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

The share capital amounts to € 1,493,896,250, with the federal state of Lower Saxony holding 56.03 per cent (of which 28.39 per cent is held in trust for the state-owned Hannoversche Beteiligungsgesellschaft mbH), the federal state of Saxony-Anhalt 6.00 per cent, the Lower Saxony Association of Savings Banks and Girobanks 28.36 per cent, the Holding Association of the Savings Banks of Saxony-Anhalt 5.68 per cent and the Special Purpose Holding Association of the Savings Banks of Mecklenburg-Western Pomerania 3.94 per cent.

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

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

NORD/LB operates in the following segments:
- Private and Commercial Customers
- Corporate Customers & Markets
- 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), Hanover, (hereafter Deutsche Hypo), LBS Norddeutsche Landesbausparkasse, Berlin, Hanover (hereafter LBS), Öffentliche Lebensversicherung Braunschweig, Braunschweig and Öffentliche Sachversicherung Braunschweig, Braunschweig, (hereafter ÖVBS). The bank also holds other investments as shown in the disclosures in the Notes.

Control Systems

The control of profitability, productivity and the Group's risk profile are the responsibility of the Managing Board. The aim of this system of control is to optimise short and medium-term profitability and efficiency while at the same time maintaining the best possible degree of transparency in terms of earnings and cost. Regulating earnings and productivity at NORD/LB is primarily focussed on the key figures of return on equity (ROE), cost-income ratio (CIR) and the risk rate, on operating profit (contribution margin V) and on commercial profit/loss. The significance of key indicators is aligned towards the targets, depending on the respective banking division or the type of product. The cost-income ratio is defined as the ratio between administrative expenses and the sum total of the following income items: net interest income, net commission income, profit/loss from financial instruments at fair value through profit or loss, 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 and long-term equity under commercial law (reported equity capital less revaluation reserve less earnings after taxes).

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

Business Activities and the General Environment

Significant Events in the First Half of 2012

Capital Measures

In July the EU Commission approved all of the capital measures of the capital-boosting programme initiated in the previous year. The objective of the programme was to generate core tier 1 capital in the Group to a level that would satisfy the requirements of the EU-wide bank stress test announced in July 2011 and the higher capital requirements approved by the EU summit in October 2011, as a result of which major European banks in future have to have a core tier 1 capital ratio of at least 9 per cent according to the definition of the EBA.

The EU Commission's approval applies both to various capital transformations and capital contributions by the owners in the current and past year and a guarantee provided by the states of Lower Saxony and Saxony-Anhalt which NORD/LB may now also draw on in exceptional cases. The first round of capital-boosting measures increased the core tier 1 capital by € 1.67 billion at the beginning of 2012. The second round of measures will be implemented by the end of the third quarter and involve a further € 1.17 billion. With these capital measures the bank assumes that the minimum core capital ratio of 9 per cent required by the EBA will be met.

A catalogue of binding commitments, which NORD/LB agreed with the Commission, were crucial for the approval. The commitments concern various business segments and define the target customers, business volumes and/or main focus of the areas of business. With the catalogue of commitments NORD/LB now has a binding duty to continue its business model. The agreed ratios define the current status quo of business activities and/or are in accordance with NORD/LB's strategy and planning. This also applies for Group-wide objectives such as the planned controlled reduction of total assets and risk assets, the consistent continuation of the accumulation of profits and the stabilisation of costs.

As most of the commitments are a confirmation and continuation of NORD/LB's business model and strategic plans, only a few adjustments are necessary, such as the agreed closure of the representative offices in Beijing, Mumbai and Madrid. NORD/LB's major international branches are not affected by this.

It was also agreed that the expected dividends for the next two years will not be distributed to the owners, but will initially be allocated to the bank's profit carried forward. They may be distributed at a later date if the bank's income and capital continue to develop according to plan.

Efficiency Improvement Programme

NORD/LB decided at the start of 2011 with the agreement of its owners to stabilise its administrative expenses at € 1.1 billion. NORD/LB has made a commitment to the EU Commission to restrict its operating costs (not including special effects) to € 1.07 billion by the end of 2016. In order to achieve this goal, NORD/LB launched an efficiency improvement programme in March 2011 to reduce both material costs and staff expenses.

Economic Development

In the first half of the year Germany's economy was robust. In the first quarter of 2012, seasonally and price-adjusted gross domestic product (GDP) rose by 0.5 per cent compared to the previous quarter. The increase in net exports contributed significantly towards this development. While real imports stagnated, exports increased by 1.7 per cent compared to the previous quarter. Private consumption also developed positively and contributed 0.2 percentage points to GDP growth. However, investment activities slowed down in the first quarter. Construction investment in particular fell due to weather-related reasons, but this should have been followed by a countermovement in spring.

The performance of the manufacturing sector was rather mixed in the second quarter. Real retail sales tended to be slightly down throughout the second quarter. However, the signs remain positive for private consumption due to the large negotiated wage increases, fall in inflationary pressure and continuing growth in employment.

The debt crisis and the weak economy in the rest of Europe are having an increasing impact on the German economy. Both the moderate development of industrial production and incoming orders and the recent fall in important early indicators suggest that growth will slow down. However, the situation in the German job market has so far remained stable. In July 2012 the seasonally-adjusted number of unemployed increased slightly and the unemployment rate remained at 6.8 per cent. However, employment is continuing to rise dynamically.

The shipping industry has deteriorated sharply during the first half year. Demand developed worse than expected whereas the transport capacities increased significantly so that freight and charter rates were on a very low level in the material markets.

In the eurozone economic development was overall poor in the first half of 2012. GDP was only just below the previous quarter's level in the first quarter thanks to the surprisingly good performance of the German economy. However, the early economic indicators suggest that GDP will fall again in the second quarter. The differences between the individual member states remained extraordinarily high in the first half of 2012. The two biggest national economies of Germany and France and the economies of a few smaller northern member states performed better than the eurozone as a whole. In particular the economies of the southern member states came under greater pressure, with Spain and Italy remaining in recession in spring.

The price of crude oil was very volatile in the first half of the year. Starting the year at USD 110/barrel, it reached its high of just under USD 130/barrel in March. In the second quarter it started to move in the other direction, with the market price of Brent oil even falling below USD 90/barrel for a period in mid-June. By mid-July the price of oil returned to three figures.

Inflation has been more persistent than expected due to the rise in energy and raw materials prices both in Germany and in the eurozone. In June the annual rate for the Harmonised Index of Consumer Prices (HICP) in Germany fell to 2.0 per cent, its lowest level since January 2011. The inflation target specified by the European Central Bank (ECB) of just under 2.0 per cent is therefore now in sight. However, inflation remained well above this target level in June in the eurozone as a whole at 2.4 per cent due to significant rises in administered prices.

Against the background of the increasingly dim economic outlook, the ECB lowered the tender rate at the start of July to 0.75 per cent, its lowest level since monetary union. Previously the ECB had flooded the markets around the change of the year with liquidity totalling more than one trillion euros with two three-year tenders. The ECB also lowered the requirements for securities again, in order to make it easier in particular for banks from the southern eurozone to gain access to the ECB liquidity.

The debt crisis remains the dominant issue. The deficit and debt ratios of the single currency area are still much better than in other developed national economies. The deficit ratio fell significantly to 4.1 per cent of gross domestic product in 2011. However, the southern states of the eurozone remain a concern.

The equity markets reflect the degree of uncertainty caused by the debt crisis. The German equity index (DAX) reached its high for the year so far of 7,194 points in mid-March. Against the background of increasing tension in the markets, the DAX was unable to maintain the level of over 7,000 points reached in the first quarter and fell to just below 6,000 points at the start of June. German government bonds remained sought-after as a 'safe haven' as the euro debt crisis worsened, while their yield recorded new lows. The yields of ten-year German government bonds fell at the start of June and mid-July below 1.2 per cent. US treasuries also benefited from the high uncertainty in the markets. The yield of bonds with a ten-year residual term was at the same time only just above 1.4 per cent. In mid-July, following a brief countermovement, this level was almost reached again.

Report on the Earnings, Financial and Assets Position

(In the following text the previous year's figures for the first six months of 2011 or as at 31 December 2011 are shown in brackets.)

Earnings Position

Earnings before taxes for the first six months of the financial year 2012 totalled € 131 million.

The figures for the income statement are summarised as follows:

(in € million)	1 Jan.–30 Jun. 2012	1 Jan.–30 Jun. 2011*)	Change**)
Net interest income	973	855	118
Loan loss provisions	– 146	– 34	– 112
Net commission income	83	84	– 1
Profit/loss from financial instruments at fair value through profit or loss including hedge accounting	– 168	– 89	– 79
Profit/loss from financial assets	11	18	– 7
Profit/loss from investments accounted for using the equity method	– 8	16	– 24
Administrative expenses	554	553	– 1
Other operating profit/loss	– 35	– 24	– 11
Reorganisation expenses	– 25	–	– 25
Earnings before taxes	**131**	**273**	**– 142**
Income taxes	64	74	10
Consolidated profit	**67**	**199**	**– 132**

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

The individual income items are shown as follows:

Net interest income rose compared to the same period of the previous year by € 118 million. The positive development is attributable to much lower interest expenses compared to interest income in lending and money market transactions and securitised liabilities, which is in particular a result of the continuing low level of interest rates.

Expenses related to **loan loss provisions** increased by € 112 million compared to the same period of the previous year. This is primarily due to the net allocation to specific valuation allowances in the amount of € 222 million, compared to a much lower allocation of € 139 million in the same period of the previous year. The net allocation in the first half of the year relates primarily to the shipping portfolio. Expenses related to other loan loss provisions increased by € 53 million, while the net reversal of on-balance-sheet and off-balance-sheet general loan loss provisions is at the same level as the previous year.

Net commission income is at € 83 million at the level of the same period of the previous year.

The **profit/loss from financial instruments at fair value through profit or loss including hedge accounting** totals € –168 million and therefore fell compared to the reference period by € 79 million. In addition to the interest and rating-induced valuation effects of structured liabilities that are recognised as an expense, the profit/loss from financial instruments at fair value through profit or loss including hedge accounting is affected in particular by the increase in valuation losses relating to currency derivatives as a result of the convergence of the EUR/USD base spreads. However, the valuation gains for debt securities held and receivables held for trading purposes due to the fall in interest rates in the year under review had a positive effect.

The **profit/loss from financial assets** is € 11 million and is therefore € 7 million below the previous year's figure. The reason for this development is the fall in profit from the sale of investments; in the previous year a profit of € 33 million was achieved. The previous year's profit/loss was affected by the impairment of Greek government bonds.

At € –8 million, the **profit/loss from investments accounted for using the equity method** was € 24 million below the figure recorded in the same period of the previous year. The fall is mainly the result of the write-down of an associated company made in the year under review.

Administrative expenses are at € 554 million at the previous year's level. The increase in staff expenses, which is primarily due to negotiated wage increases, was compensated for by the fall in other administrative expenses, which is attributable to a fall in office and building expenses as well as a fall in expenses for external services.

The fall in **other operating profit/loss** by € 11 million to € –35 million is primarily attributable to losses from the redemption of own debt securities and a fall in earnings from insurance contracts. A lower allocation to the provision for the bank levy of € 37 million (€ 42 million) had a positive effect.

The **reorganisation expenses** of € –25 million are solely the result of allocations made to restructuring provisions. These were made for the contracted agreements as at the reference date concerning the termination of contracts of employment as part of the efficiency improvement programme.

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

Assets and Financial Position

(in € million)	30 Jun. 2012	31 Dec. 2011	Change
Loans and advances to banks	35 712	34 618	1 094
Loans and advances to customers	115 805	114 714	1 091
Loan loss provisions	– 1 745	– 1 785	40
Financial assets at fair value through profit or loss	18 562	18 644	– 82
Financial assets	53 285	54 499	– 1 214
Investments accounted for using the equity method	346	387	– 41
Other assets	6 712	6 553	159
Total assets	**228 677**	**227 630**	**1 047**
Liabilities to banks	59 754	59 132	622
Liabilities to customers	63 883	60 774	3 109
Securitised liabilities	61 556	66 076	– 4 520
Financial liabilities at fair value through profit or loss	21 764	20 529	1 235
Provisions	3 757	3 414	343
Other liabilities	11 467	11 162	305
Reported equity including non-controlling interests	6 496	6 543	– 47
Total liabilities and equity	**228 677**	**227 630**	**1 047**

Total assets rose compared to 31 December 2011 by € 1.0 billion to € 228.7 billion. On the assets side, this rise is primarily accounted for by loans and advances to banks and to customers. The fall in financial assets had a negative effect. On the liabilities side, the fall in securitised liabilities is partially compensated for in particular by the increase in liabilities to customers. Financial liabilities at fair value through profit or loss also increased.

Loans and advances to customers are still the largest balance sheet item at 51 per cent (51 per cent), followed by financial assets at 23 per cent (24 per cent).

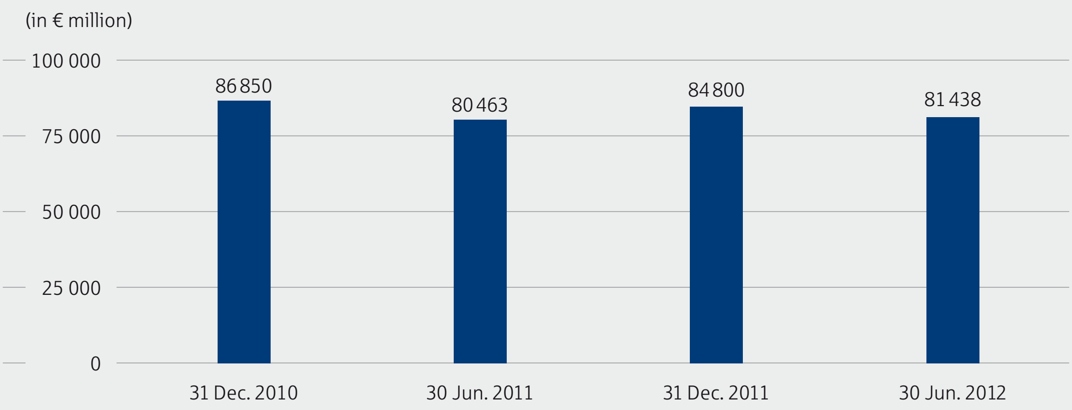
Financial assets at fair value through profit or loss comprise trading assets and financial assets designated at fair value and are at the same level as the previous year. The increase in trading assets and the fair values from derivatives is seen alongside a fall in receivables from the trading portfolio and financial assets designated at fair value. Overall there was a fall of € 82 billion as at 30 June 2012.

The rise in liabilities from money market transactions to domestic customers has contributed significantly to the **increase in liabilities to customers**. The fall in **securitised liabilities** is primarily the result of the expiry of municipal bonds and a lower volume of new issues.

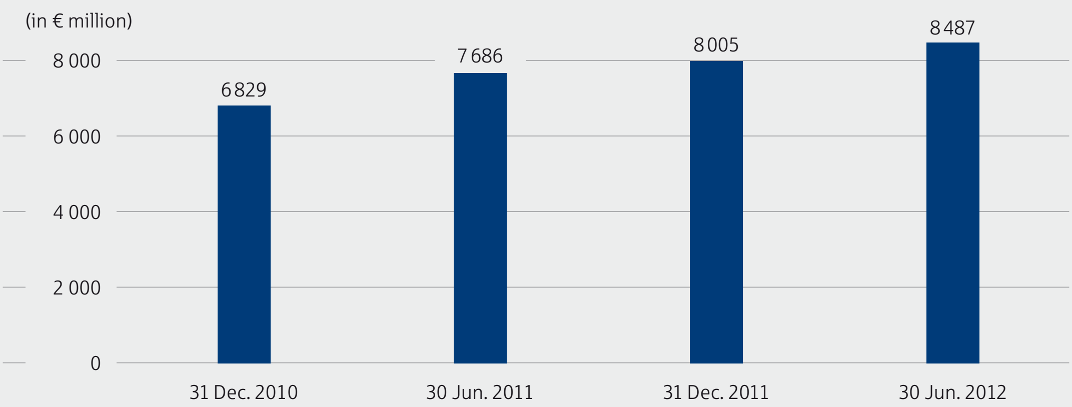
Liabilities at fair value through profit or loss comprise trading liabilities and financial liabilities designated at fair value. Compared to the previous year they have risen by € 1.2 billion. This is largely attributable to the development of negative fair values from interest derivatives in trading liabilities.

Regulatory capital was € 11 billion as at the reporting date, of which € 8.5 billion related to core capital. The total capital ratio rose from 12.65 per cent as at 31 December 2011 to 13.54 per cent as at 30 June 2012. The core capital ratio (cf. Note 36) rose from 9.44 per cent to 10.42 per cent.

The total of risk-weighted assets, own-funds requirements for market-price risks and operational risks are as follows:



The core capital for solvency reasons has changed as follows:



Summary

The performance of the business in the first half of 2012 is overall considered to be satisfactory.

Forecasts and Other Information on Anticipated Developments

Economic development in Germany is increasingly being affected by the extremely poor economic situation in the rest of the eurozone. This is also reflected in the Ifo Business Climate Index. The most important early indicator for the development of the German economy fell by the end of the second quarter, with in particular economic expectations falling significantly. Despite the slowdown in growth expected in the second half of the year, we are expecting a growth rate of almost one per cent for gross domestic product (GDP) for the year as a whole. Domestic demand will be an important mainstay this year, and there will be a significant increase in construction investment and private consumption. Macroeconomic developments led to continuously risen risks in the shipping industry. It is not likely for freight rates, time charter rates and ship prices to rise again shortly.

Fiscal policy will only have a slightly restrictive effect in Germany, while the austerity policies in the eurozone will have a much more serious impact. For the current year, we expect economic output to fall in the eurozone by 0.3 per cent compared to the previous year. Risks arise in particular from the debt crisis. We are expecting the average annual inflation rate to be above the ECB target of just under 2.0 per cent in both Germany and the eurozone, although we expect it to fall as the year progresses.

The prospects for the USA economy continue to be much better than for the eurozone, even though the sentiment indicators have fallen recently. The expansive monetary policy supports economic development for a longer period, and as a result growth of a good two per cent can be expected this year. The differences in growth are also one of the reasons for our forecast that the US dollar will be worth around USD / EUR 1.23 within one year.

The financial markets will remain extremely volatile this year with in particular the debt crisis keeping market participants in suspense. Yields from ten-year German government bonds will at best only rise slightly. The monetary policy of the ECB will also contribute towards this. Due to the economic concerns and the debt crisis in the eurozone, monetary policy will remain expansive for a longer period. An increase in interest rates is unlikely until at least the end of next year.

The financial year 2012 has started satisfactorily in the NORD/LB Group. NORD/LB is expecting, based on the operational successes of the previous year, to improve the result of 2012 in qualitative terms. Under the current regulatory and economic conditions, it will be more difficult though to repeat or increase the annual profit. Overall though, NORD/LB will continue on a cautious development path, but a significant rise in earnings is only expected in the medium term after the national debt crisis in the eurozone has been overcome.

Net interest income in customer business is slightly above target for the first quarter of 2012 due to interest rates and margins; however, the result of the interest rate change risk control initiative is below target given the adequate liquidity resources and the lack of lucrative investment opportunities with manageable risk. Net commission income is still below target. The contribution to earnings of financial instruments at fair value is negative and well below target. While the restriction of the USD / EUR base spread has had a negative effect on the valuation of currency derivatives and generated valuation losses, this was partly compensated for by the fall in interest rates and ensuing valuation gains. The NORD/LB Group expects that the operational income targets will be achieved for 2012 as a whole; it is not currently possible to estimate changes in profit / loss from financial instruments at fair value as a result of the situation in the financial markets.

Administrative expenses are developing in line with budget. The NORD/LB Group expects that staff expenses higher than in the previous year due to negotiated wage increases. Other administrative expenses will rise due among other things to the capitalisation of project costs and projects covering the entire bank in recent years, with the result that overall a moderate increase in administrative expenses is expected.

Specific valuation allowances made to date, particularly in the Ship and Aircraft Customers and Real Estate Banking Customers segments, are on the whole within the planned framework. Due to the economic uncertainties, though, NORD/LB is bracing itself for a difficult second half of the year in lending business and plans risk buffer well above the provisions made for 2011.

The earnings before taxes in the first half of 2012 cannot be extrapolated for the whole year. Nevertheless, the NORD/LB Group is cautiously optimistic about the current year and expects to achieve its operational targets in 2012 (before any financial-market-related effects). NORD/LB's earnings before taxes in 2012 are planned to be higher than in 2010, but will not reach the previous year's outstanding level that was influenced by positive one-time effects; the RoE and CIR will develop accordingly.

Compliance with the Basel III requirements and the criteria of the European Banking Authority (EBA) are of key importance for NORD/LB. All of the measures necessary for this will be taken together with the owners. NORD/LB will meet the increased capital requirements required by the EBA in full with the support of the owners.

Apart from a further possible increase in loan loss provisions, a continuously rising US dollar price and decreasing risk parameters due to a weakening economy could possibly lead to a further rise of the risk-weighted assets. Capital ratios would fall respectively then.

NORD/LB will continue to resolutely pursue its strategy of operating its customer-oriented business model which has proved itself in the crisis and its risk-conscious business policy. The business model will be constantly reviewed and adjusted if necessary. In its estimation of its medium-term development, the NORD/LB Group assumes that there will be a positive economic climate and that the economy will continue on a sustainable path of growth. The planned increase in earnings in the medium term will focus on growth in all earnings components and at the same time improving the earnings structure, the return to normal risk provisions and a restriction of administrative expenses. In the medium term the issue of refinancing will continue to be of key importance to NORD/LB in particular in longer maturity periods.

Given the planned development of earnings and expenditure, with loan loss provisions at the level of the required imputed covering, the bank expects operating income to increase significantly in the period of 2012 to 2016, accompanied by a corresponding improvement in key figures. Nevertheless the consolidated profit will firstly be under the level of 2011 in the next years to come.

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 2011. Only significant developments in the period under review are addressed in this interim report.

Risk-Bearing Capacity

The NORD/LB Group significantly improved its risk-bearing capacity model (RBC model) in the first quarter. The changes consider among other things the requirements formulated by the regulatory authority regarding the assessment of internal bank risk-bearing-capacity concepts and the status of the latest industry-wide discussions on this. The objective was also to reinforce the conservative risk policy of the NORD/LB Group and to consider changes in economic conditions and the associated higher volatility.

The revised RBC model assumes the going-concern scenario to be the appropriate approach. The maintaining of solvency after the occurrence of risk remains a necessary condition for the going-concern scenario. By considering an additional buffer on the risk capital side, raising the confidence level and higher requirements of minimum capital resources after the occurrence of risk, the existing RBC model was tightened.

The previous approach under the term economic capital adequacy assumed a full gone-concern scenario and will be continued as a secondary condition. The definition as liquidity scenario includes among other things the full risk-capital-reducing inclusion of hidden liabilities and the consideration of credit spread risks in the banking book in risk potential.

These developments have been considered for the first time as at the reporting date 31 March 2012; the reference date 31 December 2011 has been recalculated based on the changes in method. The stress scenarios considered within the scope of risk-bearing capacity will also be revised.

The utilisation of risk capital in the going-concern scenario is 44 per cent as at 30 June 2012 and therefore below the utilisation of the reference date 31 December 2011 (adjusted for the changes in method). The fall in utilisation is attributable to an increase in risk capital, which is greater than the increase in risk potential.

Risk-bearing capacity is given up to a utilisation level of 100 per cent. Utilisation is well below this level as at the reporting date. The conservative buffer of 20 per cent (maximum utilisation of 80 per cent) set in the risk strategy is also not required. The risk-bearing capacity is also given in the gone-concern scenario.

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

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

(in € million)	Risk-bearing capacity 30 Jun. 2012		Risk-bearing capacity 31 Dec. 2011[1)]	
Risk capital	**3 091**	**100 %**	**2 265**	**100 %**
Credit risk	805	26 %	786	35 %
Investment risk	42	1 %	40	2 %
Market price risk	340	11 %	258	11 %
Liquidity risk	111	4 %	83	4 %
Operational risk	71	2 %	66	3 %
Total risk potential	**1 369**		**1 232**	
Risk capital utilisation		**44 %**		**54 %**

[1)] Previous year's figures were re-calculated under consideration of a methodological change.

Following the significant increase in core capital by the capital measures approved by the EU Commission, the NORD/LB Group meets the requirements of the European Banking Authority (EBA) and is in an even more robust and crisis-proof position, without having changed its business model.

Credit Risk

The maximum default risk amount for on-balance-sheet and off-balance-sheet financial instruments remained virtually constant in the first half of 2012. An increase in loans and advances to banks and loans and advances to customers was seen alongside a fall in other items, in particular financial assets.

Risk-bearing financial instruments (in € million)	Maximum default risk 30 Jun. 2012	Maximum default risk 31 Dec. 2011[1)]
Loans and advances to banks	35 712	34 618
Loans and advances to customers	115 805	114 714
Financial assets at fair value through profit or loss	18 562	18 644
Positive Fair Values from Hedge Accounting Derivatives	3 362	3 289
Financial assets	53 285	54 499
Sub-total	**226 726**	**225 764**
Liabilities from guarantees and other indemnity agreements	6 633	6 998
Irrevocable credit commitments	9 164	9 456
Total	**242 523**	**242 218**

[1)] Previous year's figures were adjusted.

The total exposure used for internal control fell slightly from € 240 billion to € 238 billion in the first six months of the year. The fall is primarily the result of the reduced exposures in the area of Financing institutes/insurance companies.

The quality of the NORD/LB Group's credit portfolio remained fairly constant in the first half of 2012. The exposure in the rating class "Very good to good fell", while the exposure in the rating class "Good/satisfactory" rose. Exposure in the default categories fell disproportionately compared to the total exposure by 8 per cent; the share of non-performing loans fell from 2.5 per cent to 2.3 per cent.

The Rating Structure table shows the breakdown of the total exposure in the NORD/LB Group (existing and new business) by rating class and product type. The share of items in the rating category "Very good to good" remains at a high level at 74 per cent (75 per cent) as at 30 June 2012. This is explained in particular by the significance of business conducted with financial institutions and public authorities and is at the same time a reflection of the conservative risk policy of the NORD/LB Group.

Rating structure [1] (in € million)	Loans [2] 30 Jun. 2012	Securities [3] 30 Jun. 2012	Derivatives [4] 30 Jun. 2012	Other [5] 30 Jun. 2012	Total exposure 30 Jun. 2012	Total exposure 31 Dec. 2011 [6]
Very good to good	100 533	49 596	13 297	11 862	175 288	179 594
Good/satisfactory	15 417	2 951	1 283	1 810	21 461	19 569
Reasonable/satisfactory	15 290	867	420	1 055	17 633	16 782
Increased risk	7 555	44	134	316	8 049	8 170
High risk	4 217	111	61	94	4 483	4 802
Very high risk	5 188	201	87	56	5 532	4 758
Default (=NPL)	5 332	8	94	55	5 489	5 976
Total	**153 532**	**53 778**	**15 375**	**15 250**	**237 935**	**239 651**

1) Allocation is in accordance with IFD rating categories.
2) Includes loans taken up or loan commitments, guarantees and other non-derivative, off-balance sheet assets. As in the internal reporting, irrevocable loan commitments are generally included at 60 per cent (61 per cent) and revocable loan commitments at 10 per cent (5 per cent).
3) Includes the own stocks of securities issued by third parties (banking book only).
4) Includes derivative financial instruments such as financial swaps, options, futures, forward rate agreements and currency transactions.
5) Includes other products such as transmitted loans and loans administered for third-party account.
6) Previous year's figures were corrected. The incorrectly to the rating category "default" allocated exposure of € 1.3 billion is now allocated to the category "Very good to good".

The breakdown of total credit exposure by industry group shows that business conducted with financing institutes and with public authorities accounts for 60 per cent (61 per cent) and still constitutes a significant share of the total exposure.

Industries[1)] (in € million)	Loans[2)] 30 Jun. 2012	Securities[3)] 30 Jun. 2012	Derivatives[4)] 30 Jun. 2012	Other[5)] 30 Jun. 2012	Total exposure 30 Jun. 2012	Total exposure 31 Dec. 2011
Financing institutes / insurance companies	41 670	30 140	9 756	8 337	89 902	93 930
Service industries / other	61 972	21 595	2 706	1 933	88 206	85 958
– of which: Land, housing	19 789	27	519	491	20 826	19 683
– of which: Public administration	29 867	21 145	1 879	85	52 976	51 542
Transport / communications	30 648	694	940	180	32 462	32 278
– of which: Shipping	19 104	0	453	56	19 612	19 603
– of which: Aviation	8 210	–	163	0	8 374	8 188
Manufacturing industry	5 627	454	916	254	7 250	7 842
Energy, water and mining	7 392	776	670	3 400	12 238	11 974
Trade, maintenance and repairs	3 252	40	218	215	3 725	3 548
Agriculture, forestry and fishing	786	29	4	840	1 659	1 632
Construction	2 186	50	166	91	2 493	2 489
Total	**153 532**	**53 778**	**15 375**	**15 250**	**237 935**	**239 651**

1) Allocated in alignment with the internal reporting in accordance with economic criteria.
2) to 5) See the previous chart on the rating structure.

The breakdown of the entire credit exposure by region shows that the eurozone accounts for a high share of 82 per cent (82 per cent) of total exposure and remains by far the most important business region of the NORD/LB Group. Germany's share rose from 66 per cent to 67 per cent.

Regions[1)] (in € million)	Loans[2)] 30 Jun. 2012	Securities[3)] 30 Jun. 2012	Derivatives[4)] 30 Jun. 2012	Other[5)] 30 Jun. 2012	Total exposure 30 Jun. 2012	Total exposure 31 Dec. 2011
Euro countries	125 731	45 060	9 801	15 059	195 652	195 654
– of which: Germany	110 067	28 888	5 956	14 681	159 592	159 022
Other Europe	10 408	3 134	3 015	113	16 669	16 754
North America	8 695	3 945	2 064	64	14 769	15 703
Middle and South America	3 011	278	22	0	3 311	3 297
Middle East / Africa	1 111	49	1	1	1 162	1 262
Asia / Australia	4 575	1 313	471	13	6 372	6 982
Total	**153 532**	**53 778**	**15 375**	**15 250**	**237 935**	**239 651**

1) Allocated in alignment with the internal reporting in accordance with economic criteria.
2) to 5) See the previous chart on the rating structure.

The exposure in Greece, Ireland, Italy, Portugal and Spain fell by 11 per cent to € 12 billion. Their share in the total exposure is only 5 per cent. The share of receivables owed by the respective countries, regional governments and municipalities also fell to € 3.2 billion and remains 1 per cent of the total exposure.

Exposure in selected countries [1] (in € million)	Greece		Ireland		Italy		Portugal		Spain		Total	
	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011
Sovereign Exposure	58	219	297	331	1 987	1 959	351	383	470	497	**3 163**	**3 389**
– of which CDS	–	94	194	191	104	102	194	194	–	–	**492**	**581**
Financing institutions/ insurance companies	–	50	992	1 285	1 896	2 301	318	493	2 501	3 026	**5 706**	**7 155**
Corporates/ Other	266	353	2 165	1 882	182	190	204	211	617	710	**3 435**	**3 345**
Total	**324**	**622**	**3 455**	**3 499**	**4 065**	**4 449**	**873**	**1 087**	**3 587**	**4 232**	**12 304**	**13 890**

[1] Allocated in alignment with the internal reporting in accordance with economic criteria and to the country the borrower is legally domiciled.

The sovereign exposure to Greece has fallen significantly as a result of the exchange in March of Greek government bonds and the maturity of the credit default swaps (CDS) settled in cash. In the second quarter the portfolio was further reduced by sales of securities. Receivables from Greek banks were reduced completely by maturities and sales. The Greek government bonds which still remain in the portfolio of the NORD/LB Group were provided in settlement of CDS which are not settled in cash. The impact of the credit event on the balance sheet was largely anticipated by the valuation of the CDS through profit or loss as at 31 December 2011.

The NORD/LB Group is also closely monitoring and analysing developments in the other countries mentioned. This also applies in particular to the Spanish banking sector. However, the Group does not consider it necessary to make any further provisions at this stage. The majority of the exposures in the five countries mentioned are in the rating class “Very good to good”. Further details on exposures in these selected countries can be found in Note 35 of the interim report.

Sovereign Exposure in selected countries by maturity [1] (in € million)	Greece 30 Jun. 2012	Ireland 30 Jun. 2012	Italy 30 Jun. 2012	Portugal 30 Jun. 2012	Spain 30 Jun. 2012	Total 30 Jun. 2012
Up to 1 year	–	–	–	–	92	**92**
More than 1 year up to 5 years	–	85	348	91	305	**829**
More than 5 years	58	212	1 639	260	72	**2 241**
Total	**58**	**297**	**1 987**	**351**	**470**	**3 163**

[1] Allocated by residual terms and, in line with the internal reporting, to the country the borrower is legally domiciled.

In addition to direct exposure, the reported exposure also comprises indirect exposure (primarily credit default swaps). The calculation is based on utilisation (in the case of guarantees the nominal value and in the case of securities the carrying amount) according to the German Commercial Code (HGB) and the credit equivalents resulting from derivatives (including add-ons and in consideration of netting). Irrevocable and revocable credit commitments are included in the total exposure, while securities against the NORD/LB Group are ignored.

Sovereign exposure also comprises exposures to regional governments, municipalities and state-related public-sector companies enjoying government guarantees.

Investment Risk

As part of the current optimisation of the investment portfolio, further shares in NORD Holding Unternehmensbeteiligungsgesellschaft mbH, Hanover, were sold in the first six months of 2012. In addition to this, as part of NORD/LB Group's capital-boosting programme against the background of the EBA's definition of core tier 1 capital, among other things the conversion of silent participations at Bremer Landesbank was agreed. After the conversion has taken place in the third quarter of 2012, NORD/LB Group's share in Bremer Landesbank will be just under 55 per cent.

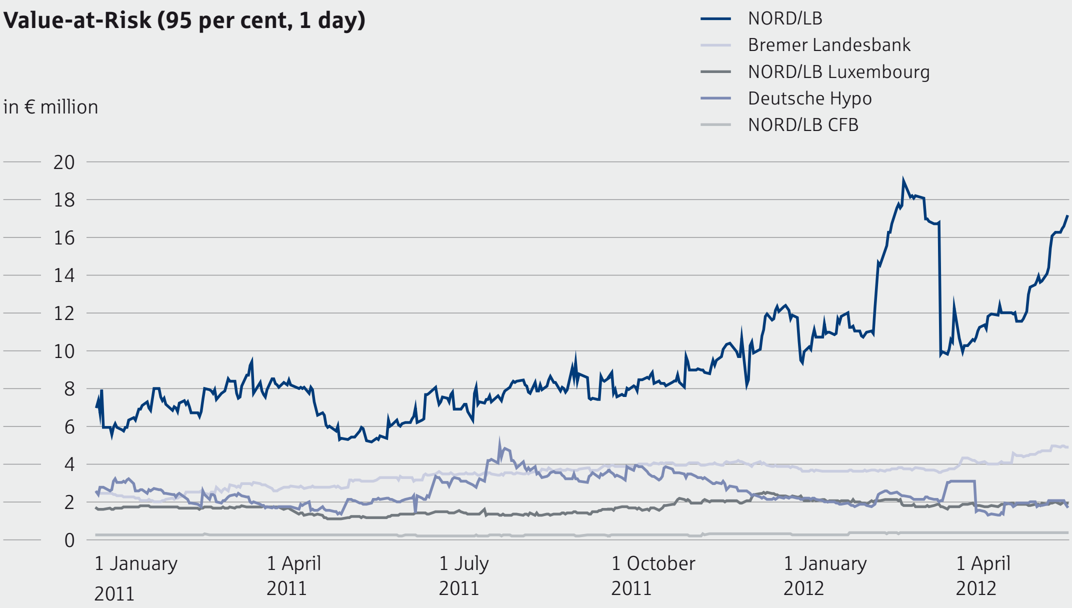
The investment analysis conceived in 2011 and since introduced in the subsidiaries Bremer Landesbank, NORD/LB Luxembourg, Deutsche Hypothekenbank and Öffentliche Versicherungen Braunschweig has been supported by IT since the second quarter of 2012. The individual reports on the investments were prepared for the first time in the second quarter on the basis of a newly developed standard.

During the further course of 2012 the focus will be on continuing to improve the control of investments in respect of the risk-return ratio and reporting.

Market Price Risk

The NORD/LB Group's market price risk (confidence level 95 per cent, holding period 250 days) rose in the period under review from € 258 million to € 340 million; this was primarily due to the strategic interest measures of the Asset Liability Committee in the banking book of NORD/LB. There was also a significant increase in particular in March and again in June 2012 in the Value-at-Risk (VaR) (confidence level 95 per cent, holding period one day) which is used for operational control. This increase in risk started from a low limit utilisation and resulted as at the reporting date in NORD/LB in a utilisation of the operational limit of 56 per cent.

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



Between early January and late June, the daily total Value-at-Risk (VaR) calculated for the significant Group companies from a risk point of view (confidence level of 95 per cent, holding period of one day) fluctuated between € 17 million and € 27 million, with an average Value-at-Risk of € 21 million.

As at 30 June 2012, based on the above, a significant increase in the VAR (confidence level 95 per cent, holding period one day) of € 24 million compared to 31 December 2011 was calculated for the NORD/LB Group. The historical simulation method was used throughout the Group.

Market price risks [1] (in € 000)	Maximum 1 Jan.– 30 Jun. 2012	Maximum 1 Jan.– 31 Dec. 2011	Average 1 Jan.– 30 Jun. 2012	Average 1 Jan.– 31 Dec. 2011	Minimum 1 Jan.– 30 Jun. 2012	Minimum 1 Jan.– 31 Dec. 2011	End-of-period risk 30 Jun. 2012	End-of-year risk 31 Dec. 2011
Interest rate risk (VaR 95 %, 1 day)	26 939	19 289	21 078	15 229	16 492	10 588	23 433	18 019
Currency risk (VaR 95 %, 1 day)	2 154	1 905	1 338	1 340	837	912	452	625
Share price and fund price risk (VaR 95 %, 1 day)	1 197	2 366	1 031	1 204	231	668	152	811
Volatility risk (VaR 95 %, 1 day)	606	521	287	265	142	124	293	257
Other add-ons	171	127	99	51	35	10	58	46
Total	**26 877**	**19 261**	**20 663**	**14 905**	**16 652**	**10 267**	**23 988**	**17 499**

[1] Maximum, average and minimum risks are calculated on the basis of the VaR totals for the significant subsidiaries, end-of-period risks and end-of-year risks are consolidated figures.

The VaR in the NORD/LB Group calculated on the basis of regulatory parameters (confidence level 99 per cent, holding period of ten days) is € 110 million as at 30 June 2012. The figures include, in deviation to the regulatory reporting, interest rate, share price and currency risks in the banking book and the credit spread risks in the liquidity reserve in accordance with the HGB.

The validation of the VaR model shows a high number of backtesting exceptions in NORD/LB's banking book in the period under review. These exceptions result primarily from fundamental risks, i.e. differences in the scope of movements in the various interest rate markets leading to higher intraday fluctuations in the cash value profit/loss recorded in the Treasury Division. The VaR model is still valid as the material risks for the banking books in the longer term due to general changes in interest rate or credit spread levels are considered fully in the VaR model. In addition to this, as part of the operational risk control, conservative mark-ups are added to the VaR values calculated on a daily basis.

Unlike the credit-spread risks for the liquidity reserve, the credit-spread risks in the banking book in the going-concern scenario are not included in the VaR for market price risks. They are measured and limited separately within the scope of internal control. In the first half of 2012, the credit investment items concerned were also further reduced by means of slimming down and targeted sales.

As expected, the Federal Financial Supervisory Authority (BaFin) has approved the addition of currency risks to NORD/LB's market risk model. The equity requirements for the total currency position can be calculated for the first time as at 30 June 2012 using the internal market risk model.

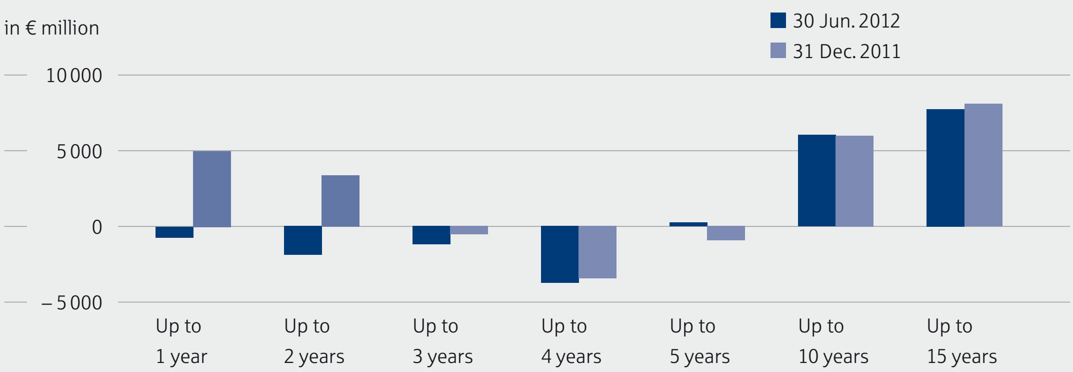
Liquidity Risk

The liquidity situation in the markets has calmed down for the time being in the first half of 2012 due to the measures of the European Central Bank, but continues to be characterised by uncertainty with regard to the possible impact in the medium to long term of the national debt crisis on the EU periphery countries. The NORD/LB Group had sufficient liquidity at all times in the period under review. In order to broaden its refinancing instruments, at the start of July NORD/LB became the first bank worldwide issuing an aircraft covered bond with a volume of € 500 million successfully.

The cumulative liquidity maturity balance sheet shows as at 30 June 2012 a significant reduction in the liquidity surplus in the maturity bands up to four years. The liquidity situation for the long-term maturity bands has basically not changed. The liquidity risk limits derived from the risk-bearing capacity and updated in the period under review were always complied with both as concerns all currencies taken together and as concerns the principal individual currencies.

The NORD/LB Group also operates in markets with the highest possible level of liquidity and maintains a portfolio of high-quality securities. As at the reporting date, significant companies from a risk point of view hold securities in the amount of € 59 billion (€ 61 billion), 84 per cent (82 per cent) of which are suitable for repo transactions with the European Central Bank or the US Federal Reserve.

Accumulated liquidity maturities



In the period under review, the liquidity ratio in accordance with the German Liquidity Regulation was always well over the minimum of 1.00 required by regulatory provisions. The liquidity stress tests used for internal control showed a very good liquidity situation for the NORD/LB Group as at the reporting date. The liquidity buffers for one week and one month in accordance with the Minimum Requirements for Risk Management (MaRisk) are also complied with.

Liquidity ratio in accordance with the LiqV [1)]	30 Jun. 2012	31 Dec. 2011
NORD/LB	1.60	1.73
Bremer Landesbank	1.91	1.74
Deutsche Hypo	1.32	2.09

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

Operational Risk

In order to improve the risk monitoring, changes were made in the internal and regulatory reporting processes of the NORD/LB Group in the first half of 2012. The objective is to have a holistic view of information relevant for operational risk. This optimisation will be continued in the coming quarters.

Regarding the control of outsourcing service providers, there have been numerous process changes in the period under review which enable better control from a risk point of view. The objective is to identify outsourcing risks early and to take suitable countermeasures. In order to intensify preventive risk management, in the second quarter various awareness-raising and training measures were implemented in the NORD/LB Group.

As part of the contingency planning, a regular business impact analysis was conducted in the second quarter. For those processes and activities that are identified as time critical, contingency plans are reviewed for currentness and where applicable updated. The risk analysis for criminal activity in accordance with § 25 c of the German Banking Act was completed successfully. The risk situation of NORD/LB in respect of fraud is in line with expectations in comparison to similar institutes. There are no significant risks.

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

Summary

The NORD/LB Group's development currently depends above all on the economic situation in Germany, the development of the shipping industry and the development of the euro countries. In addition to this, the high degree of market volatility, in particular for interest rates and credit spreads, against the joint background of the continuing discussions concerning the euro periphery countries, also affects future developments. However, the NORD/LB Group considers these effects to be manageable and will continue closely to monitor and analyse developments.

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

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Contents

Income Statement

	Notes	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011*) (in € million)	Change (in %)
Interest income		6 522	6 149	6
Interest expense		5 549	5 294	5
Net interest income	6	**973**	**855**	**14**
Loan loss provisions	7	– 146	– 34	> 100
Commission income		146	157	– 7
Commission expense		63	73	– 14
Net commission income	8	**83**	**84**	**– 1**
Trading profit / loss		164	– 241	> 100
Profit / loss from the use of the fair value option		– 343	103	> 100
Profit / loss from financial instruments at fair value through profit or loss	9	**– 179**	**– 138**	**– 30**
Profit / loss from hedge accounting	10	11	49	– 78
Profit / loss from financial assets	11	11	18	– 39
Profit / loss from investments accounted for using the equity method		– 8	16	> 100
Administrative expenses	12	554	553	–
Other operating profit / loss	13	– 35	– 24	– 46
Reorganisation expenses	14	– 25	–	–
Earnings before taxes		**131**	**273**	**– 52**
Income taxes	15	64	74	– 14
Consolidated profit		**67**	**199**	**– 66**
of which: attributable to the owners of NORD/LB		64	185	
of which: attributable to non-controlling interests		3	14	

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

Income Statement – Summary by Quarter

	2012 Q2	2012 Q1	2011 Q2*)	2011 Q1*)
Interest income	3 318	3 204	3 144	3 005
Interest expense	2 839	2 710	2 676	2 618
Net interest income	**479**	**494**	**468**	**387**
Loan loss provisions	– 113	– 33	– 45	11
Commission income	71	75	73	84
Commission expense	30	33	31	42
Net commission income	**41**	**42**	**42**	**42**
Trading profit / loss	42	122	– 44	– 197
Profit / loss from the use of the fair value option	– 238	– 105	– 106	209
Profit / loss from financial instruments at fair value through profit or loss	**– 196**	**17**	**– 150**	**12**
Profit / loss from hedge accounting	23	– 12	37	12
Profit / loss from financial assets	6	5	46	– 28
Profit / loss from investments accounted for using the equity method	8	– 16	11	5
Administrative expenses	273	281	271	282
Other operating profit / loss	– 8	– 27	10	– 34
Reorganisation expenses	– 25	–	–	–
Earnings before taxes	**– 58**	**189**	**148**	**125**
Income taxes	– 7	71	25	49
Consolidated profit	**– 51**	**118**	**123**	**76**
of which: attributable to the owners of NORD/LB	– 50	114	115	70
of which: attributable to non-controlling interests	– 1	4	8	6

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

Statement of Comprehensive Income

The consolidated statement of income and earnings for the first half of the year comprises the income and expense from the income statement and the income and expense recognised in other comprehensive income (OCI):

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011*) (in € million)	Change (in %)
Consolidated profit	**67**	**199**	**– 66**
Increase/decrease from available for sale (AfS) financial instruments			
Unrealised profit/losses	226	– 488	> 100
Transfer due to realisation profit/loss	– 46	– 64	– 28
Changes in value investments accounted for using the equity method recognised directly in equity	24	– 7	> 100
Translation differences of foreign business units			
Unrealised profit/losses	1	11	– 91
Actuarial gains and losses for pensions for defined benefit obligations	– 174	28	> 100
Deferred taxes	– 15	127	> 100
Other profit/loss	**16**	**– 393**	**> 100**
Comprehensive income for the period under review	**83**	**– 194**	**> 100**
of which: attributable to the owners of NORD/LB	78	– 204	
of which: attributable to non-controlling interests	5	10	

Statement of Comprehensive Income – Summary by Quarter

	2012 Q2	2012 Q1	2011 Q2*)	2011 Q1*)
Consolidated profit	**– 51**	**118**	**123**	**76**
Increase/decrease from available for sale (AfS) financial instruments				
Unrealised profit/losses	– 248	474	– 93	– 395
Transfer due to realisation profit/loss	– 66	20	– 98	34
Changes in value investments accounted for using the equity method recognised directly in equity	5	19	4	– 11
Translation differences of foreign business units				
Unrealised profit/losses	– 1	2	16	– 5
Actuarial gains and losses for pensions for defined benefit obligations	– 56	– 118	– 26	54
Deferred taxes	101	– 116	39	88
Other profit/loss	**– 265**	**281**	**– 158**	**– 235**
Comprehensive income for the period under review	**– 316**	**399**	**– 35**	**– 159**
of which: attributable to the owners of NORD/LB	– 311	389	– 38	– 166
of which: attributable to non-controlling interests	– 5	10	3	7

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

Balance Sheet

Assets	Notes	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Cash reserve		713	796	– 10
Loans and advances to banks	16	35 712	34 618	3
Loans and advances to customers	17	115 805	114 714	–
Loan loss provisions	18	– 1 745	– 1 785	– 2
Financial assets at fair value through profit or loss	19	18 562	18 644	–
Positive fair values from hedge accounting derivatives		3 362	3 289	2
Financial assets	20	53 285	54 499	– 2
Investments accounted for using the equity method	21	346	387	– 11
Property and equipment	22	693	688	1
Investment property		78	93	– 16
Intangible assets	23	139	153	– 9
Assets held for sale	24	1	1	–
Current income tax assets		73	60	22
Deferred income taxes		702	721	– 3
Other assets	25	951	752	26
Total assets		**228 677**	**227 630**	**–**

Liabilities and equity	Notes	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Liabilities to banks	26	59 754	59 132	1
Liabilities to customers	27	63 883	60 774	5
Securitised liabilities	28	61 556	66 076	– 7
Adjustment item for financial instruments hedged in the fair value hedge portfolio		814	733	11
Financial liabilities at fair value through profit or loss	29	21 764	20 529	6
Negative fair values from hedge accounting derivatives		3 737	3 422	9
Provisions	30	3 757	3 414	10
Current income taxes liabilities		143	161	– 11
Deferred income liabilities		26	4	> 100
Other liabilities	31	990	756	31
Subordinated capital	32	5 757	6 086	– 5
Equity				
Issued capital		1 494	1 494	–
Capital reserves		3 047	3 175	– 4
Retained earnings		2 444	2 480	– 1
Revaluation reserve		– 440	– 546	– 19
Currency translation reserve		– 3	– 3	–
Equity capital attributable to the owners of NORD/LB		**6 542**	**6 600**	**– 1**
Equity capital attributable to non-controlling interests		– 46	– 57	– 19
		6 496	6 543	– 1
Total liabilities and equity		**228 677**	**227 630**	**–**

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
Equity as at 1 Jan. 2012	**1 494**	**3 175**	**2 480**	**– 546**	**– 3**	**6 600**	**– 57**	**6 543**
Comprehensive income for the period under preview	–	–	– 30	108	–	78	5	83
Distribution	–	–	– 53	–	–	– 53	– 4	– 57
Capital payments	–	– 128	–	–	–	– 128	1	– 127
Changes in the basis of consolidation	–		47	– 2	–	45	6	51
Consolidation effects and other changes in capital	–	–	–	–	–	–	3	3
Equity as at 30 Jun. 2012	**1 494**	**3 047**	**2 444**	**– 440**	**– 3**	**6 542**	**– 46**	**6 496**

(in Mio €)	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
Equity as at 1 Jan. 2011	**1 085**	**2 597**	**2 090**	**63**	**– 8**	**5 827**	**– 26**	**5 801**
Adjustments according to IAS 8	–	–	–	–	–	–	–	–
Adjusted equity as at 1 Jan. 2011	**1 085**	**2 597**	**2 090**	**63**	**– 8**	**5 827**	**– 26**	**5 801**
Comprehensive income for the period under preview	–	–	197	– 406	5	– 204	10	– 194
Distribution	–	–	– 127	–	–	– 127	– 3	– 130
Capital payments	–	21	–	–	–	21	– 4	17
Changes in the basis of consolidation	–	–	– 2	–	–	– 2	– 25	– 27
Equity as at 30 Jun. 2011	**1 085**	**2 618**	**2 158**	**– 343**	**– 3**	**5 515**	**– 48**	**5 467**

Condensed Cash Flow Statement

	1 Jan.–30 Jun. 2012 (in € million)	1 Jan.–30 Jun. 2011 (in € million)	Change (in %)
Cash and cash equivalents as at 1 Jan.	**796**	**1 069**	**– 26**
Cash flow from operating activities	397	– 706	> 100
Cash flow from investing activities	7	405	– 98
Cash flow from financing activities	– 497	– 400	24
Total cash flow	**– 93**	**– 701**	**– 87**
Effects of changes in exchange rates and the basis of consolidation	10	– 13	> 100
Cash and cash equivalents as at 30 Jun.	**713**	**355**	**> 100**

Selected Notes

General disclosures

(1) Principles for preparing the interim consolidated financial statements
The interim consolidated financial statements of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig, Magdeburg (NORD/LB) as at 30 June 2012 were prepared on the basis of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002 (IAS Regulation) in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB). For requirements relating to interim financial statements in particular IAS 34 is applied. National regulations contained in the German Commercial Code (HGB) under § 315a of the HGB were also observed insofar as these regulations are to be applied as at the reporting date for the interim financial statements. The interim consolidated financial statements are part of the interim financial report in accordance with § 37w WpHG of the German Securities Trading Act (WpHG) and are to be read in conjunction with information contained in the certified, published consolidated financial statements of NORD/LB as at 31 December 2011.

The interim consolidated financial statements as at 30 June 2012 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the condensed cash flow statement and selected notes. The segment reporting takes place in the notes.

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

These interim consolidated financial statements were signed by the Managing Board on 14 August 2012 and approved for publication.

(2) Accounting policies
The accounting policies for the interim financial statements are based on those of the consolidated financial statements as at 31 December 2011.

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

In the period under review consideration has been given to the following amendment to the standards which were first applied as at 1 January 2012 for the NORD/LB Group:

In October 2010 the IASB published amendments to IFRS 7 – Financial instruments: Disclosures – Transfers of financial assets as part of its comprehensive review of off-balance-sheet transactions. This should make the relationship between financial assets which are not to be completely derecognised and the corresponding financial assets more clear. Furthermore, it should be easier to assess the nature and in particular the risks of a continuing exposure with derecognised financial assets.

The application of these new rules had no effect on NORD/LB's interim consolidated financial statements as at 30 June 2012.

The amendments to IAS 12 – Deferred tax: recovery of underlying assets, which came into effect on 1 January 2012, will not be applied until they have been endorsed by the EU; they are expected to be endorsed in the fourth quarter of 2012. The amendments provide for a new arrangement with regard to the presumed realisation of certain assets at fair value when calculating deferred tax.

The amendments to IAS 12 are not expected to have any significant effect on the NORD/LB Group.

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
The figures for the previous year were adjusted in these interim consolidated financial statements on the basis of IAS 8 in the following areas:

During a portfolio migration in October 2011, twelve transactions were identified as having been classified incorrectly with regard to security status in the financial year 2009. These are own issues which were classified as "unsecured" but should have been classified as "secured" issues. The incorrect classification resulted in an incorrect fair value being calculated for the assets and liabilities resulting from these transactions with a corresponding impact on earnings since 2009. The adjustment in profit/loss from financial instruments at fair value through profit or loss totals € 6 million.

Furthermore, in a special fund, the currency translation was not reported correctly with regard to the functional currency. This results in an adjustment in profit/loss from financial instruments at fair value of € 12 million.

The effects on the income statement for the period of 1 January to 30 June 2011 are summarised as follows:

(in € million)	Prior to adjustment	Adjustment	After adjustment
Profit/loss from financial instruments at fair value through profit or loss	– 120	– 18	– 138
Earnings before taxes	**291**	**– 18**	**273**
Income taxes	76	– 2	74
Consolidated profit for the period	**215**	**– 16**	**199**

The respective adjustments were also taken into account in Note (9) Profit/loss from financial instruments at fair value through profit or loss.

Since the interim consolidated financial statements as at 30 June 2012, the business relationship with Eurex Clearing AG has been reported as loans and advances and liabilities to banks and the figures reported have been adjusted with retrospective effect. In the past we were guided by the classification of the European Central Bank and did not treat this institute as a bank.

The following adjustments were made in the balance sheet as at 31 December 2011:

(in € million)	Prior to adjustment	Adjustment	After adjustment
Loans and advances to banks	32 928	1 690	34 618
Loans and advances to customers	116 404	– 1 690	114 714
Liabilities to banks	56 584	2 548	59 132
Liabilities to customers	63 322	– 2 548	60 774

(4) Basis of consolidation

In addition to NORD/LB as the parent company, the consolidated financial statements include 50 (31 December 2011: 49) 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 a controlling influence in another manner. In addition 1 (31 December 2011: 1) joint venture and 12 (31 December 2011: 13) associated companies are accounted for using the equity method.

The basis of consolidation has changed as follows compared to 31 December 2011:

The two special purpose entities Fürstenberg Capital Erste GmbH and Fürstenberg Capital II. GmbH, both based in Fürstenberg/Weser, are fully consolidated for the first time in the interim financial statements as at 30 June 2012.

Due to the writing back or return of shares in June 2012, the previously fully-consolidated funds NORD/LB AM 9 and NORD/LB AM 52 and the NORD/LB AM Global Challenges Index Fund which was previously accounted for using the equity method were deconsolidated. At the same time the newly established master fund NORD/LB AM ALCO, which is wholly owned by the NORD/LB Group, is consolidated for the first time.

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

Segment reporting

The segment reporting provides information on the operational 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. Note (3) Adjustment of figures for the previous year). In addition to this, some figures of the previous years have been reallocated due to the new segment distribution (see below).

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 does not take place at product level due to the different product definitions in the Group. The product range offered comprises classical lending business and syndicate business, savings and giro products, securities, currency and derivative transactions, complex structured financing solutions, private banking products, liquidity and risk management, mergers and acquisitions, services such as accounting management, payment transactions, securities business, brokering, documentary business, credit processing, sureties, guarantees and advisory services for asset management.

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

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

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

RoRaC calculations in the segments include the contribution to income after loan loss provisions and valuation on committed capital (here 7 per cent of the higher value of the RWA limits and the amount called on).

NORD/LB changed its definition of return on equity (RoE) in 2012 against the background of the capital measures implemented since the end of 2011. Previously when calculating the RoE, the contributions from silent partners which were considered to be equity under IFRSs were eliminated as they did not represent long-term equity. As almost all of the relevant contributions form silent partners have been converted since the end of 2011 into share capital of the bank plus a premium, they no longer need to be eliminated when calculating the RoE. This change has made the definition of RoE less complex.

In order to consider the increased equity requirements, since 2012 a capital securitisation level of 7 per cent (previous year: 5 per cent) of risk-weighted asset values applies for calculating committed capital in the segments. These are based on the German Solvency Regulation. Capital tied up in the segments is calculated on the basis of average annual figures. The reconciliation figure for the tied-up capital reported in the segments and the long-term equity in the Group in accordance with commercial law is included in the segment reconciliation. A transfer from long-term equity under commercial law to equity reported in the statement of financial position is shown separately at the end of the segment overview.

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

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. This segment also includes the business conducted by Öffentliche Lebensversicherung Braunschweig and Öffentliche Sachversicherung Braunschweig.

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

Corporate Customers & Markets
The new Corporate Customers & Markets segment replaces the former Savings Bank Network, Financial Markets/Institutional Customers and Corporate Customers segments. As a result bundled products and services can be offered to customers in a more customer-oriented and customer-focused manner.

The segment includes, for the Corporate Customers division, all of the NORD/LB business conducted with corporate customers in the core regions (excluding the Altes Braunschweiger Land region), in neighbouring regions, in particular Agricultural Banking and in Residential Housing. The Markets division covers the Financial Markets activities performed in Germany, the foreign branches and in the Group companies on behalf of customers. The Savings Bank Network division covers transactions with the public sector; institutional business with associated savings banks and syndicated business transacted with associated savings banks are reported.

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 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.

Alternative products which are detached from retail banking including derivatives are also offered, e.g. 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). 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.

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, 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.

In the **Energy and Infrastructure Customers, Ship and Aircraft Customers** and **Real Estate Banking Customers** segments, traditional lending products and innovative products 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 Ship and Aircraft Customers segment are offered 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 consolidated. Also shown here are the earnings that are not the direct result of customer business, such as interest rate risk control, the balancing provision, liquidity management and self-induced assets. The bank levy is shown under other operating profit / loss here.

Reconciliations
Here the reconciliation items from internal accounting for the consolidated figures in the income statement are shown as well as reclassifications of profit / loss items being externally and internally accounted for in a different way. The shortfall in the regulatory capital requirement is converted into risk-weighted assets within internal reporting and assigned to the operational units; the adjustment item resulting from the regulatory risk-weighted assets report flows into the reconciliation.

(5) Segment reporting by business segment

30 Jun. 2012 (in € million)	Private and Commercial Customers	Corporate Customers & Markets	Energy and Infra-structure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Recon-ciliations	NORD/LB Group
Net interest income before loan loss provisions	120	237	75	227	123	163	28	973
Loan loss provisions	2	15	–	123	90	– 85	1	146
Net interest income after loan loss provisions	**118**	**223**	**75**	**104**	**34**	**247**	**27**	**827**
Net commission income	17	41	23	32	7	– 16	– 20	83
Profit/loss from financial instruments at fair value through profit or loss	1	80	1	5	1	– 278	10	– 179
Profit/loss from hedge accounting	–	–	–	–	–	10	1	11
Profit/loss from financial assets	– 4	–	–	–	–	21	– 6	11
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	– 8	–	– 8
Administrative expenses	158	97	26	28	31	205	7	554
Other operating profit/loss	31	3	2	–	1	– 55	– 17	– 35
Reorganisation expenses	–	–	–	–	–	–	– 25	– 25
Earnings before taxes	**4**	**250**	**75**	**113**	**12**	**– 283**	**– 38**	**131**
Taxes	–	–	–	–	–	–	64	64
Consolidated profit	**4**	**250**	**75**	**113**	**12**	**– 283**	**– 102**	**67**
Segment assets	10 430	71 687	10 447	22 254	18 602	102 762	– 7 505	228 677
of which: investments at equity	–	–	–	–	–	346	–	346
Segment liabilities	10 189	74 593	5 666	9 593	14 749	110 305	3 582	228 677
Risk-weighted assets	5 623	15 715	8 303	37 097	17 340	16 877	– 19 518	81 438
Capital employed*)	409	1 100	581	2 597	1 214	1 166	– 265	6 802
CIR	94.1 %	26.9 %	26.1 %	10.7 %	23.4 %			65.6 %
RoRaC/RoE**)	2.1 %	36.6 %	23.1 %	8.7 %	1.9 %			3.9 %

30 Jun. 2011 (in € million)	Private and Commercial Customers	Corporate Customers & Markets	Energy and Infra-structure Customers	Ships and Aircraft Customers	Real Estate Banking Customers	Group Management/ Others	Recon-ciliations	NORD/LB Group
Net interest income before loan loss provisions	130	244	77	188	120	200	– 105	855
Loan loss provisions	2	12	– 2	64	40	– 85	3	34
Net interest income after loan loss provisions	**128**	**232**	**79**	**124**	**80**	**285**	**– 107**	**820**
Net commission income	21	42	18	29	7	– 23	– 10	84
Profit/loss from financial instruments at fair value through profit or loss	–	– 5	1	8	2	– 66	– 78	– 138
Profit/loss from hedge accounting	–	–	–	–	–	49	–	49
Profit/loss from financial assets	–	–	–	–	–	19	–	18
Profit/loss from investments accounted for using the equity method	–	–	–	–	–	16	–	16
Administrative expenses	160	96	24	26	31	204	11	553
Other operating profit/loss	46	2	– 2	–	1	– 48	– 22	– 24
Reorganisation expenses	–	–	–	–	–	–	–	–
Earnings before taxes	**34**	**175**	**72**	**135**	**59**	**27**	**– 229**	**273**
Taxes	–	–	–	–	–	–	74	74
Consolidated profit	**34**	**175**	**72**	**135**	**59**	**27**	**– 303**	**199**
Segment assets (31 Dec. 2011)	10 844	71 382	14 091	27 423	20 036	88 422	– 4 567	227 630
of which: investments at equity	–	–	–	–	–	387	–	387
Segment liabilities (31 Dec. 2011)	9 071	65 773	4 324	3 573	13 234	124 147	7 508	227 630
Risk-weighted assets	5 024	17 434	8 020	33 700	20 282	14 996	– 18 994	80 463
Capital employed*)	266	873	401	1 685	1 231	734	224	5 413
CIR	81.5 %	34.0 %	25.8 %	11.5 %	23.9 %			65.7 %
RoRaC/RoE**)	25.2 %	33.2 %	26.9 %	16.0 %	11.1 %			10.1 %

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

(in € million)	30 Jun. 2012	30 Jun. 2011
Long-term equity under commercial law	6 802	5 413
Revaluation reserve	– 440	– 343
Currency translation reserve	135	398
Accumulated profits	**6 496**	**5 467**

**) By business segment RoRaC:
(Earnings before taxes)*2/ core capital employed (7 per cent (previous year: 5 per cent) of the higher value coming from RWA-limit or usage amount);

For the Group RoE:
(Earnings before taxes)*2/ long-term equity under commercial law (= reported equity – revaluation reserve – consolidated profit))

According to the tables shown here slight deviations may occur due to recalculations.

Notes to the income statement

(6) Net interest income

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Interest income			
Interest income from lending and money market transactions	2 479	2 500	– 1
Interest income from fixed-income and book entry securities	693	715	– 3
Interest income from financial instruments at fair value			
Interest income from trading profit/loss and hedge accounting derivatives	3 150	2 756	14
Interest income from fair value option	33	39	– 15
Current income			
from shares and other variable-yield securities	6	5	20
from investments	25	70	– 64
Interest income from other amortisations	133	60	> 100
Other interest income and similar income	3	4	– 25
	6 522	**6 149**	**6**
Interest expense			
Interest expense from lending and money market transactions	1 346	1 466	– 8
Interest expense from securitised liabilities	855	937	– 9
Interest expense from financial instruments at fair value			
Interest expense from trading profit/loss and hedge accounting derivatives	2 923	2 410	21
Interest expense from fair value option	151	153	– 1
Interest expense from subordinated capital	150	161	– 7
Interest expense from other amortisations	83	125	– 34
Interest expense from provisions and liabilities	39	38	3
Other interest expenses and similar expenses	2	4	– 50
	5 549	**5 294**	**5**
Total	**973**	**855**	**14**

(7) Loan loss provisions

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Income from loan loss provisions			
Reversal of specific valuation allowance	199	213	– 7
Reversal of lumpsum specific loan loss provisions	8	11	– 27
Reversal of general loan loss provisions	130	98	33
Reversal of provisions for lending business	40	77	– 48
Additions to receivables written off	10	13	– 23
	387	**412**	**– 6**
Expenses for loan loss provisions			
Allocation to specific valuation allowance	421	352	20
Allocation to lumpsum specific loan loss provisions	3	6	– 50
Allocation to general loan loss provisions	34	20	70
Allocation to provisions for lending business	58	28	> 100
Direct write-offs of bad debts	15	40	– 63
Premium payments for credit insurance	2	–	–
	533	**446**	**20**
Total	**– 146**	**– 34**	**> 100**

(8) Net commission income

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Commission income			
Commission income from banking transactions	135	148	– 9
Commission income from non-banking transactions	11	9	22
	146	**157**	**– 7**
Commission expense			
Commission expense from banking transactions	47	57	– 18
Commission expense from non-banking transactions	16	16	–
	63	**73**	**– 14**
Total	**83**	**84**	**– 1**

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Trading profit/loss			
Profit/loss from debt securities and other fixed-interest securities	59	– 31	> 100
Profit/loss from shares and other variable-yield securities	1	1	–
Profit/loss from derivatives	40	– 161	> 100
Profit/loss from receivables held for trading	46	– 34	> 100
	146	**– 225**	**> 100**
Foreign exchange gains/losses	18	– 18	> 100
Other income	–	2	– 100
	164	**– 241**	**> 100**
Profit/loss from the use of the fair value option			
Profit/loss from loans to banks and customers	8	– 4	> 100
Profit/loss from debt securities and other fixed-interest securities	– 18	24	> 100
Profit / loss from liabilities to banks and customers	– 123	113	> 100
Profit/loss from securitised liabilities	– 210	– 31	> 100
Profit/loss from subordinated capital	–	1	– 100
	– 343	**103**	**> 100**
Total	**– 179**	**– 138**	**– 30**

(10) Profit/loss from hedge accounting

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Profit/loss from micro fair value hedges			
from hedged underlying transactions	105	22	> 100
from derivatives employed as hedging instruments	– 120	– 25	> 100
	– 15	**– 3**	**> 100**
Profit/loss from portfolio fair value hedges			
from hedged underlying transactions	– 184	148	> 100
from derivatives employed as hedging instruments	210	– 96	> 100
	26	**52**	**– 50**
Total	**11**	**49**	**– 78**

(11) Profit / loss from financial assets

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Profit / loss from financial assets classified as LaR	**– 3**	**– 14**	**79**
Profit / loss from financial assets classified as AfS (excluding investments)			
Profit / loss from the disposal of			
Debt securities and other fixed-interest securities	13	38	– 66
Shares and other variable-yield securities	9	4	> 100
Other financial assets classified as AfS	– 1	–	–
Profit / loss from allowances for losses on			
Debt securities and other fixed-interest securities	– 2	– 41	95
Shares and other variable-yield securities	– 4	– 2	– 100
	15	**– 1**	**> 100**
Profit / loss from shares in companies (not consolidated)	**– 1**	**33**	**> 100**
Total	**11**	**18**	**– 39**

(12) Administrative expenses

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

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Staff expenses	297	285	4
Other administrative expenses	211	224	– 6
Amortisation	46	44	5
Total	**554**	**553**	**–**

(13) Other operating profit/loss

	1 Jan.– 30 Jun. 2012 (in € million)	1 Jan.– 30 Jun. 2011 (in € million)	Change (in %)
Other operating income			
from the reversal of provisions	257	261	– 2
from insurance contracts	274	288	– 5
from other business	69	78	– 12
	600	**627**	**– 4**
Other operating expenses			
from allocation to provisions	393	404	– 3
from insurance contracts	156	162	– 4
from other business	86	85	1
	635	**651**	**– 2**
Total	**– 35**	**– 24**	**– 46**

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 € 37 million (€ 43 million) provided for the bank levy set in accordance with the Restructuring Fund Regulation.

Other operating income from insurance contracts is primarily the result of premium income (€ 230 million (€ 241 million)) and income from insurance contracts (€ 20 million (€ 22 million)).

Income from other business includes income from the disposal of receivables (€ 25 million (€ 7 million)), income from the chartering of ships relating to restructuring commitments in lending business (€ 21 million (€ 25 million)), reimbursements of costs (€ 7 million (€ 7 million)), rental income from investment property (€ 5 million (€ 5 million)) and income from IT services (€ 1 million (€ 1 million)).

Other operating expenses from insurance contracts mainly comprise indemnity expenses (€ 124 million (€ 130 million)) and expenses from deferred reinsurance contracts (€ 24 million (€ 24 million)).

Expenses from other business essentially comprise expenses from the disposal of receivables (€ 59 million (€ 26 million)), expenses to generate charter income from ships (€ 12 million (€ 11 million)), expenses from the redemption of debt securities (€ 11 million (€ 10 million)) and expenses from investment property (€ 1 million (€ 1 million)).

(14) Reorganisation expenses

Reorganisation expenses relate to measures aimed at securing the long-term future and maintaining the competitiveness of the NORD/LB Group, with its material costs and staff expenses being reported separately due to their importance. The need for restructuring is related to the efficiency improvement programme launched in 2011. The reorganisation expenses of € –25 million are solely the result of allocations made to restructuring provisions for contracted agreements already concluded concerning the termination of contracts of employment. Additional expenses will be incurred in future as part of capital measures which will be implemented in consultation with the European Banking Authority (EBA).

(15) Income taxes

Income taxes in the interim financial statements are 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

(16) Loans and advances to banks

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
German banks	5 827	6 139	– 5
Foreign banks	2 467	2 187	13
	8 294	**8 326**	**–**
Other loans and advances			
German banks			
Due on demand	1 050	1 074	– 2
With a fixed term or period of notice	21 068	20 429	3
Foreign banks			
Due on demand	567	223	> 100
With a fixed term or period of notice	4 733	4 566	4
	27 418	**26 292**	**4**
Total	**35 712**	**34 618**	**3**

(17) Loans and advances to customers

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Loans and advances resulting from money market transactions			
Domestic customers	2 760	2 211	25
Customers abroad	45	30	50
	2 805	**2 241**	**25**
Other loans and advances			
Domestic customers			
Due on demand	2 699	2 493	8
With a fixed term or period of notice	79 278	79 432	–
Customers abroad			
Due on demand	350	334	5
With a fixed term or period of notice	30 673	30 214	2
	113 000	**112 473**	**–**
Total	**115 805**	**114 714**	**–**

(18) Loan loss provisions

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Specific valuation allowance	1 243	1 177	6
Lumpsum specific loan loss provisions	23	28	– 18
General loan loss provisions	479	580	– 17
Total	**1 745**	**1 785**	**– 2**

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

	Specific valuation allowance		Lumpsum specific loan loss provisons		General loan loss provisions		Provisions in lending business		Total	
(in € million)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1 Jan.	**1 177**	**1 312**	**28**	**36**	**580**	**671**	**113**	**172**	**1 898**	**2 191**
Allocations	421	352	3	6	34	20	58	28	516	406
Reversals	199	213	8	11	130	98	40	77	377	399
Utilisation	136	195	–	–	–	–	–	1	136	196
Unwinding	30	28	–	–	–	–	1	1	31	29
Effects from currency translation and other changes	10	– 14	–	–	– 5	– 5	–	– 4	5	– 23
30 Jun.	**1 243**	**1 214**	**23**	**31**	**479**	**588**	**130**	**117**	**1 875**	**1 950**

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

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Trading assets			
Bonds and debt securities	2 695	2 873	– 6
Shares and other variable-yield securities	29	39	– 26
Positive fair values from derivatives	12 556	11 650	8
Trading portfolio claims	1 724	2 244	– 23
Other trading assets	– 1	– 1	–
	17 003	**16 805**	**1**
Financial assets as at fair value through profit or loss			
Loans and advances to banks and customers	265	257	3
Debt securities and other fixed-interest securities	1 283	1 572	– 18
Shares and other variable-yield securities	11	10	10
	1 559	**1 839**	**– 15**
Total	**18 562**	**18 644**	**–**

(20) Financial assets

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

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

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Financial assets classified as LaR	**4 331**	**4 829**	**– 10**
Financial assets classified as AfS			
Debt securities and other fixed-interest securities	48 140	48 814	– 1
Shares and other variable-yield securities	349	372	– 6
Shares in companies	463	482	– 4
Other financial assets classified as AfS	2	2	–
	48 954	**49 670**	**– 1**
Total	**53 285**	**54 499**	**– 2**

(21) Investments accounted for using the equity method

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Joint Ventures	20	26	– 23
Associated companies	326	361	– 10
Total	**346**	**387**	**– 11**

(22) Property and equipment

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Land and buildings	352	345	2
Operating and office equipment	78	82	– 5
Ships	255	258	– 1
Other property and equipment	8	3	> 100
Total	**693**	**688**	**1**

(23) Intangible assets

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Software			
Purchased	13	15	– 13
Internally generated	99	118	– 16
	112	**133**	**– 16**
Intangible assets under development	15	8	88
Other intangible assets	12	12	–
Total	**139**	**153**	**– 9**

(24) Assets held for sale

The carrying amount of assets held for sale is € 1 million (€ 1 million). This concerns solely property and equipment (land and buildings).

(25) Other assets

Included in the balance sheet item other assets are assets relating to insurance contracts in the amount of € 151 million (€ 145 million). These concern solely assets from outwards reinsurance.

(26) Liabilities to banks

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Deposits from other banks			
German banks	5 018	2 754	82
Foreign banks	25	37	– 32
	5 043	**2 791**	**81**
Liabilities resulting from money market transactions			
German banks	14 327	16 923	– 15
Foreign banks	8 576	8 176	5
	22 903	**25 099**	**– 9**
Other liabilities			
German banks			
Due on demand	2 338	1 688	39
With a fixed term or period of notice	23 562	24 081	– 2
Foreign banks			
Due on demand	161	102	58
With a fixed term or period of notice	5 747	5 371	7
	31 808	**31 242**	**2**
Total	**59 754**	**59 132**	**1**

(27) Liabilities to customers

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Savings deposits			
With an agreed notice period of three months			
Domestic customers	886	886	–
Customers abroad	21	20	5
With an agreed notice period of more than three months			
Domestic customers	537	561	– 4
Customers abroad	3	4	– 25
	1 447	**1 471**	**– 2**
Liabilities resulting from money market transactions			
Domestic customers	14 142	12 443	14
Customers abroad	3 833	2 881	33
	17 975	**15 324**	**17**
Other liabilities			
Domestic customers			
Due on demand	9 978	8 865	13
With a fixed term or period of notice	32 554	33 354	– 2
Customers abroad			
Due on demand	709	570	24
With a fixed term or period of notice	1 220	1 190	3
	44 461	**43 979**	**1**
Total	**63 883**	**60 774**	**5**

(28) Securitised liabilities

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Issued debt securities			
Mortgage bonds	8 297	8 486	– 2
Municipal debentures	13 970	17 581	– 21
Other debt securities	35 946	36 127	– 1
	58 213	**62 194**	**– 6**
Money market instruments			
Commercial papers	2 301	3 246	– 29
Certificates of deposit	556	453	23
Other money market instruments	486	183	> 100
	3 343	**3 882**	**– 14**
Total	**61 556**	**66 076**	**– 7**

Repurchased debt securities issued by the bank itself have been directly deducted from securitised liabilities to the amount of € 7,770 million (€ 8,136 million).

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

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Trading liabilities			
Negative fair values from derivatives	12 870	11 963	8
Delivery obligations from short sales	300	179	68
Other trading liabilities	1	–	–
	13 171	**12 142**	**8**
Financial liabilities designated at fair value			
Liabilities to banks and customers	5 338	5 055	6
Securitised liabilities	3 229	3 306	– 2
Subordinated capital	26	26	–
	8 593	**8 387**	**2**
Total	**21 764**	**20 529**	**6**

(30) Provisions

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Provisions for pensions and other obligations	1 635	1 437	14
Other provisions	2 122	1 977	7
Total	**3 757**	**3 414**	**10**

Other provisions include provisions for insurance contracts in the amount of € 1,766 million (€ 1,699 million) and provisions for restructuring measures in the amount of € 25 million (€ 0 million).

(31) Other liabilities

The balance sheet item other liabilities includes liabilities from insurance contracts in the amount of € 44 million (€ 47 million). These contain liabilities from direct insurance and reinsurance contracts in the amount of € 7 million (€ 10 million).

(32) Subordinated capital

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Subordinated liabilities	3 434	3 539	– 3
Participatory capital	220	236	– 7
Silent participations	2 103	2 311	– 9
Total	**5 757**	**6 086**	**– 5**

Other disclosures

(33) Fair value hierarchy

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

(in € million)	Level 1		Level 2		Level 3		Total	
	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011
Assets held for trading	4 388	5 077	12 609	11 669	6	59	**17 003**	**16 805**
Designated financial assets reported at fair value	684	890	716	483	159	466	**1 559**	**1 839**
Positive fair values from hedge accounting derivatives	–	–	3 362	3 289	–	–	**3 362**	**3 289**
Financial assets at fair value	43 257	42 457	4 269	3 717	1 293	3 403	**48 819**	**49 577**
Assets	**48 329**	**48 424**	**20 956**	**19 158**	**1 458**	**3 928**	**70 743**	**71 510**
Liabilities held for trading	305	181	12 767	11 856	99	105	**13 171**	**12 142**
Designated financial liabilities reported at fair value	1 622	2 439	6 971	5 948	–	–	**8 593**	**8 387**
Negative fair values from hedge accounting derivatives	–	–	3 737	3 422	–	–	**3 737**	**3 422**
Liabilities	**1 927**	**2 620**	**23 475**	**21 226**	**99**	**105**	**25 501**	**23 951**

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

1 Jan.–30 Jun. 2012 (in € million)	from Level 1 to Level 2	from Level 1 to Level 3	from Level 2 to Level 1	from Level 2 to Level 3	from Level 3 to Level 1	from Level 3 to Level 2
Assets held for trading	–	–	–	1	33	2
Designated financial assets reported at fair value	–	–	9	–	–	271
Financial assets at fair value	80	222	745	21	1 408	552
Liabilities held for trading	–	–	–	42	–	14
Designated financial liabilities reported at fair value	771	–	56	–	–	–

For the financial instruments the activity status of the parameters used for the measurement is reviewed on an individual transaction basis. The review as at the balance sheet date revealed an increase in transfers to Level 1 compared to the last end-of-year reporting date. These level transfers are attributable to an extended assessment of market activity on the one hand and a revival in the market on the other.

(34) Derivative financial instruments

(in € million)	Nominal values 30 Jun. 2012	Nominal values 31 Dec. 2011	Fair values positive 30 Jun. 2012	Fair values positive 31 Dec. 2011	Fair values negative 30 Jun. 2012	Fair values negative 31 Dec. 2011
Interest rate risks	307 362	312 416	14 498	13 226	13 987	12 771
Currency risk	67 697	71 354	1 335	1 606	2 173	1 991
Share price and other price risks	1 026	1 053	52	54	55	73
Credit risk	7 528	9 163	33	53	393	550
Total	**383 613**	**393 986**	**15 918**	**14 939**	**16 608**	**15 385**

(35) Disclosures relating to selected european countries

The table below shows, in contrast to the exposure in the risk report, the reported values of transactions relating to selected European countries. The disclosures by country include regional governments, municipalities and state-related public-sector companies.

	Financial Instruments Held for Trading		Financial Instruments designated at Fair Value through Profit or Loss		Available for Sale Assets		Loans and Receivables	
(in € million)	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011	30 Jun. 2012	31 Dec. 2011
Greece								
Country	–	– 56	–	–	8	36	–	–
Financing institutions / insurance companies	–	–	–	–	11	17	–	25
Companies / other	3	4	–	–	–	–	267	324
	3	**– 52**	**–**	**–**	**19**	**53**	**267**	**349**
Ireland								
Country	– 47	– 56	94	94	22	55	–	–
Financing institutions / insurance companies	– 19	1	12	11	363	484	560	701
Companies / other	20	– 13	4	5	2	1	1 676	1 564
	– 47	**– 67**	**111**	**110**	**387**	**539**	**2 236**	**2 265**
Italy								
Country	– 12	– 13	271	287	1 260	1 343	20	20
Financing institutions / insurance companies	– 62	– 66	–	–	1 375	1 628	127	173
Companies / other	2	14	–	–	61	67	60	55
	– 72	**– 65**	**271**	**287**	**2 697**	**3 038**	**207**	**248**
Portugal								
Country	– 58	– 75	–	–	133	142	–	15
Financing institutions / insurance companies	– 17	– 30	–	–	123	144	32	20
Companies / other	–	–	–	–	17	13	86	103
	– 75	**– 105**	**–**	**–**	**274**	**299**	**118**	**138**
Spain								
Country	– 1	– 1	–	–	434	438	53	83
Financing institutions / insurance companies	– 26	3	–	–	1 514	2 250	171	193
Companies / other	8	80	–	–	31	34	472	452
	– 19	**82**	**–**	**–**	**1 980**	**2 722**	**697**	**729**
Total	**– 210**	**– 206**	**382**	**397**	**5 356**	**6 651**	**3 525**	**3 729**

For financial instruments categorised as available for sale with acquisition costs totalling € 6,011 million (€ 7,326 million), the cumulative valuation of the selected countries reported in equity totals € 533 million (€1,1311 million). In addition to this, a depreation of € 4 million (€ 99 million) was recognised in the income statement for the period.

The banks of the NORD/LB Group undertook on 8 March 2012 to accept the exchange offer for Greek government bonds concerning the bonds in the portfolio at this time in the total nominal amount of € 105 million. In so doing the NORD/LB Group forewent 53.5 per cent of the nominal amount and received for each old bond a total of 24 new bonds with differentiated structures. The disposal of the previously held bonds had an impact of € –3 million on the profit/loss from financial assets. On the other hand the acquisition costs of the new bonds categorised as available for sale in the NORD/LB Group total € 21 million. The securities are assigned to Level 1 in the fair value hierarchy and are valued as at 30 June 2012 with a fair value of € 16 million.

For receivables categorised as loans and receivables to the selected countries, specific valuation allowances totalling € –36 million (€ –31 million) and general loan loss provisions totalling € –18 million (€ –12 million) were made. The fair value of the receivables categorised as loans and receivables is € 1,310 million (€ 1,474 million).

The nominal value of credit derivatives relating to the selected European countries in the NORD/LB Group's portfolio is € 1,619 million (1,883 million). Of this, states account for € 513 million (€ 601 million), financing institutes/insurance companies for € 1,101 million (€ 1,198 million) and companies/others for € 6 million (€ 84 million). This includes both nominal values where the Group acts as the provider of security and nominal values where the Group acts as the recipient of security. The netted fair value of these credit derivatives is € –210 million (€ –356 million).

After the exchange offer for Greek government bonds was announced by the Greek government, the International Swaps and Derivatives Association, Inc. (ISDA) announced on 9 March 2012 that as a result of this a credit event had occurred. This triggered the maturity of related credit derivatives. A share of the credit default swaps in the NORD/LB Group's portfolio in the total nominal amount of € 58 million was settled by securities, the remaining share in the nominal amount of € 35 million had already been settled in cash. The resulting effect on the profit/loss from trading is € –16 million.

(36) Regulatory data

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

(in € million)	30 Jun. 2012	31 Dec. 2011
Capital requirements for credit risks	5 955	6 108
Capital requirements for market risks	172	339
Capital requirements for operational risks	387	337
Other or temporary capital requirements	1	–
Capital requirements according to the SolvV	**6 515**	**6 784**

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

(in € million)	30 Jun. 2012	31 Dec. 2011
Paid-in capital	1 545	1 500
Further capital	10	–
Other reserves	4 510	3 998
Special item for general banking risks in accordance with § 340g of the German Commercial Code	1 402	1 425
Other capital with § 10 2a Nr. 10 KWG	1 895	2 003
Other components	– 85	– 88
Core capital	**9 277**	**8 838**
Deductions from core capital	– 790	– 833
Core capital for solvency reasons	**8 487**	**8 005**
Non-current subordinated liabilities	3 084	3 309
Participatory capital liabilities	193	218
Other components	55	29
Supplementary capital	**3 332**	**3 556**
Deductions from supplementary capital	– 791	– 834
Supplementary capital for solvency reasons	**2 541**	**2 722**
Modified available equity	**11 028**	**10 727**
Eligible capital in accordance with § 10 of the German Banking Act	**11 028**	**10 727**

(in %)	30 Jun. 2012	31 Dec. 2011
Overall ratio according to § 2 Paragraph 6 of the German Solvency Regulation (SolvV)	13.54	12.65
Core capital ratio	10.42	9.44

(37) Contingent liabilities and other obligations

	30 Jun. 2012 (in € million)	31 Dec. 2011 (in € million)	Change (in %)
Contingent liabilities			
Liabilities from guarantees and other indemnity agreements	6 633	6 998	– 5
	6 633	**6 998**	**– 5**
Other obligations			
Irrevocable credit commitments	9 164	9 456	– 3
Total	**15 797**	**16 454**	**– 4**

(38) Related parties

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

30 Jun. 2012 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	935 122	–	211 091
to customers	2 913 970	57 052	28 000	304 525	2 341	403 589
Other unsettled assets	2 862 791	–	–	73 219	–	164
Total assets	**5 776 761**	**57 052**	**28 000**	**1 312 866**	**2 341**	**614 844**
Unsettled liabilities						
to banks	–	–	–	600 575	–	154 905
to customers	2 479 218	37 126	80 048	96 290	2 699	246 253
Other unsettled liabilities	55 869	415 576	–	25	25	152 437
Total liabilities	**2 535 087**	**452 702**	**80 048**	**696 890**	**2 724**	**553 595**
Guarantees/ sureties received	4 170 347	27	50	5 000	–	20
Guarantees/ sureties granted	5 250 050	450	1 056	6 886	–	12 012

1 Jan.–30 Jun. 2012 (in € 000)	Shareholders	Subsidiaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Interest expense	21 326	51 616	86	14 732	16	8 618
Interest income	93 550	1 748	328	24 212	55	11 636
Commission expense	11 986	–	–	37	–	43
Commission income	9	41	15	86	–	195
Other income and expenses	43 729	28	–	– 3 191	– 3 114	– 5 138
Total contributions to income	**103 976**	**– 49 799**	**257**	**6 338**	**– 3 075**	**– 1 968**

31 Dec. 2011 (in € 000)	Share-holders	Subsi-diaries	Joint ventures	Affiliated companies	Persons in key positions	Other related parties
Outstanding loans and advances						
to banks	–	–	–	936 946	–	197 020
to customers	2 912 893	57 069	14 485	308 028	2 582	397 202
Other unsettled assets	2 928 770	161	–	81 517	–	462
Total assets	**5 841 663**	**57 230**	**14 485**	**1 326 491**	**2 582**	**594 684**
Unsettled liabilities						
to banks	–	–	–	459 580	–	85 281
to customers	761 237	38 994	21 410	102 173	2 337	249 364
Other unsettled liabilities	46 321	1 315 528	–	79	50	147 552
Total liabilities	**807 558**	**1 354 522**	**21 410**	**561 832**	**2 387**	**482 197**
Guarantees/ sureties received	4 210 347	27	–	5 000	–	20
Guarantees/ sureties granted	5 325 050	450	1 056	6 530	–	1 042

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

As at the balance sheet date there are impairments for loans and advances to associated companies in the amount of € 3 million (€ 2 million). Expenses for loan loss provisions in the period under review total € 1 million (€ 0 million).

In the item guarantees/sureties received from shareholders, guarantees in the amount of € 3,500 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 in the amount of € 5,250 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 5 years.

(39) Members of governing bodies

1. Members of the Managing Board

Dr. Gunter Dunkel
(Chairman of the Managing Board)

Ulrike Brouzi

Eckhard Forst

Dr. Hinrich Holm

Dr. Johannes-Jörg Riegler

Christoph Schulz

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
(until 15 March 2012)

Norbert Dierkes
Chairman of the Managing Board
Sparkasse Jerichower Land
(since 1 February 2012)

Edda Döpke
Bank employee
NORD/LB Hannover

Ralf Dörries
Senior Vice President
NORD/LB Hannover

Hans-Heinrich Hahne
Chairman of the Managing Board
Sparkasse Schaumburg
(since 1 January 2012)

Frank Hildebrandt
Bank employee
NORD/LB Braunschweig

Dr. Gert Hoffmann
Mayor, City of Braunschweig
(until 31 May 2012)

Martin Kind
Managing Director
KIND Hörgeräte GmbH & Co. KG

Walter Kleine
Chairman of the Managing Board, Sparkasse Hannover
(until 31 May 2012)

Frank Klingebiel
Mayor, City of Salzgitter
(since 1 June 2012)

Manfred Köhler
Salzlandsparkasse
(until 31 January 2012)

Ulrich Mädge
Mayor, City of Lüneburg
(since 22 March 2012)

Heinrich von Nathusius
Managing Director, IFA Gruppe

August Nöltker
Union Secretary
ver.di Vereinte Dienstleistungsgewerkschaft
(until 31 May 2012)

Freddy Pedersen
ver.di Vereinte Dienstleistungsgewerkschaft

Jörg Reinbrecht
ver.di Vereinte Dienstleistungsgewerkschaft
(since 1 June 2012)

Ilse Thonagel
Bank employee
Landesförderinstitut Mecklenburg-Western Pomerania

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

Klaus-Peter Wennemann
Management Consultant
(since 1 June 2012)

(40) Basis of consolidation

Company name and registered office	Shares (%) direct	Shares (%) indirect
Subsidiaries included in the consolidated financial statements		
BLB Immobilien GmbH, Bremen	100.00	–
BLB Leasing GmbH, Oldenburg	100.00	–
Braunschweig-Informationstechnologie-GmbH, Braunschweig	100.00	–
Bremer Landesbank Kreditanstalt Oldenburg – Girozentrale –, Bremen	–	92.50
Bremische Grundstücks-GmbH, Bremen	100.00	–
Deutsche Hypothekenbank (Actien-Gesellschaft), Berlin – Hanover	–	100.00
KreditServices Nord GmbH, Braunschweig	–	100.00
MALIBO GmbH & Co. Unternehmensbeteiligungs KG, Pullach im Isartal	–	77.81
Nieba GmbH, Hanover	–	100.00
Norddeutsche Landesbank Luxembourg S.A., Luxembourg-Findel/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-Findel/Luxembourg	100.00	–
NORD/LB G-MTN S.A., Luxembourg-Findel/Luxembourg	–	100.00
NORD/LB Kapitalanlagegesellschaft AG, Hanover	100.00	–
Nord-Ostdeutsche Bankbeteiligungs GmbH, Hanover	–	100.00
NORDWEST VERMÖGEN Bremische Grundstücks-GmbH & Co. KG, Bremen	100.00	–
NORDWEST VERMÖGEN Vermietungs-GmbH & Co. KG, Bremen	100.00	–
Öffentliche Facility Management GmbH, Braunschweig	100.00	–
Öffentliche Facility Management Leben GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Facility Management Sach GmbH & Co. KG, Braunschweig	100.00	–
Öffentliche Lebensversicherung Braunschweig, Braunschweig	–	75.00
Öffentliche Sachversicherung Braunschweig, Braunschweig	–	75.00
Skandifinanz AG, Zurich/Switzerland	100.00	–
Investment funds included in the consolidated financial statements		
Beteiligungs-Kommanditgesellschaft MS „Buxmelody“ Verwaltungs- und Bereederungs GmbH & Co., Buxtehude	–	–
DEMURO Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Pullach im Isartal	–	–
Fürstenberg Capital Erste GmbH, Fürstenberg/Weser	–	–
Fürstenberg Capital II GmbH, Fürstenberg/Weser	–	–
GEBAB Ocean Shipping II GmbH & Co. KG, Hamburg	–	–
GEBAB Ocean Shipping III GmbH & Co. KG, Hamburg	–	–
Hannover Funding Company LLC, Dover (Delaware)/USA	–	–
KMU Shipping Invest GmbH, Hamburg	–	–
MT „BALTIC CHAMPION“ Tankschiffahrtsgesellschaft mbH & Co. KG, Hamburg	–	–
MT „BALTIC COMMODORE“ 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	–	–
NORD/LB Immobilien-Holding GmbH & Co. Objekt Magdeburg KG, Pullach im Isartal	–	–

Company name and registered office	Shares (%) direct	Shares (%) indirect
„OLIVIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„OLYMPIA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PANDORA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„PRIMAVERA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
„QUADRIGA" Beteiligungsgesellschaft mbH & Co. KG, Elsfleth	–	–
Investment funds included in the consolidated financial statements		
NORD/LB AM 56	–	100.00
NORD/LB AM 65	–	100.00
NORD/LB AM ALCO	–	100.00
NORD/LB AM High Yield	–	81.37
NORD/LB AM OELB	100.00	–
NORD/LB AM OESB	100.00	–
Companies / investment funds accounted for in the consolidated financial statements using the equity method		
Joint Ventures		
LHI Leasing GmbH, Pullach im Isartal	43.00	6.00
Associated companies		
Ammerländer Wohnungsbau-Gesellschaft mbH, Westerstede	32.26	–
BREBAU GmbH, Bremen	48.84	–
Deutsche Factoring Bank Deutsche Factoring GmbH & Co. KG, Bremen	27.50	–
GSG OLDENBURG Bau- und Wohngesellschaft mit beschränkter Haftung, Oldenburg	22.22	–
LBS Norddeutsche Landesbausparkasse Berlin-Hannover, Hanover	44.00	–
LINOVO Productions GmbH & Co. KG, Pöcking	–	45.17
NORD Holding Unternehmensbeteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	25.10
NORD KB Beteiligungsgesellschaft mit beschränkter Haftung, Hanover	–	28.66
SALEG Sachsen-Anhaltinische Landesentwicklungsgesellschaft mbH, Magdeburg [1)]	–	56.61
Toto-Lotto Niedersachsen GmbH, Hanover	–	49.85
Investmentfonds		
Lazard-Sparkassen Rendite-Plus-Fonds	49.18	–
NORD/LB AM Emerging Markets Bonds	–	22.67

1) Due to potential voting rights of third parties this company in accounted for as an affiliated company.

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, den 14 August 2012

Norddeutsche Landesbank Girozentrale

The Managing Board

Dr. Dunkel	Brouzi	Forst
Dr. Holm	Dr. Riegler	Schulz

Review Report

To NORD/LB Norddeutsche Landesbank – Girozentrale – AöR, Hanover, Braunschweig and Magdeburg

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected notes, as well as the interim group management report of Norddeutsche Landesbank Girozentrale, Hanover, Braunschweig and Magdeburg, for the period from 1 January 2012 to 30 June 2012, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

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

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

Hanover, 15 August 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Leitz
German Public Auditor

Schmidt
German Public Auditor

Statements Relating to the Future

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

Financial calendar 2011/2012

29 November 2012	Release of results as at 30 September 2012
April 2013	Release of results as at 31 Dezember 2012

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

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

Branches (including Braunschweigische Landessparkasse)

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

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

International branches
London, New York, Singapore, Shanghai

Representative offices
Beijing, Moscow, Mumbai

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

Die norddeutsche Art.

NORD/LB
Norddeutsche Landesbank Girozentrale
Friedrichswall 10
30159 Hannover
Phone: +49 (0) 511 / 361-0
Fax: +49 (0) 511 / 361-25 02

www.nordlb.de

Finanzgruppe